IFRS 6 at a glance

IFRS 6 Exploration for and Evaluation of Mineral Resources · one-page reference

Core Knowledge

CORE PRINCIPLE

Hold the legal right to explore, capitalise E&E costs under a consistent policy and measure them at cost, test for impairment only when facts and circumstances suggest it, and reclassify once feasibility and viability can be shown (IFRS 6.3, 6.8-9, 6.18, 6.17).

Topic	The question	The test	Reference	Where it shows
1 **Scope**	**Is the cost E&E spending?**	After the legal right to explore and before feasibility and viability can be shown; earlier and later spending is outside.	**3, 5, App A**	Profit or loss, notes
2 **Policy**	**Which costs are capitalised?**	Follow the entity's policy consistently; the IFRS 6 exemption removes only IAS 8 paras 11-12.	**6-7, 9**	Policy note
3 **Recognise**	**At what amount?**	At cost. Development costs follow IAS 38; removal and restoration obligations follow IAS 37.	**8, 10-11**	Financial position
4 **Measure later**	**Cost or revaluation?**	Cost model or revaluation model, using IAS 16 for tangible and IAS 38 for intangible assets.	**12**	Financial position
5 **Classify**	**Tangible or intangible?**	By the nature of what was acquired; plant used up in the work adds to the intangible asset.	**15-16**	Financial position, notes
6 **Reclassify**	**When does it stop being E&E?**	Once feasibility and viability can be shown: test for impairment, recognise any loss, then transfer.	**17**	Financial position
7 **Impairment**	**Test now?**	Only when facts and circumstances suggest the carrying amount may exceed recoverable amount; measure under IAS 36.	**18-20**	Profit or loss
8 **Testing level**	**Which unit?**	A policy-based unit or group of units, never larger than an operating segment.	**21-22**	Notes

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9 **Disclose**	**What must the note say?**	The policy, the amounts of assets, liabilities, income, expense and cash flows, and a separate class.	**23-25**	Notes, cash flows