

IFRS AT A GLANCE

*IFRIC 20 Stripping Costs in the
Production Phase of a Surface Mine*



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Effective Date
Periods beginning on or after 1 January 2013

ISSUES	SCOPE	DEFINITIONS
<p>IFRIC 20 addresses the following issues:</p> <ul style="list-style-type: none"> Is the definition of an asset met (for stripping activity costs incurred)? When should a stripping-activity-asset be recognised? How should the stripping-activity-asset be measured initially? How should the stripping-activity-asset be measured subsequently? 	<p>The interpretation applies to waste removal (stripping) costs that are incurred in surface mining activity, during the production phase of the mine.</p>	<p>Production phase - is not defined in IFRIC 20. Judgement is required.</p> <p>Stripping activities - activities undertaken to gain access to a specific section of the ore body - more aggressive activities than routine waste clearing activities. It is planned in advance with a defined start-date, and forms part of the overall mine plan.</p>

CONSENSUS

RECOGNITION OF PRODUCTION STRIPPING COSTS AS AN ASSET	INITIAL MEASUREMENT											
<p>Costs that improve access to ore</p> <p>The benefit of improved access to ore qualifies for recognition as part of (a component of) an existing asset when:</p> <ul style="list-style-type: none"> It is probable that the future economic benefit (i.e. improved access to the ore body) associated with the stripping activity will flow to the entity The component of the ore body for which access has been improved can be identified The stripping activity costs can be reliably measured. <p>Such costs will be classified as a tangible or an intangible non-current asset according to the nature of the existing asset to which they relate.</p> <p>The stripping-activity-asset is specifically associated with the section of ore that becomes directly accessible as a result of the stripping activity.</p>	<p>The stripping-activity-asset is initially measured at cost:</p> <ul style="list-style-type: none"> Cost that are directly incurred to perform the stripping activity An allocation of directly attributable costs. <p>Costs associated with incidental operations occurring concurrently with stripping activity are not included in the cost of the stripping-activity-asset.</p> <p>When costs of the stripping-activity-asset and inventory produced are not separately identifiable, allocate costs based on a relevant production measure:</p> <ul style="list-style-type: none"> Calculated for the identified component of the ore body Used as a benchmark to identify the extent to which additional activity of creating future benefit has taken place. 											
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