



30 August 2010

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IFRS INTERPRETATIONS COMMITTEE  
EXPOSURE DRAFT OF *STRIPPING COSTS IN THE PRODUCTION PHASE OF  
A SURFACE MINE***

***Comments to be received by 15 November 2010***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IFRS Interpretations Committee Exposure Draft which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

The IFRS Interpretations Committee, the interpretative body of the IASB, has published for public comment proposed guidance on the accounting for stripping costs in the production phase of a surface mine.

The Committee was asked to consider how to account for stripping costs (the process of removing waste from a surface mine in order to gain access to mineral ore deposits) given the divergence in practice that exists.

The Committee has proposed that costs associated with a 'stripping campaign' should be accounted for as an additional component of an existing asset, and that this component should be written down over the reserves that directly benefit from the campaign.

In accordance with the Institute's Convergence Due Process, comments are invited from any interested party. The FRSC would like to hear from both those who do agree and those who do not agree with the proposals contained in the IFRS Interpretations Committee Exposure Draft.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the IFRS Interpretations Committee Exposure Draft to be considered, they are requested to be received by the Institute on or before **15 November 2010**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.