

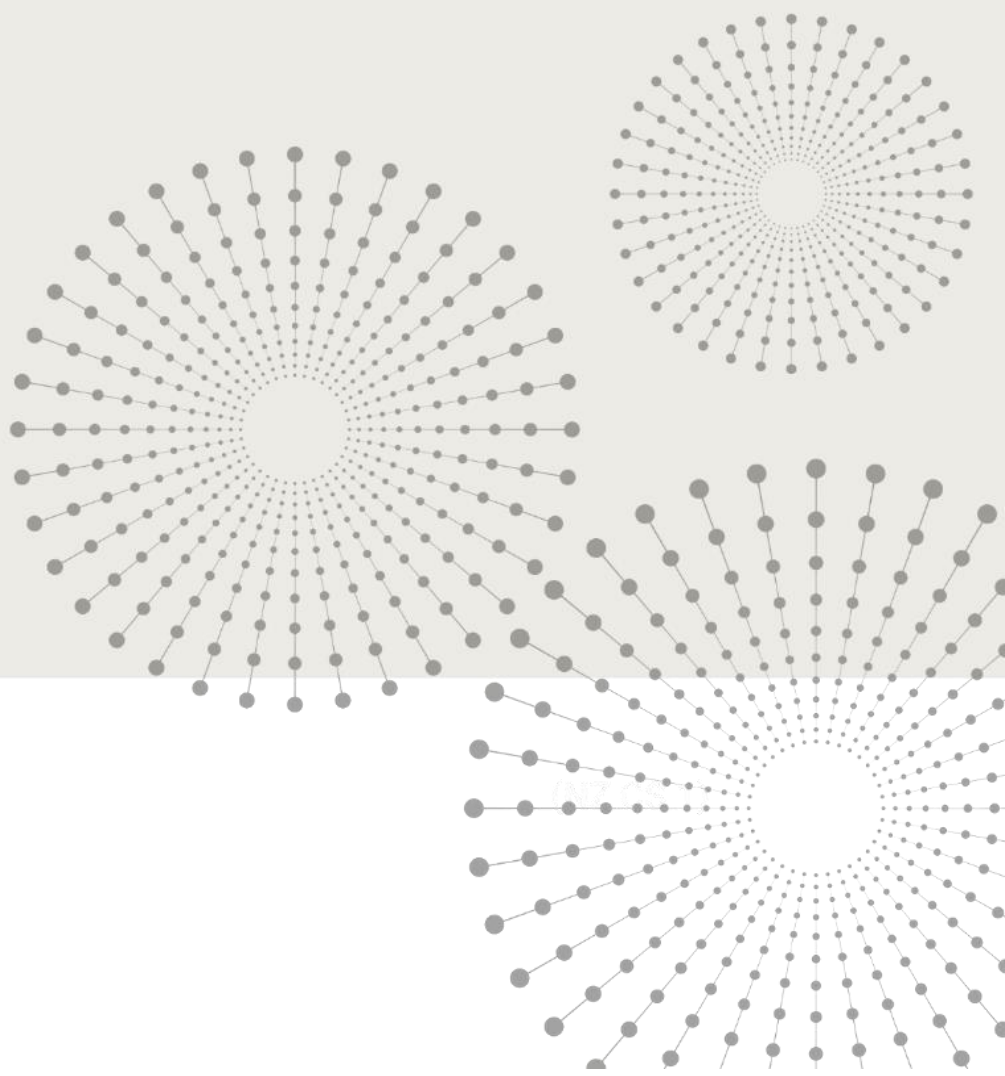
# Proposed New Accounting Standard for Exploration for and Evaluation of Mineral Resources

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

**Exposure Draft**

**Submissions close 30 September 2025**

July 2025





## NZASB EXPOSURE DRAFT 2025-7

# **PUBLIC BENEFIT ENTITY INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD 50 EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES (PBE IPSAS 50)**

### **Issued [date]**

This New Zealand Tier 1 and Tier 2 Public Benefit Entity (PBE) Accounting Standard has been issued as a result of a new International Public Sector Accounting Standard – IPSAS 50, *Exploration for and Evaluation of Mineral Resources*.

In finalising this [draft]<sup>1</sup> Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

### **Legal status of Standard**

This [draft] Standard was issued on [date] by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This [draft] Standard is secondary legislation for the purposes of the Legislation Act 2019.

The Standard, pursuant to section 27(1) of the Financial Reporting Act 2013, takes effect on the 28<sup>th</sup> day after the date of its publication. The [draft] Standard was published under the Legislation Act 2019 on [date] and takes effect on [date].

### **Commencement and application**

The [draft] Standard has a mandatory date of 1 January 2027, meaning it must be applied by Tier 1 and Tier 2 public benefit entities (PBEs) for accounting periods that begin on or after this date.

Application to an earlier accounting period is permitted for accounting periods that end after this [draft] Standard takes effect – refer to paragraphs 28.1–28.1.3 of this [draft] Standard.

### **Tier 2 PBE entities**

Tier 2 PBE entities must comply with all the provisions in PBE IPSAS 50.

---

<sup>1</sup> References to “this Standard” throughout this Exposure Draft should be read as referring to “this [draft] Standard”.

## **COPYRIGHT**

© External Reporting Board (XRB) [year]

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. It also reproduces, with the permission of the International Federation of Accountants (IFAC), parts of the corresponding international standards issued by the International Public Sector Accounting Standards Board (IPSASB), and published by IFAC. Reproduction of the copyright material within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: [enquiries@xrb.govt.nz](mailto:enquiries@xrb.govt.nz), and the IFRS Foundation at the following email address: [permissions@ifrs.org](mailto:permissions@ifrs.org).

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation and IFAC, with the exception of the right to reproduce for the purposes of personal use or other fair dealing. Further information and requests for authorisation to reproduce the IFRS copyright material for commercial purposes outside New Zealand should be addressed to the IFRS Foundation. Further information and requests for authorisation to reproduce the IFAC copyright material for commercial purposes outside New Zealand can be obtained from IFAC at [www.ifac.org](http://www.ifac.org) or by writing to [permissions@ifac.org](mailto:permissions@ifac.org).

ISBN: [XXX]

# PBE IPSAS 50 EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

## CONTENTS

	<i>from paragraph</i>
Objective .....	1
Scope .....	3
Definitions .....	6
Recognition of Exploration and Evaluation Assets .....	7
Exemption from PBE IPSAS 3 Paragraphs 14 and 15 .....	8
Measurement of Exploration and Evaluation Assets .....	9
Initial Measurement .....	9
Elements of Cost of Exploration and Evaluation Assets .....	10
Subsequent Measurement .....	13
Changes in Accounting Policies .....	14
Presentation .....	16
Classification of Exploration and Evaluation Assets .....	16
Reclassification of Exploration and Evaluation Assets .....	18
Impairment .....	19
Recognition and Measurement .....	19
Specifying the Level at which Exploration and Evaluation Assets are Assessed for Impairment .....	22
Disclosure .....	24
Commencement and Application .....	27
Transitional Provisions .....	29
Appendix A: Amendments to Other Standards	
Basis for Conclusions	
Comparison with IPSAS 50	
History of Amendments	

**The following is available on the XRB website as additional material:**

IPSASB Basis for Conclusions<sup>2</sup>

Public Benefit Entity International Public Sector Accounting Standard 50 *Exploration for and Evaluation of Mineral Resources* is set out in paragraphs 1–29 and Appendix A. All the paragraphs have equal authority. PBE IPSAS 50 should be read in the context of its objective, the NZASB’s Basis for Conclusions on PBE IPSAS 50, the IPSASB’s Basis for Conclusions on IPSAS 50, the *Public Benefit Entities’ Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework*. PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

<sup>2</sup>The IPSASB Basis for Conclusions will be made available as additional material once PBE IPSAS 50 is issued. A complete copy of IPSAS 50 is available on the IPSASB [website](#).

## Objective

1. The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources.
2. In particular, the Standard requires:
  - (a) Limited improvements to existing accounting practices for exploration and evaluation expenditures.
  - (b) Entities that recognise exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with PBE IPSAS 26 *Impairment of Cash-Generating Assets*.
  - (c) Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.

## Scope

3. An entity that prepares and presents financial statements shall apply this Standard to exploration and evaluation expenditures that it incurs.
- 3.1 **This Standard applies to Tier 1 and Tier 2 public benefit entities.**
4. This Standard does not address other aspects of accounting by entities engaged in the exploration for and evaluation of mineral resources.
5. An entity shall not apply this Standard to expenditures incurred:
  - (a) 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.
  - (b) After the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

## Definitions

6. The following terms are used in this Standard with the meanings specified:

**Exploration and evaluation assets** means exploration and evaluation expenditures recognised as assets in accordance with the entity's accounting policy.

**Exploration and evaluation expenditures** means expenditures incurred by an entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

**Exploration for and evaluation of mineral resources** means the search for mineral resources, including minerals, oil, natural gas, and similar non-regenerative resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Any other terms defined in other PBE Standards are used in this Standard with the same meaning as in those Standards and are reproduced in the *Glossary of Defined Terms* published separately.

## Recognition of Exploration and Evaluation Assets

7. When developing its accounting policies, an entity recognizing exploration and evaluation assets shall apply paragraph 12 of PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*.

**Exemption from PBE IPSAS 3 Paragraphs 14 and 15**

8. Paragraphs 14 and 15 of PBE IPSAS 3 specify sources of authoritative requirements and guidance that management is required to consider in developing an accounting policy for an item if no PBE Standard applies specifically to that item. Subject to paragraphs 10 and 11 below, this Standard exempts an entity from applying those paragraphs to its accounting policies for the recognition and measurement of exploration and evaluation assets.

**Measurement of Exploration and Evaluation Assets****Initial Measurement**

9. **Exploration and evaluation assets shall be measured at cost.**

**Elements of Cost of Exploration and Evaluation Assets**

10. An entity shall determine an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources. The following are examples of expenditures that might be included in the initial measurement of exploration and evaluation assets (the list is not exhaustive):
- (a) Acquisition of rights to explore;
  - (b) Topographical, geological, geochemical and geophysical studies;
  - (c) Exploratory drilling;
  - (d) Trenching;
  - (e) Sampling; and
  - (f) Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.
11. Expenditures related to the development of mineral resources shall not be recognised as exploration and evaluation assets. *Public Benefit Entities' Conceptual Framework* and PBE IPSAS 31 *Intangible Assets* provide guidance on the recognition of assets arising from development.
12. In accordance with PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* an entity recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken the exploration for and evaluation of mineral resources.

**Subsequent Measurement**

13. An entity shall apply the cost model or the revaluation model to the exploration and evaluation assets. If revaluation model is applied (either according to the model in PBE IPSAS 17 *Property, Plant, and Equipment*, or according to the model in PBE IPSAS 31) it shall be consistent with the classification of the assets (see paragraph 16).

**Changes in Accounting Policies**

14. **An entity may change its accounting policies for exploration and evaluation expenditures if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in PBE IPSAS 3.**
15. To justify changing its accounting policies for exploration and evaluation expenditures, an entity shall demonstrate that the change brings its financial statements closer to meeting the criteria in PBE IPSAS 3, but the change need not achieve full compliance with those criteria.

## Presentation

### Classification of Exploration and Evaluation Assets

16. An entity shall classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and apply the classification consistently.
17. Some exploration and evaluation assets are treated as intangible (e.g., drilling rights), whereas others are tangible (e.g., vehicles and drilling rigs). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset. However, using a tangible asset to develop an intangible asset does not change a tangible asset into an intangible asset.

### Reclassification of Exploration and Evaluation Assets

18. An exploration and evaluation asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets shall be assessed for impairment, and any impairment loss recognised, before reclassification.

## Impairment

### Recognition and Measurement

19. **Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with PBE IPSAS 26, except as provided by paragraph 22 below.**
20. For the purposes of exploration and evaluation assets only, paragraph 21 of this Standard shall be applied rather than paragraphs 25–29 of PBE IPSAS 26 when identifying an exploration and evaluation asset that may be impaired. Paragraph 21 uses the term ‘assets’ but applies equally to separate exploration and evaluation assets or a cash-generating unit, in the case of cash-generating assets per PBE IPSAS 26.
21. One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):
  - (a) 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.
  - (b) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
  - (c) 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.
  - (d) Sufficient data exist 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.

In any such case, or similar cases, the entity shall perform an impairment test in accordance with PBE IPSAS 26. Any impairment loss is recognised as an expense in accordance with PBE IPSAS 26.

### Specifying the Level at which Exploration and Evaluation Assets are Assessed for Impairment

22. An entity shall determine an accounting policy for allocating exploration and evaluation assets to cash-generating units or groups of cash-generating units for the purpose of assessing such assets for impairment.

23. The level identified by the entity for the purposes of testing exploration and evaluation assets for impairment may comprise one or more cash-generating units.

## Disclosure

24. **An entity shall disclose information that identifies and explains the amounts recognised in its financial statements arising from the exploration for and evaluation of mineral resources.**
25. To comply with paragraph 24, an entity shall disclose:
- (a) Its accounting policies for exploration and evaluation expenditures including the recognition of exploration and evaluation assets.
  - (b) The amounts of assets, liabilities, revenue and expense, and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.
26. An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either PBE IPSAS 17 or PBE IPSAS 31 consistent with how the assets are classified.

## Commencement and Application

27–28. [Not used]

- 28.1 An entity shall apply this Standard in accordance with the commencement and application date provisions in paragraphs 28.1.1. – 28.1.3. An entity that applies this Standard to an ‘early adoption accounting period’ shall disclose that fact.

### When the Standard takes effect (section 27 Financial Reporting Act 2013)

- 28.1.1 The Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019. The Standard was published on [date] and takes effect on [date].

### Accounting period in relation to which the Standard commences to apply (section 28 Financial Reporting Act 2013)

- 28.1.2 The accounting periods in relation to which this Standard commences to apply are:

- (a) For an **early adopter**, those accounting periods following, and including, the **early adoption accounting period**.
- (b) For any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

- 28.1.3 In paragraph 28.1.2:

**Early adopter** means a reporting entity that applies this Standard for an early adoption accounting period.

**Early adoption accounting period** means an accounting period of the early adopter:

- (a) That begins before the mandatory date but has not ended or does not end before this Standard takes effect (and to avoid doubt, that period may have begun before this Standard takes effect); and
- (b) For which the early adopter:
  - (i) First applies this Standard in preparing its financial report; and
  - (ii) Discloses in its financial report for that accounting period that this Standard has been applied for that period.

**Mandatory date** means 1 January 2027.



## **Transitional Provisions**

29. If it is impracticable to apply a particular requirement of paragraph 19 to comparative information that relates to annual periods beginning before January 1, 2027, an entity shall disclose that fact. PBE IPSAS 3 explains the term 'impracticable'.

## Appendix A

## Amendments to Other Standards

Amendments to PBE IPSAS 31 *Intangible Assets*

Paragraph 3 is amended, and paragraphs 133.10 – 133.10.3 are added. New text is underlined, and deleted text is struck through.

## Scope

...

3. This Standard does not apply to:

...

- (c) The recognition and measurement of exploration and evaluation assets (see PBE IPSAS 50, *Exploration for and Evaluation of Mineral Resources* ~~the relevant international or national accounting standard dealing with exploration for, and evaluation of, mineral resources~~).

...

## Commencement and application

...

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

133.10 The Standard *PBE IPSAS 50 Exploration for and Evaluation of Mineral Resources*, issued in [month year] amended paragraph 3. An entity shall apply those amendments in accordance with the commencement and application date provisions in paragraphs 133.10.1–133.10.3. An entity that applies these amendments to an ‘early adoption accounting period’ shall disclose that fact.

**When the Standard takes effect (section 27 Financial Reporting Act 2013)**

133.10.1 The Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019. The Standard was published on [date] and takes effect on [date].

**Accounting period in relation to which the Standard commences to apply (section 28 Financial Reporting Act 2013)**

133.10.2 The accounting periods in relation to which this Standard commences to apply are:

- (a) For an **early adopter**, those accounting periods following, and including, the **early adoption accounting period**.
- (b) For any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

133.10.3 In paragraph 133.10.2:

**Early adopter** means a reporting entity that applies this Standard for an early adoption accounting period.

**Early adoption accounting period** means an accounting period of the early adopter:

- (a) That begins before the mandatory date but has not ended or does not end before this Standard takes effect (and to avoid doubt, that period may have begun before this Standard takes effect); and
- (b) For which the early adopter:
  - (i) First applies this Standard in preparing its financial report; and
  - (ii) Discloses in its financial report for that accounting period that this Standard has been applied for that period.

**Mandatory date** means 1 January 2027.

## ***XRB A1 Application of the Accounting Standards Framework***

Appendix C is amended. New text is underlined.
--

### **APPENDIX C**

#### **TIER 1 PBE ACCOUNTING REQUIREMENTS AND TIER 2 PBE ACCOUNTING REQUIREMENTS TO BE APPLIED BY PUBLIC BENEFIT ENTITIES**

*This appendix forms an integral part of XRB A1 Application of the Accounting Standards Framework.*

...

#### **Accounting Standards**

...

PBE IPSAS 50      Exploration for and Evaluation of Mineral Resources

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 50.*

- BC1. The New Zealand Accounting Standards Board (NZASB) has modified IPSAS 50, *Exploration for and Evaluation of Mineral Resources* for application by Tier 1 and Tier 2 public benefit entities. Where applicable, the language has been generalised for use by public benefit entities. The NZASB considered that the requirements of IPSAS 50 are generally appropriate for application by public benefit entities.
- BC2. The following extracts from the IPSASB's Basis for Conclusions provide background to this Standard.

### Exploration for and Evaluation of Mineral Resources in the Public Sector

- BC4. An entity will typically need to conduct exploration and evaluation activities to determine if a site should be developed. Before this Standard, there was no specific guidance on exploration and evaluation activities in IPSAS.
- BC5. The IPSASB determined that guidance on exploration and evaluation costs should be aligned with IFRS 6, applicable to exploration and evaluation activities of a commercial nature, and not of a service delivery nature. In reaching this conclusion, the IPSASB determined that a number of resource-rich jurisdictions had entered into production sharing or co-production agreements with private companies, rather than the traditional mining licensing or royalty agreements. The IPSASB found that from the public sector entity's perspective, such agreements may fall within the scope of IPSAS 37, *Joint Arrangements*, and it is possible for the resulting joint operation or joint venture to incur exploration and evaluation costs.
- BC6. The IPSASB noted that an entity may explore for mineral resources due to other rights, e.g., sovereign rights, without needing a license (a legal right). The IPSASB determined that, in such instances, the exploration and evaluation expenditures are within the scope of this Standard.
- BC7. Respondents to the IPSASB's Consultation Paper, *Natural Resources* generally agreed with the IPSASB's approach to develop the Standard aligned with IFRS 6.
- BC8. The IPSASB did not identify any public sector specific reasons to depart from principles in IFRS 6 in the development of this Standard, except for terminology and other IPSASB-specific formatting and consistency amendments. The IPSASB decided to retain the terminology of "commercial viability" and "impairment of cash-generating assets" used in IFRS 6, because the Standard is only applicable to exploration and evaluation activities of a commercial nature, and it is considered that this would be a relevant to public sector entities who use the Standard.
- BC9. The IPSASB noted the view of some respondents to Exposure Draft 86 that the Standard should provide guidance to recognize, as intangible assets, the State's power to issue exploration rights to entities. The IPSASB noted that accounting by the issuer of the exploration rights is not in the scope of this Standard and noted, furthermore, that powers and rights conferred by legislation, a constitution, or by equivalent means, such as mining rights managed by the state itself, are also excluded from the scope of IPSAS 31, *Intangible Assets*.

### Comparison with the Conceptual Framework

- BC10. The IPSASB noted that where an entity chooses an accounting policy that recognizes and measures the exploration and evaluation expenditure as assets, that policy may not be consistent with the definition of an asset in the Conceptual Framework. Recent outreach by the IASB noted that private sector constituents generally agreed that IFRS 6 resulted in information that was useful to both preparers and users of IFRS financial statements. The IPSASB noted that guidance which is aligned with IFRS 6 should also result in useful information for preparers and users in the public sector and concluded that the exemption from applying paragraphs 14 and 15 of IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provided for in paragraph 8 of the Standard is acceptable.

...

### Reversal of impairment losses

- BC13. The IPSASB noted that for the reversal of impairment losses, entities should apply the specified requirements set out in paragraphs 99–105 of IPSAS 26, *Impairment of Cash-Generating*

*Assets*, because these requirements apply to all entities for all assets (excluding goodwill and equity investments classified as available for sale).

### Comparison with IPSAS 50

PBE IPSAS 50 *Exploration for and Evaluation of Mineral Resources* is drawn from IPSAS 50, *Exploration for and Evaluation of Mineral Resources*.

The significant differences between PBE IPSAS 50 and IPSAS 50 are:

- (a) PBE IPSAS 50 uses different terminology from IPSAS 50. For example, PBE IPSAS 50 refers to “cost model” or “revaluation model” (in line with PBE IPSAS 17 *Property, Plant, and Equipment* and PBE IPSAS 31 *Intangible Assets*) while IPSAS 50 refers to “historical cost model” or “fair value” (in line with IPSAS 45 *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets*).
- (b) PBE IPSAS 50 does not contain requirement regarding size of the cash generating unit. IPSAS 50 specify that the size of the cash generating unit cannot exceed the segment determined in accordance with IPSAS 18, *Segment Reporting*.
- (c) PBE IPSAS 47 includes additional consequential amendment to XRB A1 *Application of the Accounting Standards Framework*. Furthermore, in PBE IPSAS 50, the consequential amendments, that do not relate to PBE Standards (IPSAS 33 *First-time Adoption of Accrual Basis IPSASs*) have been removed.

## History of Amendments

Table of Pronouncements – PBE IPSAS 50 *Exploration for and Evaluation of Mineral Resources*

This table lists the pronouncements establishing and substantially amending PBE IPSAS 41.

<b>Pronouncements</b>	<b>Date issued</b>	<b>Early operative date</b>	<b>Mandatory date (annual reporting periods... on or after ...)</b>
PBE IPSAS 50 <i>Exploration for and Evaluation of Mineral Resources</i>	[Date]	Early application is permitted	[Proposed] 1 Jan 2027