

# NATURAL RESOURCES – IFRS 6 ALIGNMENT

IPSASB Meeting – December 2023  
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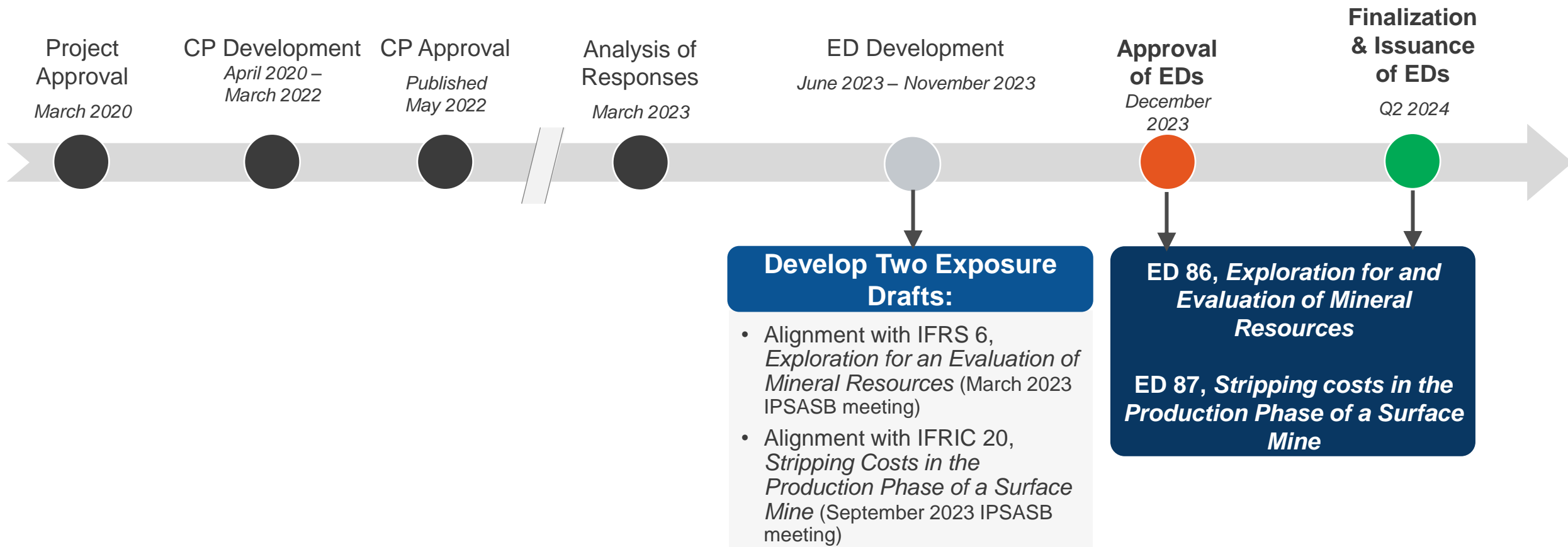


A large Krupp Siemens excavator is shown operating in a deep open-pit mine. The excavator is a massive piece of machinery with a tall boom and a large bucket, mounted on a heavy-duty crawler chassis. It is positioned on a wide, flat area of the mine floor, with steep, layered rock walls rising in the background. The word "AGENDA" is overlaid in large, white, bold letters across the center of the image.

# AGENDA

- 1.** IFRS 6 Alignment – Development of [draft] ED 86
- 2.** Approval of ED 86
- 3.** IFRIC 20 Alignment – Placement of Guidance
- 4.** IFRIC 20 Alignment – Development of [draft] ED 87
- 5.** Approval of ED 87
- 6.** Publication of EDs

# History of Natural Resources – IFRS 6 Alignment



# IFRS 6 Alignment – Development of [draft] ED 86

## Analysis

- **Basis for Conclusions –**  
Applicability of IFRS 6 in the Public Sector
  - BC4-BC7
- **Basis for Conclusions –**  
Inconsistency of IFRS 6 and the Conceptual Framework
  - BC8-BC9
- **Specific Matter for Comment**
  - Limited departures from the IFRS 6

## Recommendation

Approval of the following revisions to [draft] ED 86:

- (a) Basis for Conclusions;  
and
- (b) Specific Matter for  
Comment

# Approval of ED 86

## Analysis

- **Due Process**
  - Separate ED aligned with IFRS 6
- **Exposure Period**
  - Normal four-month comment period
  - Publication with [draft] ED 88, *Natural Resources* (Refer 7.2.6)

## Recommendation

- Approval of ED 86, *Exploration for and Evaluation of Mineral Resources*
- Four-month comment period



# IFRIC 20 Alignment – Placement of Guidance

## Analysis

- **IFRIC 20 requirements**

- Apply IAS 2 (IPSAS 12) when benefits from stripping activities are realized in the form of inventory produced
- Apply IAS 16 (IPSAS 45) or IAS 38 (IPSAS 31) when benefit is the improved access to ore

- **IPSAS 12, *Inventories***

- Cost of mineral inventory produced
  - Stripping costs → Direct cost (IPSAS 12)
  - Stripping cost → Stripping Activity Asset (IPSAS 45/31) → Amortization → Production overhead costs (Indirect Cost)

## Conclusion

Placement of guidance in IPSAS 12 is most appropriate

## Recommendation

Include guidance aligned with IFRIC 20 as Appendix A to IPSAS 12, *Inventories*

# IFRIC 20 Alignment – Development of [draft] ED 87

## Analysis

- **Specific Matter for Comment**
  - Limited departures from the IFRIC 20
- **Other revisions**
  - Now standalone ED - Changes from version presented in September 2023

## Recommendation

Approval of the following revisions to [draft] ED 87:

(a) Specific Matter for Comment

and

(b) Other revisions

# Approval of ED 87

## Analysis

- **Due Process**
  - Separate ED aligned with IFRIC 20
- **Exposure Period**
  - Four-month comment period aligned with ED 86 and ED 88
  - Publication with ED 88, *Natural Resources (Refer 7.2.6)*

## Recommendation

- Approval of ED 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12)
- Four-month comment period



# Publication of EDs

## Analysis

- ED 86 and ED 87 are part of broader project on Natural Resources as communicated in the Project Brief and Consultation Paper
- Constituents may wish to comment on the related EDs at the same time given the link between technical content, and considering constituents' available time and resources

## Recommendation

ED 86, *Exploration for and Evaluation of Mineral Resources*

and

ED 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12)

be published with

ED 88, *Natural Resources*