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IASB seeks feedback on extractive activities discussion paper

The International Accounting Standards Board (IASB) published today the results of an international research project on a possible future International Financial Reporting Standard (IFRS) for extractive activities in the form of a discussion paper – *Extractive Activities*.

A research team comprising members of the Australian, Canadian, Norwegian and South African accounting standard-setters analysed and discussed accounting for extractive activities with a wide range of stakeholders in order to identify a possible approach for a standard on the accounting for extractive activities. The discussion paper only contains the views of the project team – it does not represent the views of the Board. After considering the responses received on the discussion paper, the Board will decide whether to add the project to its active agenda.

Extractive activities are the activities undertaken by entities when searching for, and ultimately extracting, minerals, oil or natural gas. The area of extractive industries poses some very specific challenges resulting from the uncertainties that are faced by entities pursuing extractive activities: for instance assessing the quantities that may be found and the costs involved in accessing and extracting the resources.

The current standard, IFRS 6 *Exploration for and Evaluation of Mineral Resources*, was issued in 2004 as an interim standard pending completion of this research project. Existing IFRSs do not specifically address the accounting for the development and production of minerals or oil and gas properties, and do not include specific disclosure requirements that would help users to assess the nature and extent of the risks involved in the extractive activities. Because of the lack of guidance on these issues, the accounting and disclosure practices of entities engaged in extractive activities often vary by industry, by jurisdiction, and by the size of the company.

The document published today discusses how a possible standard on extractive activities could address these issues, thereby improving the relevance and comparability of financial

statements. It also considers feedback received from the Publish What You Pay coalition following ongoing discussion with the group.

Commenting on the publication of the discussion paper, Robert Garnett, Member of the IASB, said:

Mining and oil and gas companies are among the largest public companies in the world and it is important for users and preparers alike that the accounting in this area is transparent and comparable. This discussion paper is the result of intensive work of an international research team and has benefited a lot from extensive industry input. I thank all of those involved in the development of the discussion paper. We welcome feedback on whether the Board should add this project to its active agenda.

The discussion paper – *Extractive Activities* is open for comment until 30 July 2010. It can be accessed via the 'Comment on a proposal' section on www.iasb.org from today. Subscribers may also view the document on the *e*IFRSs website.

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Notes for editors

About the IASB

The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and

comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The Board has currently 15 full time members that are drawn from nine countries and have a variety of professional backgrounds. By 2012 the Board will be expanded to 16 full time members. Board members are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.