



Extractive

EEG meeting, Agenda paper 5B
Buenos Aires, March 2019

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board or the IFRS Foundation.

Questions for EEG

- Any different feedback you have heard
- Any additional changes you think we should know about

- Commenced the research project by asking **standard setters involved in original DP**
- Update :
 - **Significant developments** since publication
 - How these might affect **research findings**
 - Any **further research required**

- **Risk profile** of entities has changed (increased)
- New IFRS standards
 - IFRS 15
 - IFRS 16
- Minor amendments to **resource and reserve definitions** (still jurisdictionally driven)
- Other comments
- 2010 discussion paper **still a valid starting point**

Key messages

Risk profile

- More complex transactions
 - Joint arrangements, including presales,
 - Unit of account sale of working interest
 - Farm-out arrangements
 - Recognition and measurement of unexplored property
- Unconventional (less tested) extractive activities (fracking etc)
- Price volatility
- Politicisation of industry (transparency and sustainability)

Key messages

Resource and Reserves

- Existing legal requirements for classification
 - jurisdiction specific
 - Based on international frameworks but with amendments
- Can be required by stock exchange or by government
- Minor changes in existing definitions applied
- Other changes to disclosures

Key messages

Other messages

- Some feel IFRS 6 works and should not be touched
 - Although agree inconsistently applied
- Complexities arise from applying other IFRSs
- Note that non GAAP measures prevalent in the industry
- Initial research leans toward more disclosure rather than recognition and measurement

- Continue research
 - Affects of changes in IFRSs including conceptual framework
 - Changes in reserves and resources classification and international consistency
 - Additional reporting requirements (transparency and sustainability)

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