



IFRS AT A GLANCE
IFRS 6 *Exploration for and Evaluation*
of Mineral Resources



IFRS 6 *Exploration for and Evaluation of Mineral Resources*

SCOPE

- ▶ An entity applies IFRS 6 to exploration and evaluation expenditures that it incurs
- ▶ An entity does not apply IFRS 6 to expenditures incurred:
 - Before the exploration for and evaluation of mineral resources, such as expenditures incurred before the entity has obtained the legal rights to explore a specific area
 - After the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

PRESENTATION

An entity classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and applies the classification consistently.

CHANGES IN ACCOUNTING POLICY - OPTIONAL EXEMPTIONS

An entity may change its accounting policies for exploration and evaluation expenditures if the change makes the financial statements more relevant and no less reliable to the economic decision-making needs of users, or more reliable and no less relevant to those needs.

DISCLOSURE

An entity discloses information that identifies and explains the amounts recognised in its financial statements arising from the exploration for and evaluation of mineral resources.

An entity discloses:

- ▶ Its accounting policies for exploration and evaluation expenditures and evaluation assets
- ▶ The amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.

Exploration and evaluation assets are disclosed as a separate class of assets in the disclosures required by IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*.

MEASUREMENT AT RECOGNITION

At recognition, exploration and evaluation assets are measured at cost.

ELEMENTS OF COST OF EXPLORATION AND EVALUATION ASSETS

- ▶ An entity determines an accounting policy specifying which expenditures are recognised as exploration and evaluation assets
- ▶ The following are examples of expenditures that might be included in the initial measurement of exploration and evaluation assets:
 - Acquisition of rights to explore
 - Topographical, geological, geochemical and geophysical studies
 - Exploratory drilling
 - Trenching

MEASUREMENT AFTER RECOGNITION

After recognition, an entity applies either the cost model or the revaluation model to the exploration and evaluation assets. Refer to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* for guidance.

IMPAIRMENT

One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:












- ▶ The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- ▶ Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- ▶ Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area
- ▶ Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

Alternatively, please visit www.bdo.global where you can find full lists of regional and country contacts.



EUROPE

Anne Catherine Farlay	 France	annecatherine.farlay@bdo.fr
Jens Freiberg	 Germany	jens.freiberg@bdo.de
Teresa Morahan	 Ireland	tmorahan@bdo.ie
Ehud Greenberg	 Israel	ehudg@bdo.co.il
Stefano Bianchi	 Italy	stefano.bianchi@bdo.it
Roald Beumer	 Netherlands	roald.beumer@bdo.nl
Reidar Jensen	 Norway	reidar.jensen@bdo.no
Leonid Sidelkovskiy	 Russia	L.Sidelkovskiy@bdo.ru
David Cabaleiro	 Spain	david.cabaleiro@bdo.es
René Füglistner	 Switzerland	rene.fueglistner@bdo.ch
Moses Serfaty	 United Kingdom	moses.serfaty@bdo.co.uk




SUB SAHARAN AFRICA



Theunis Schoeman	 South Africa	tschoeman@bdo.co.za
------------------	--	--

NORTH AMERICA & CARIBBEAN







Armand Capisciolto	 Canada	acapisciolto@bdo.ca
Wendy Hambleton	 USA	whambleton@bdo.com


LATIN AMERICA

Marcello Canetti	 Argentina	mcanetti@bdoargentina.com
Victor Ramirez	 Colombia	vramirez@bdo.com.co
Ernesto Bartesaghi	 Uruguay	ebartesaghi@bdo.com.uy

Arshad Gadit	 Bahrain	arshad.gadit@bdo.bh
Antoine Gholam	 Lebanon	agholam@bdo-lb.com

ASIA PACIFIC

Aletta Boshoff	 Australia	aletta.boshoff@bdo.com.au
Hu Jian Fei	 China	hu.jianfei@bdo.com.cn
Fanny Hsiang	 Hong Kong	fannyhsiang@bdo.com.hk
Pradeep Suresh	 India	pradeepsuresh@bdo.in
Khoon Yeow Tan	 Malaysia	tanky@bdo.my
Ng Kian Hui	 Singapore	kianhui@bdo.com.sg



This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact your respective BDO member firm to discuss these matters in the context of your particular circumstances. Neither BDO IFR Advisory Limited, Brussels Worldwide Services BV, BDO International Limited and/or BDO member firms, nor their respective partners, employees and/or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

Service provision within the international BDO network of independent member firms ('the BDO network') in connection with IFRS (comprising International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the IFRS Interpretations Committee and the former Standing Interpretations Committee), and other documents, as issued by the International Accounting Standards Board, is provided by BDO IFR Advisory Limited, a UK registered company limited by guarantee. Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium with its statutory seat in Zaventem.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BV, BDO IFR Advisory Limited and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV, BDO IFR Advisory Limited and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2021 BDO IFR Advisory Limited, a UK registered company limited by guarantee. All rights reserved.

www.bdo.global