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**BY FAX (2865 6603)
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Mr. Steve Ong
Director, Standard Setting
Hong Kong Institute of Certified Public Accountants
37/F., Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Dear Steve,

IASB Draft IFRIC Interpretation on Stripping Costs in the Production Phase of a Surface Mine ("Draft Interpretation")

I refer to your letters dated 16 September 2010 on the above Draft Interpretation to our Mr. Charles Li and Mr. Mark Dickens which have been passed to me for my attention.

We have completed our review of the Draft Interpretation and our views are set out in the paragraphs below.

The Draft Interpretation intends to eliminate the diversity in practice in respect of the accounting treatment of stripping costs during the production phase. However, we believe that the Draft Interpretation as presently drafted may not achieve this purpose.

The Draft Interpretation identifies two types of stripping costs during the production phase, namely, routine stripping costs and stripping campaigns. Paragraph 4 of the Draft Interpretation states that "*A stripping campaign is a systematic process undertaken to gain access to a specific section of the ore body, which is a more aggressive process than routine waste clearing activities.*" Stripping campaign costs will be capitalised and amortised over the life or extraction of the relevant ore reserves.

We consider that the definition of a "stripping campaign" is not clear enough and this could lead to inconsistencies in practice. The definition of a "stripping campaign" makes reference to "routine waste clearing activities". However, the Draft Interpretation has neither defined "routine waste clearing activities" nor provided clear guidance to distinguish "stripping campaigns" from "routine waste clearing activities" other than that the campaign forms part of the mine plan. We consider that "stripping campaigns" and

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“routine waste clearing activities” appear to be the same as both stripping activities will contribute to access to the ore body. We would suggest that some additional guidance or criteria be included to indicate which stripping activities are deemed “more aggressive” and therefore should be regarded as a “stripping campaign”.

We hope that the above comments are useful.

Yours sincerely,
For and on behalf of
The Stock Exchange of Hong Kong Limited



Colin Chau
Senior Vice President
Listing Division

CC/CRC/el

c.c. Mr. Charles Li – Chief Executive
Mr. Mark Dickens – Head of Listing