

Recogniton and external reporting of mine water treatment costs according to IFRS Standards

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Extended Abstract

The costs of treatment of mine water may have a considerable impact on the economic viability of mining operations. In some cases, after mine closure and during rehabilitation, such cost may still occur for long-time periods or even eternity. In this context, it is of importance to assess and recognize such costs in an appropriate way and report them in the financial reporting documents in the best possible way to reflect the fair value of the mining operations. The presentation intends to give an overview of the rules and practice for (internal) recognition and (external reporting) in accordance with the International Finance Reporting Standards with a specific focus on mining.

Issues to be dealt with:

- (i) Under which conditions are costs of mine water treatment „fully lost“ and charged against revenues?
- (ii) If such costs, in contrast, increase the value of the mining operation, can they be capitalized?
- (iii) Under which conditions can such costs be considered as investments?
- (iv) How will depreciation in such conditions take place?
- (v) Under which conditions is it possible to create liabilities for mine water treatment?
- (vi) Which IFRS standards apply specifically to mining operations?
- (vii) How to illustrate these issues in a case example?
- (viii) How to apply the standards in practice?

Key words: mine water, costs, IFRS standards