

**Heidelberg Cement AG
Berliner Straße 6
69120 Heidelberg
Germany**

**To the attention of Mr
Schaffernak
General Counsel**

Ref: Interpretation of the Mineral Companies Recommendations for cement companies

Sirs,

Further to our various contacts, we are pleased to advise you of the following.

In March 2011, ESMA revised its Recommendations on Mineral Companies and made some changes regarding the triggering factor for issuing a Competent Persons' Report.

At the occasion of specific capital markets operations led by cement companies, it seemed that the materiality concept laid in these Recommendations, may appear not to be precise enough; this may have led to different interpretations among the Member States.

In order to ensure a consistent and harmonised interpretation of the Mineral Companies Recommendations among the different Member States, ESMA hereby confirms that cement companies should not be subject to the obligations detailed in paragraphs 132 and 133 of the Recommendations on Mineral Companies dated March 2011 until a final interpretation on the materiality concept is being elaborated and approved, which should happen in 2012.

The interpretation of the materiality concept will take into consideration both qualitative and quantitative parameters to reduce legal uncertainty in its application. ESMA has also decided to include in a new interpretation to the Recommendation, the following statement: if a company is excluded from the materiality concept assessment, it should include as a risk factor, if applicable, the fact that the current level of resources and reserves could create a risk to the company. This is to protect the interests of investors.



We think it is appropriate to issue this interpretation in response to the feedback of various stakeholders. In the present case, the specificities of cement companies and the fact that the materiality of their mineral projects is not paramount, compared to other mineral companies, made the obligation to produce a Competent Persons' Report disproportionate whilst not contributing to effective investor's protection.

This letter will be published on ESMA's website.

Yours sincerely,

A handwritten signature in black ink, appearing to be "S/M", written in a cursive style.

Steven Maijoor
Chair ESMA

Background information:

Paragraphs 131 to 133 of the said recommendation currently state:

131. Considering the specific features of minerals and Article 23 of the Regulation, ESMA proposes that mineral companies, when preparing a prospectus for a public offer or admission to trading of shares, debt securities with a denomination of less than EUR 50,000, depository receipts issued over shares with a denomination of less than EUR 50,000 or derivative securities with a denomination of less than EUR 50,000, should include the information set out in paragraphs 132-133. For the purposes of these recommendations:

a) 'mineral companies' means companies with material mineral projects. The materiality of mineral projects should be assessed having regard to all the company's mineral projects relative to the issuer and its group taken as a whole.

b) 'mineral projects' means exploration, development, planning or production activities (including royalty interests) in respect of minerals including: metallic ore including processed ores such as concentrates and tailings; industrial minerals (otherwise known as non-metallic minerals) including stone such as construction aggregates, fertilisers, abrasives, and insulants; gemstones; hydrocarbons including crude oil, natural gas (whether the hydrocarbon is extracted from conventional or unconventional reservoirs, the latter to include oil shales, oil sands, gas shales and coal bed methane), oil shales; and solid fuels including coal and peat.

132. All prospectuses within the scope set out in paragraph 131 by mineral companies should include the following up to date information segmented using a unit of account appropriate to the scale of its operations:

a) details of mineral resources, and where applicable reserves (presented separately) and exploration results/prospects in accordance with one of the reporting standards that is acceptable under the codes and/or organisations set out in Appendix I;

b) anticipated mine life and exploration potential or similar duration of commercial activity in extracting reserves;

c) an indication of duration and main terms of any licenses or concessions and legal, economic and environmental conditions for exploring and developing those licenses or concessions;

d) indications of the current and anticipated progress of mineral exploration and/or extraction and processing including a discussion of the accessibility of the deposit;

e) an explanation of any exceptional factors that have influenced (a) to (d) above.

If the transaction the prospectus describes includes the acquisition of a mineral company or of reserves and/or resources and the acquisition (or acquisitions in aggregate) constitutes a significant gross change (as defined in the 9th Recital of Regulation EC 809/2004 and in item 6 of Article 4a of Regulation EC 211/2007) then the issuer should in addition include the information above on the assets being acquired. The new assets should be clearly segmented from the existing assets.

If information is included pursuant to this paragraph and it is inconsistent with corresponding information already put into the public domain by the issuer, the inconsistency should be explained in the prospectus.

133. i) In addition, all prospectuses by mineral companies within the scope set out in paragraph 131 should (except where the exemption in paragraph 133(ii) applies) contain a competent persons report which should:

a) be prepared by an individual who:

i) either:

(1) possesses the required competency requirements as prescribed by the relevant codes/organisation (listed in Appendix I); or

(2) if such requirements are not prescribed by the code/organisation, then:

(a) is professionally qualified and a member in good standing of an appropriate recognised professional association, institution or body relevant to the activity being undertaken, and who is subject to the enforceable rules of conduct;

(b) has at least five years' relevant professional experience in the estimation, assessment and evaluation of the type of mineral or fluid deposit being or to be exploited by the company and to the activity which that person is undertaking; and

ii) is independent of the company, its directors, senior management and its other advisers; has no economic or beneficial interest (present or contingent) in the company or in any of the mineral assets being evaluated and is not remunerated by way of a fee that is linked to the admission or value of the issuer;

b) be dated not more than 6 months from the date of the prospectus provided the issuer affirms in the prospectus that no material changes have occurred since the date of the competent persons report the omission of which would make the competent persons report misleading;

c) report mineral resources and where applicable reserves and exploration results/prospects in accordance with one of the reporting standards that is acceptable under the codes and/or organisations set out in Appendix I;

d) contain as a minimum the following information segmented using a unit of account appropriate to the scale of its operations:

i) in the case of a company with mining projects – as set out in Appendix II;

ii) in the case of an company with oil and gas projects – as set out in Appendix III;

ii) An issuer is exempt from including the competent persons report required by paragraph 133(i) if the issuer can demonstrate that:

a) it has published a competent persons report by a suitably qualified and experienced independent expert which measured its mineral resources and where applicable reserves (presented separately) and exploration results/prospects in accordance with one of the reporting standards set out in Appendix I;

b) it is already admitted to trading on either a regulated market, an equivalent overseas market, or an appropriate multi-lateral trading facility; and

c) it has continued to report and publish annually details of its mineral resources and where applicable reserves (presented separately) and exploration results/prospects in accordance with one of the reporting standards set out in Appendix I.

If the issuer was admitted to trading before 1 July 2005, the condition in paragraph 133(ii)(a) need not be complied with and the condition in paragraph 133(ii)(c) need only be complied with since 1 July 2005 for the exemption to apply.

If annual reporting of all classes of mineral resources and where applicable reserves and exploration

results/prospects has not been possible because it has been prohibited by third country securities laws or regulations then the condition in paragraph 133(ii)(c) can be deemed to be met by the annual reporting of those classes that can be reported.

iii) Information on mineral resources and where applicable reserves and exploration results/prospects as well as other information of a scientific or technical nature included in prospectuses outside of the competent persons report (if one is included) must not be inconsistent with the information contained in the competent persons report.

iv) Information required by any of these recommendations may be omitted if disclosure is prohibited by third country securities laws or regulations provided the issuer identifies the information omitted and laws/regulations that prohibit disclosure.