IPSAS 50, *Exploration for and Evaluation of Mineral Resources* and *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12)

This summary provides an overview of IPSAS 50, *Exploration for and Evaluation of Mineral Resources*, and *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12)

Project Objective:

The objective of this project was to provide guidance:

- For the exploration for and evaluation of mineral resources. This includes the measurement, presentation and disclosure requirements for exploration and evaluation assets recognized; and
- To account for the benefits that may arise from the waste removal activity of a surface mine. This waste removal activity is known as 'stripping'.

Approved:

The International Public Sector Accounting Standards Board (IPSASB®) approved in September 2024:

- IPSAS 50, *Exploration for and Evaluation of Mineral Resources*; and
- *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12).

Project History:

The project was initiated in response to feedback to the IPSASB's Natural Resources Consultation Paper. In September 2023, the IPSASB decided to develop the guidance separately from guidance on tangible natural resources.

In January 2024, the IPSASB issued IPSAS ED 86, *Exploration for and Evaluation of Mineral Resources*; and IPSAS ED 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12).

Responses to these IPSAS EDs were considered in developing the final pronouncements.

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IPSAS 50, *Exploration for and Evaluation of Mineral Resources*

IPSAS 50 provides guidance on accounting for exploration and evaluation expenditures, including the recognition of exploration and evaluation assets.

Key requirements

IPSAS 50 provides guidance related to the costs incurred for exploration for, and evaluation of, mineral resources (for example, minerals, oil, natural gas and similar non-regenerative resources), as well as the costs of determining the technical feasibility and commercial viability of extracting the mineral resources.

The Standard:

- Permits an entity to develop an accounting policy for exploration and evaluation assets without specifically considering the some of the requirements in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors;*
- Requires entities recognizing exploration and evaluation assets to perform an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount; and
- Varies the recognition of impairment from that in IPSAS 26, *Impairment of Cash-Generating Assets,* but measures the impairment in accordance with that Standard once the impairment is identified.

Alignment with IFRS

The IPSAS Standard is aligned with IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

The IPSASB decided that the Standard will be applicable to public sector mining entities with operations of a commercial nature.

The IPSASB did not identify any public sector specific reasons to depart from the requirements of IFRS 6. As such, departures from IFRS 6 are limited to terminology, and other IPSASB-specific formatting and consistency amendments.

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

Appendix A in IPSAS 12, *Inventories*, provides interpretive guidance on accounting for waste removal costs that are incurred in surface mining activities during the production phase of the mine.

The Interpretation

Appendix A provides accounting guidance for the costs associated with waste removal activity ('stripping') to gain access to mineral ore deposits.

Some stripping activity produces saleable inventory while also improving access to further quantities of mineral ore.

Appendix A requires that the costs of stripping activity should be accounted for by applying the principles of IPSAS 12, *Inventories*, to the extent that the stripping activity results in inventory.

If specified criteria are met, when the cost of stripping activity improves access to ore, Appendix A requires that the costs should be recognized as a non-current 'stripping activity asset'; otherwise, the costs are recognized as an expense.

Alignment with IFRS

Appendix A is aligned with the interpretation in IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.

The IPSASB decided that Appendix A will be applicable to public sector mining entities with operations of a commercial nature.

The IPSASB did not identify any public sector specific reasons to depart from the requirements of IFRIC 20. As such, departures from IFRIC 20 are limited to terminology, and other IPSASB-specific formatting and consistency amendments.

Because the IPSASB do not issue separate interpretations, the guidance is included as Appendix A to IPSAS 12.

Effective Date and Project History

The effective date of IPSAS 50 and the Amendments to IPSAS 12 is January 1, 2027.

Effective Date

The effective date of IPSAS 50 and the Amendments to IPSAS 12 is January 1, 2027, with earlier application permitted.

The IPSASB selected this effective date because it allows public sector entities appropriate time to identify the impacts of, and to prepare for the implementation of IPSAS 50 and the Amendments to IPSAS 12.

Project History

To learn more about the project history, and to view the consultation documents and responses, please visit: https://www.ipsasb.org/consultations-projects/natural-resources-ifrs-6-and-ifric-20-alignment