

TRONOX INC
Form 425
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Pursuant to Rule 425 of the Securities Act of 1933, as amended
Subject Company: Tronox Incorporated (File No: 001-32669)

Forward-Looking Statements

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This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as may, will, anticipate, estimate, expect, plan, believe, target, forecast, and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Tronox Incorporated and Tronox Limited caution that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those indicated in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the transaction involving Tronox Incorporated, Tronox Limited and Exxaro Resources Limited (Exxaro), including future financial results, Tronox Incorporated's, Tronox Limited's or Exxaro's plans, objectives, expectations and intentions, the expected timing of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite Tronox Incorporated shareholder approvals; the risk that Tronox Incorporated, Tronox Limited and Exxaro may be unable to obtain governmental and regulatory approvals required for the transaction, or required governmental and regulatory approvals may delay the transaction; the imposition of conditions that could cause the parties to abandon the transaction; the performance of the Tronox and Exxaro Mining businesses; the risk that a condition to closing of the transaction may not be satisfied; the ability of the combined company to obtain financing to refinance existing indebtedness or modifying existing financing arrangements, and finance the combined business; and the terms on which such financing or modification may be available; the timing to consummate the proposed transaction; the risk that the businesses will not be integrated successfully; the risk that Tronox Limited will not be able to complete registration of its shares and/or the listing thereof on a securities exchange, and the timing therefore; the risks to shareholders associated with becoming an Australian-domiciled holding company; the risk that the expected cost savings and any other synergies from the transaction will not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on transaction-related issues; the market value of Tronox Incorporated's products; demand for consumer products for which Tronox Incorporated's businesses supply raw materials; the competitive resources of competitors; the market for debt and/or equity financing; the ability to achieve favorable tax structuring for the combined company, Tronox Limited and its subsidiaries and shareholders; the ability to respond to challenges in international markets; changes in currency exchange rates; political or economic conditions in areas where Tronox Limited and its subsidiaries will operate; the risk of changes in laws and regulations applicable to the business and assets of Tronox Limited and its subsidiaries will operate; trade and regulatory matters; and other economic conditions; and other factors and risks identified in the Risk Factors Section of Tronox Incorporated's Registration Statement on Form S-4 filed with the U.S. Securities and Exchange Commission (SEC) on December 30, 2010. Each forward-looking statement is made as of the date of the particular statement and neither Tronox Incorporated nor Tronox Limited undertakes any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

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Additional Information and Where to Find it.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful without registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed transaction involving Tronox Incorporated, Tronox Limited and Exxaro, Tronox Limited and Tronox Incorporated have filed with the SEC a Registration Statement on Form S-4 that includes a preliminary proxy statement of Tronox Incorporated that also constitutes a preliminary prospectus of Tronox Limited. The registration statement relating to the securities to be offered has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. Tronox Incorporated will deliver the proxy statement/prospectus to its stockholders once the Registration Statement is effective. Tronox Incorporated urges investors and stockholders to read the proxy statement/prospectus (including any amendments or supplements thereto) regarding the proposed transaction, as well as other documents filed with the SEC, because they contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Tronox Incorporated's website (www.tronox.com) under the heading "Investor Relations".

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA, which are used by management to measure performance, are non-GAAP financial measures. Management believes that EBITDA and Adjusted EBITDA are useful to investors, as EBITDA is commonly used in the industry to measure performance.

of
evaluating
operating
performance
and
Adjusted
EBITDA
is
used
in
our
debt
instruments
to
determine
compliance
with

financial covenants. Both EBITDA and Adjusted EBITDA are included as a supplemental measure of our operating performance because they eliminate items that have

less
bearing
on
operating
performance
and
highlight
trends
in
the
core
business
that
may
not

otherwise be apparent when relying solely on GAAP financial measures. In addition, Adjusted EBITDA is one of the primary management uses for planning and budgeting processes and to monitor and evaluate financial and operating results. EBITDA and Adjusted EBITDA are not recognized terms under GAAP and do not purport to be an alternative to measures of our financial performance as determined in accordance with GAAP, such as net income (loss). Because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented herein is not, comparable to similarly titled measures reported by other companies.

A
reconciliation
of
EBITDA
and
Adjusted
EBITDA
to
net
income
are
included
at
the end of this presentation

Additional Information & Non-GAAP
Financial Measures

Today's Presenters

Tom Casey

Chairman and Chief Executive Officer, Tronox

Dan Greenwell

Senior Vice President and Chief Financial Officer, Tronox

John Romano

Executive

Vice President, Tronox

Robert Gibney

VP Administration and Materials Procurement, Tronox

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Goldman Sachs

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I. Introduction and Transaction Overview

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Tronox Overview

Tronox Inc. (Tronox

or the Company) is one of the largest global titanium dioxide

(TiO

2

)

producers with operations in the U.S., Europe and Australia

Globally, Tronox has 465,000 tonnes of annual rated chloride pigment production

capacity

One of only two chloride-only producers in the world

Tronox markets a full range of superior pigment grades for a variety of end-users

under the TRONOX®

brand name

Pigment sales represented 91% of revenues for the LTM period ended 9/30/2011

Through its Electrolytic business, Tronox produces Electrolytic Manganese Dioxide (used in high-performance battery applications), sodium chlorate, boron and other specialty chemicals

Tronox

has

experienced

a

significant

increase

in

Adjusted

EBITDA

since

2009

as

a

result of strong end-market demand alongside continued industry-wide supply constraints

Revenues and Adjusted EBITDA have increased from \$1,070 million and \$142 million in 2009 to \$1,594 million and \$410 million, respectively, for the LTM period ended 9/30/2011

Adjusted EBITDA margin has expanded from 13% in 2009 to 26% for the LTM period ended 9/30/2011

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Transaction Overview

On September 26, 2011, Tronox announced the execution of a definitive agreement to acquire Exxaro Resources (Exxaro) mineral sands operations, which will

create the
world's
largest
vertically-integrated

TiO₂
pigment
company
(New
Tronox)

Exxaro will receive approximately 38.5% of the common equity in New Tronox in exchange for its mineral sands operations, which will be contributed debt free

For
the
LTM
period
ended
9/30/2011,

New
Tronox
generated
pro
forma
revenues of
\$2,205
million
and
Adjusted
EBITDA
of
\$695
million
(32%
Adjusted
EBITDA margin)

New Tronox will have approximately 3,500 employees and 16 locations around the world

The acquisition is expected to close in Q2 2012

Prior to the closing of the acquisition, Tronox will refinance its existing Senior Secured Term Loan with a new \$425 million Senior Secured Term Loan and \$125 million Senior Secured Delayed Draw Term Loan (together, the Term Facility)

The Term Facility will expressly permit the Exxaro acquisition and, together with cash on hand, will fund all cash uses in connection with the acquisition

Tronox's existing \$125 million ABL Revolver expected to remain outstanding. New Tronox

may
upsized
the
current
\$125

million

ABL

facility

to

up

to

\$400 million

Pro forma for the financing, total leverage will be 1.1x on a standalone basis and 0.8x on a pro forma basis, based on LTM 9/30/2011 Adjusted EBITDA

8

8

9

Sources and Uses

1.

Estimated.

2.

Estimated capex reimbursement to Exxaro at closing for growth capex incurred between signing and Apr-2012.

3.

Estimated net debt and working capital adjustments.

Financing Closing

(\$ in millions)

Sources

\$mm

Uses

\$mm

New Senior Secured Term Loan

\$

425.0

Refinance Existing Senior Secured Term Loan

\$

421.7

Balance Sheet Cash

9.5
 Estimated Transaction Fees, OID, and Expenses
 12.8
 Total Funded Sources
 \$
 434.5
 Total Funded Uses
 \$
 434.5
 New Senior Secured Delayed Draw Term Loan
 125.0
 New Senior Secured Delayed Draw Term Loan
 125.0
 Total Sources
 \$
 559.5
 Total Uses
 \$
 559.5
 Pro Forma for April 30, 2012 Closing of Acquisition
 (\$ in millions)
 Sources
 \$mm
 Uses
 \$mm
 Cash
 1
 \$
 178.6
 Cash Merger Consideration (\$12.50/share)
 \$
 190.0
 New Senior Secured Delayed Draw Term Loan
 125.0
 Closing Capex Adjustment
 2
 75.0
 Other Closing Adjustments
 3
 8.6
 Estimated Transaction Fees
 30.0
 Total Sources
 \$
 303.6
 Total Uses
 \$
 303.6

10

Pro Forma Capitalization

1. Standalone Tronox will have ~\$17mm of LCs posted under the Revolving Credit Facility.

2. New Tronox will have ~\$47mm of LCs posted under the Revolving Credit Facility. New Tronox may increase the size of the A

3. New Tronox assumes consolidation of Exxaro's 50% interest in Tiwest Finance lease at closing.

4. Market capitalization as of 25-Jan 2012. New Tronox market cap includes ~10.0mm Class B shares to be issued at closing and issuance to Exxaro for Exxaro's retained 26% interest in the South African businesses.

Standalone Tronox

New Tronox
(\$ in millions)

Refinancing

PF for

x LTM

9/30/2011

Stand Alone

M&A Related

PF for M&A

x LTM

9/30/2011

9/30/2011

Adjustments
Refinancing
Adj. EBITDA
April '12
Adjustments
Closing
Adj. EBITDA

Cash

\$

130.6

\$(9.5)

\$

121.1

NA

NA

NA

\$125mm

Asset

Based

Revolving

Credit

Facility

1

-

-

-

0.0

x

-

NA

NA

NA

New

Asset

Based

Revolving

Credit

Facility

2

NA

NA

NA

NA

NA

-

-

0.0

x

New Senior Secured Term Loan

-

425.0
425.0
1.0
425.0
-
425.0
0.6
New Senior Secured Delayed Draw Term Loan
-
-
-
1.0
-
125.0
125.0
0.8
Existing Senior Secured Term Loan
421.8
(421.8)
-
1.0
-
-
-
0.8
Total Secured Debt
\$
421.8
\$
425.0
1.0
x
\$
425.0
\$
550.0
0.8
x
Tiwest
Finance
Lease
3
6.6
-
6.6
1.1
x
6.6
6.6
13.2

0.8
x
Total Debt
\$
428.4
\$
431.6
1.1
x
\$
431.6
\$
563.2
0.8
x
Market
Capitalization
4
2,025.0
-
2,025.0
4.9
x
2,025.0
-
3,564.0
5.1
x
Enterprise Value
\$
2,322.8
\$
2,335.5
5.7
x
\$
2,456.6
\$
4,127.2
5.9
x
Adjusted EBITDA
Tronox Standalone LTM 9/30/11
\$
409.7
New Tronox Adjusted LTM 9/30/11
\$
694.7

II. Tronox Overview

11

11

Tronox Overview
Company Overview
Global
pure
play
TiO
2
producer
One of the largest global TiO
2
producers and marketers with 8% share

of global capacity
Focused primarily on coatings, plastics
and paper laminates
Efficient, low-cost manufacturing footprint
Global operations and international
presence
Specialty electrolytic chemicals operations

Financial Summary

Production Facilities

(\$US in millions)

12

(units in MT)

1.

Includes 100% of Tiwest pigment.

2.

Shown at 100% of JV capacity and production.

12

Pigment Facilities

Location

Capacity

Hamilton

225,000

Botlek

90,000

Electrolytic Facilities

Location

Capacity

Hamilton (Sodium Chlorate)

150,000

Henderson (EMD)

27,000

Henderson (Boron Products)

525

Tiwest Joint Venture Facilities²

Location

Capacity

Kwinana

150,000

Northern Operations

Capacity

Zircon

70,000

Synthetic Rutile

220,000

Rutile

36,000

Leucoxene

26,000

LTM

2008A

2009A
2010A
9/30/2011
Pigment Revenue
\$
1,116
\$
938
\$
1,068
\$
1,450
Electrolytics
121
127
128
135
Other
8
5
21
9
Revenue
\$
1,246
\$
1,070
\$
1,218
\$
1,594
Adj. EBITDA
\$
99
\$
142
\$
203
\$
410
Margin
8%
13%
17%
26%
1

Tronox Overall Position Summary
2010A Tronox Geographic Positioning by Sales
Volumes

Note:

Size of bubble represents Tronox sales in its end markets. Projected growth rates are internal Tronox estimates.

13

78%

19%

3%

0%

2%

4%

6%

8%

10%

12%

-1%

0%

2%

3%

4%

Coatings

Plastics

Paper & Specialties

Market Growth Rate

Tronox's sales effort is leveraged towards the higher growth and higher value segments

2010A

Tronox

Positioning

in

TiO

2

Market

100% of Tronox capacity is produced via the chloride process

Chloride
technology
yields
consistently
whiter,
brighter
pigment
grades
preferred
for
many
of
the
largest

end-use applications (e.g. paints and plastics) as compared to the sulfate process

The chloride production process offers significant cost savings over the sulfate process

Generates less waste, uses less energy and is less labor intensive than the sulfate process

Results in ~15% cost advantage (according to TZMI)

Proprietary technology and numerous worldwide patents create barriers to entry

Proprietary technology, operating expertise and worldwide patents require technical sophistication

and a highly skilled workforce that cannot be easily replicated by new entrants

Extremely complex to develop and operate the chloride process technology

Significant lead time and capital required to build chloride plant

Proprietary Process and Highly

Efficient Flexible Operations

Tronox

is

one

of

only

five

major

TiO

2

producers

in

the

world

utilizing

proprietary

chloride

technology

14

III. Exxaro Mineral Sands Overview

15

15

16

Exxaro Mineral Sands Combination

Rationale

Tronox and Exxaro have worked together for more than 20 years, having jointly operated the

Tiwest

Joint

Venture,

which

is

a

vertically

integrated

TiO

2

operation

that

served

as

the

model for the New Tronox

The

combination

is

expected

to

create

the

following

benefits

for

New

Tronox:

A secured ore supply that will help reduce earnings volatility from raw material price fluctuations and / or supply constraints

Secured ore supply creates a solid platform for future growth and enhanced earnings potential

Increases scale, public market profile and access to capital markets

Expected run-rate cost savings of ~\$30mm in the short-term and potential for additional cost savings in the longer-term

Substantial free cash flow generation with flexible capital expenditures

The Tronox / Exxaro Mineral Sands combination creates the leading global, vertically-integrated

TiO

2

pigment

producer

with

access

to

diverse

and

growing

global markets

Exxaro Mineral Sands Overview

Company Overview

Exxaro Mineral Sands is comprised of KZN Sands, Namakwa Sands and a 50% interest in the Tiwest JV

3

rd

largest

titanium

ore

feedstock

producer
globally
in
2010 (10% market share) with 3 producing assets

3
rd
largest
zircon
producer
globally
in
2010

Geographically well positioned to serve markets in Asia,
the Middle East, Europe, North and South America
Existing inventory will be enough to supply slag furnaces
until the Fairbreeze mine is online

Financial Summary (\$USD mm)

Production Facilities

17
(units in MT)

17
Revenue by Segment (Avg. 2008A
2010A)

LTM
2008A
2009A
2010A
9/30/2011

Revenue
\$

334
\$

419
\$

636
\$

864

Adj. EBITDA

\$
57
\$

142
\$

133
\$

285

% Margin

17%
34%
21%

33%

Capex

\$

69

\$

99

\$

95

\$

102

Location

Capacity

Kwinana

150,000

Northern Operations

Capacity

Synthetic Rutile

220,000

Zircon

70,000

Rutile

36,000

Leucoxene

26,000

Reserve Life of Mine

15+ years

Tiwest Joint Venture Facilities ²

Titanium

Feedstocks

Slag

25%

Rutile

6%

SR

5%

Zircon

27%

Pigment

24%

1.

Shown at 100% of JV capacity and production.

2.

KZN Sands gives effect to Fairbreeze mine development project expected to open in 2014 with 190kt of

TiO

ore

capacity

and

60kt

of

zircon
capacity.
Other
13%
Namakwa Sands
Capacity
Slag
160,000
Zircon
135,000
Pig Iron
100,000
Rutile
31,000
Reserve Life of Mine
20+ years
KZN Sands³
Capacity
Slag
220,000
Pig Iron / Scrap Iron
121,000
Zircon
60,000
Rutile
30,000
Reserve Life of Mine
12+ years
Mineral Sands Facilities
2

New Tronox EBITDA Profile

18

Standalone Tronox Adj. EBITDA Contribution

New Tronox will benefit from a more diversified earnings stream

New Tronox Adj. EBITDA Contribution

Zircon,

Pig Iron &

Other

22%

IV.
Perspective on the TiO
2
Market
19

20
Factors
that
influence
the
TiO
2
cycle
long-term
global
demand
for
TiO
2
is
expected
to
grow by approximately 3-4%, which is consistent
with long-term GDP trends

Global sales of TiO₂ in 2010 are estimated to have exceeded 5.3 million tonnes, generating approximately \$12 billion in industry-wide revenues

Demand for TiO₂ is being driven in part by a resurgent global economy following the economic downturn in 2008 and 2009

The global market for TiO₂ is expected to remain healthy due primarily to support from the ongoing growth in emerging economies

Long-term demand for TiO₂ usage per capita in the major emerging markets, particularly in China and India, is significantly below that seen in most Western countries

Demand for Significant TiO₂ capacity reductions in 2009 (7-8% of global capacity) with very limited new capacity expected due to high costs, long lead time and difficult permitting process

Tronox has increased prices by ~10% from 2009 to 2010 and by ~40% from 2010 to 2011

Titanium feedstock demand will continue to outpace supply for the near and medium term, as no new substantive supply is expected to come online until at least 2014

Pricing

21
21
Industry Capacity Utilization
During
the
last
cycle,
over
380,000
MT
of

capacity
was
taken
out
of
market,
which
management
estimates
to
be
a
7

8% reduction

Bringing new capacity online requires significant capex, long lead time and requires difficult to achieve permitting (in particular environmental regulations): as a result a new Chloride facility has not been built since 1994

1.

Tronox management data.

Significant Capacity Reductions

The global TiO

2

pigment market has been tight with major producers operating near full capacity (>95%)

60%

65%

70%

75%

80%

85%

90%

95%

100%

1986

1987

1988

1989

1990

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

380,000 MT taken out via plant closures

Grimsby (s) 40

France (s) 65

Chinese (s) 125

Baltimore (c) 50

Savannah (c)100

10 plants built during

this period with last

Chloride plant built in

1994

210,000 MT taken out via plant closures

Antioch (c) 30

Baltimore (s) 50

Antwerp (s) 30

Grimsby (s) 40

Savannah (s) 60

1

22
2.0%
1.5%
2.0%
0.0%
2.0%
4.0%
3.5%
6.0%
3.5%

8.5%

7.5%

7.5%

2.6 Billion people in China and India

0.25kg

per

capita

increase

in

consumption

in

these

two

countries

over

3

years

equates to 650,000MT increase in demand (11.6% increase in market capacity, or approximately 3 plants the size of Hamilton)

TiO

2

Consumption per Capita and Growth Rates

2008 2013

Est.

CAGR

:

Emerging Markets

Significant

long-term

TiO

2

consumption

growth

expected

from

emerging

markets

1.

Company estimates and U.S. Government Population Statistics.

TiO

2

usage

per

capita

in

the

major

emerging

markets,

particularly

in
China
and
India,
is
significantly
below
that seen in most Western countries
Rising Demand from Emerging Markets
1

23

Increase in Households and Population: 2030E

Increase Over 2000 Levels

Population and Urbanization to Drive Demand Growth in Emerging Markets

Source: TZMI 4Q 2011 forecast.

Despite

sluggish

housing

starts
in
the
U.S.
and
Europe,
supply
/
demand
dynamics
remain
strong

The combination of U.S. / European improvements and an ever increasing population / urbanization in emerging markets are expected to be a major contributor to demand growth

...As Global Economies Grow

Asian Middle Class Forecast: 2010, 2020 & 2030

CAGR (%)

Constrained Feedstock Environment is
Expected to Persist
Fundamentals for titanium feedstocks remain strong,
despite recent softening in China
Developing countries
intensity of pigment use
is expected to grow with rising living standards
(GDP/capita)
Supply deficits remain tight for most feedstock

products, particularly for high quality chloride feedstocks

No new substantive supply expected to enter the market prior to year end 2013

High risk and long lead time (typically 5-7 years) in starting new projects

Ore suppliers have succeeded in moving prices higher and changing prices quickly

Ore prices are expected to increase for pigment producers, despite short-term demand softening

Vertical integration into ore provides significant advantages

Opportunity to capture value throughout the TiO

2
chain

Growth enabled through assured feedstock
24

1.
Per TZMI 4Q2011 forecast.

2.
Goldman Sachs Research.

Global Supply / Demand for Titanium Feedstock
Feedstock Pricing

(\$ / tonne)

Ore supply is tight, creating a favorable pricing environment for the foreseeable future
24

Existing / Approved Production

Potential New Projects

Underlying Demand

1

2

1

TiO
2
pigment producers are limited in their ability to make significant capacity expansions to meet incremental demand due to the constrained ore market
Access to ore is critical for any meaningful capacity increases
Limited substitutes
Time and cost to build greenfield plants
Tronox management estimates that during 2007-2009, approximately 7-8% of global capacity was shuttered
The
projected

expansion
of
TiO
2
pigment
supply
reflects
announced
but
not
completed
production
facilities,
most
of
which

are in China and producing via the sulfate process

Current supply dynamics and projected demand increases is expected to result in a continued favorable pricing environment over the long term

TiO
2

-

Supply/Demand
(000 s tonnes)

1
25

TiO
2

Pigment Pricing
(\$ / tonne)

2
1.

Per TZMI 4Q2011 forecast.

2.

Per TZMI 4Q2011 forecast.

25

Structural Shift in the Industry Expected to
Continue

to
Drive
TiO

2
Prices
Higher
3,000
4,000
5,000
6,000
7,000
2007A

2008A

2009A

2010A

2011F

2012F

2013F

2014F

2015F

Supply

Potential New Projects

Demand

0.0%

50.0%

100.0%

150.0%

200.0%

250.0%

2009A

2010A

2011E

2012E

2013E

2014E

2015E

As a result of strong underlying demand, a lack of capacity and overall structural shift in the industry, TiO

2

prices have increased significantly and are expected to remain high

Tronox Has Experienced an Enduring
Step Change in Profitability

26

The fundamental structure of the TiO₂
value chain has changed

8% reduction of pigment supply in 2008/2009

No new chloride plants have been built since 1994

No new major feedstock supply since 2008/2009

Demand has increased by 14% during the same period

These structural conditions can only be changed by the addition of new pigment production capacity AND new feedstock supply require 3 to 5 years to bring online and identified potential new facilities are not expected to keep up with forecasted demand growth

Demand growth is highly correlated to development; Asia, India and other developing markets are materially expanding their urban middle class

There are no practical substitutes for TiO₂ in coatings; in addition, TiO₂ is only ~13% of the cost of paint

Although extremely conservative, Tronox has examined a potential stress / downside case with the following assumptions:

Pigment volumes reduced by 16%; current pigment price levels reduced by \$1,000 / tonne and Exxaro margins reduced by 50%

Adjusted EBITDA (\$ in millions)

Standalone Tronox Illustrative Downside Adj.

EBITDA of ~\$325mm

\$695

\$184

\$336

\$
99
\$
142
\$
203
\$
410
\$
564
2008
2009
2010
LTM 3Q 2011
3Q 2011 Annualized
Standalone Tronox Adj. EBITDA
New Tronox Adj. EBITDA
Standalone Tronox Illustrative Downside Adj. EBITDA
New Tronox Illustrative Downside Adj. EBITDA
\$1,072
\$156
New Tronox Illustrative Downside Adj. EBITDA of
~\$585mm

V.
Key Credit Highlights
27

Leading Global Pigment Platform
Well Positioned Against its Peers
Strong Financial Momentum
Strong and Experienced Management Team
Key Credit Strengths
Long-Standing Blue Chip TiO₂
Customer Relationships
Vertical Integration Provides Significant Competitive Advantage
Low Cost and Efficient Production Network
28
Compelling Operational Rationale

Leading Global Pigment Platform

29

Botlek, The Netherlands

Hamilton, MS

Namakwa Sands

KZN Sands

Tiwest

Oklahoma City, OK

Note:

Namakwa Sands, KZN Sands and Tiwest are each made up of 3 locations.

1.
100% of capacity and production.

2.
KZN
Sands
gives
effect
to
Fairbreeze
mine
development
project
expected
to
open
in
2014
with
190kt
of
TiO₂
ore
capacity
and
60kt
of
zircon
capacity.
Headquarters
Locations
Henderson, NV
New Tronox will have 3,500 employees
in 16 locations around the world
Johannesburg
Singapore
Shanghai, China
29
Location
Capacity (MT)
Hamilton
225,000
Botlek
90,000
Location
Capacity (MT)
Hamilton (Sodium Chlorate)
150,000
Henderson (EMD)
27,000

Henderson (Boron Products)

525

Location

Capacity (MT)

Kwinana

150,000

Northern Operations

Capacity (MT)

Synthetic Rutile

220,000

Zircon

70,000

Rutile

36,000

Leucoxene

26,000

Reserve Life of Mine

15+ years

Namakwa Sands

Capacity (MT)

Slag

160,000

Zircon

135,000

Pig Iron

100,000

Rutile

31,000

Reserve Life of Mine

20+ years

KZN Sands²

Capacity (MT)

Slag

220,000

Pig Iron / Scrap Iron

121,000

Zircon

60,000

Rutile

30,000

Reserve Life of Mine

12+ years

Tronox Electrolytic Facilities

Tiwest Joint Venture Facilities ¹

Exxaro Mineral Sands Facilities

Tronox Pigment Facilities

Long-Standing Blue Chip TiO

2

Customer Relationships

Tronox's Blue Chip Customer Relationships

30

Builds strong relationships with its customers
resulting in a high customer retention rate

Tronox

has

supplied

its

top

ten
TiO
2
customers for
over ten years
Diversified customer base of approximately 1,000
customers in over 90 countries
Customers include market leaders in each of
the
major
end-use
markets
for
TiO
2
Approximately 40% of global volume under multi-
year contracts with market based pricing
Tronox works closely with its customers to optimize
their formulations, thereby enhancing the use of
TiO
2
in their production processes

31
Low Cost and Efficient Production
Network
Combined
with
the
Exxaro
Mineral
Sands

titanium
feedstock
assets
in
South
Africa
and
Australia,
this

network of TiO₂ and titanium feedstock facilities will give New Tronox the flexibility to optimize asset and feedstock utilization and generate operational, logistical and market efficiencies

Vertical Integration gives us a significant cost / tonne advantage

The
Company's

TiO₂
operations
are
among
the
lowest
cost

producers
of
TiO₂
globally
Vertically
Integrated
Production
Significant and
Scalable
Operations
Gateway to
Asia
Geographic
Diversity

Tronox's three TiO₂ production facilities are strategically positioned in key geographies: North America, Europe and Australia

The Hamilton facility is the third largest TiO₂ production facility in the world and has the size and scale to service customers in North America and around the globe

The Tiwest Joint Venture, located in Australia, is well positioned to service growing demand from Asian markets

Vertical Integration Provides Significant
Competitive Advantage

32

Tronox Today (*000 s tonnes of ore*)

New Tronox (*000 s tonnes of ore*)

New Tronox will be long of titanium feedstock, giving the Company significant advantages compared to its peers, especially in a today's rising ore pricing environment

32

Tronox today is required to source ~229,000 tonnes of feedstock in the open market

New Tronox will be long
~211,000 tonnes of feedstock
Tronox Titanium
Feedstock Requirements
Tronox Titanium
Feedstock Requirments
Tronox Titanium
Feedstock Capacity
Tronox Titanium
Feedstock Capacity
200
429
723
512

33

Business Model

Pigments value chain

TiO

2

pigments

Primarily TiO

2

pigments

Diversified chemicals

TiO

2

pigment exposure
Diversified chemicals
TiO₂

pigment exposure
LTM Revenue
\$2,205
mm
1
NA
\$1,879 mm
Total: \$11,000 mm
Pigment: \$1,550 mm
Total: \$37,587 mm
LTM Adj. EBITDA
\$695
mm
1

NA
\$510 mm
Total : \$1,135 mm
Pigment: \$434 mm
Total: \$6,327 mm
EBITDA Margin
31.5%

NA
27.1% total
Total: 10.3%
Pigment: 28.0%
Total: 16.8%

Total Capacity
465 kt
750 kt
532 kt
560 kt
1,100 kt

% Chloride vs.
Sulfate Capacity
(Based on
Capacity)

Location of
Facilities
Hamilton, MS
Kwinana, Australia
Botlek, The
Netherlands
Ashtabula, OH
Yanbu, Saudi Arabia
Stallingborough, UK
Kemerton, Australia

Arembepe, Brazil
Thann, France
Baltimore, MD
Leverkusen, Germany
Varenes, Canada
Langerbrugge, Belgium
Nordenham, Germany
Fredrikstad, Norway
Lake Charles, LA
Greatham, UK
Calais, France
Huelva, Spain
Scarlino, Italy
Lake Charles, LA
Telek Kalung, Malaysia
Umbogintwini, SA
New Johnsonville, TN

DeLisle, MS

Altamira, Mexico

Kuan Yin, Taiwan

Edge Moor, DE

Ore Production /

Feedstock

Integration

Fully integrated

Total: 723 kt

Partially dependant on

third-party

feedstock

2

~60% dependant on

third-party

feedstock

3

~90% dependant on

third-party

feedstock

3

Pro Forma

Source:

Company filings, Wall Street Research and TZMI

1.

Tronox Revenue and Adjusted LTM EBITDA presented on a combined 2011E basis.

2.

Operates

mine

in

Paraiba,

Brazil.

Owner

of
Bemax
(Australia),
world's
5
largest
producer.
Potential
to
increase
existing
ore
capacity
with
ore
from
the
Snapper
mine
which
will come into production in 2011.

3.
Based on 2010A ore production figures for Kronos. 328 kt ilmenite used in sulfate process. Purchase slag/rutile (470 kt).

4.
Based on DuPont Jul-2011 conference call transcript. DuPont operates a titanium ore surface mine near Starke, FL. .
Well Positioned Against Its Peers

Pure Play TiO₂

Diversified

Chloride

100%

Chloride

88%

Sulfate

12%

Chloride

100%

th

Sulfate

25%

Chloride

45%

Chloride

75%

Sulfate

55%

Compelling Operational Rationale

34

Consolidation of Tiwest JV

Elimination of duplicate services

Rationalization of SG&A

Marketing

Supply & chain

Finance

Improved logistics

larger shipments

to fewer clients

Near Term Synergies

Medium Term Synergies

Estimated Run-Rate savings of

~\$30 mm (annual)

Optimization of ore in-use

High grade TiO

2

feedstocks

Cheaper slag fines

Significant cost advantages from

optimization

Less waste (better

environmental management)

Lower chlorine & coke costs

Lower freight costs per tonne of

TiO

2

Ability to effectively

debottleneck

pigment

production with limited capital

expenditures

New Tronox's network of TiO

2

and titanium feedstock facilities will have the flexibility

to optimize asset and feedstock utilization, and a secured ore supply creates a solid

platform for future growth and enhanced earnings potential

New Tronox Net Sales (\$MM)
Strong Financial Momentum
35
Standalone Tronox Adj. EBITDA (\$MM)
New Tronox Adj. EBITDA
(\$MM)
Standalone Tronox Net Sales (\$MM)

Since 2008, Tronox has increased Adjusted EBITDA by 390%

Strong and Experienced Management

Team

36

36

Joined the company in 1991

Vice President, Administrative and Materials Procurement since January 2011

Other

positions

at

Tronox
have
included:
Vice
President
of
Human
Resources
and
Corporate
Affairs,
Vice

President of Global Pigment Marketing; Chief Marketing Officer of Avestor (the high technology battery joint venture); Vice President and General Manager, Paper and Specialties; and Vice President, Investor Relations

Robert Gibney
Vice President,
Administration
and Materials
Procurement
Chairman
since February 2011

Chief Executive Officer since October 2011

Previously served in various senior managerial and directorial roles, including: CEO of Current Group,
Chairman & CEO of One Communications Corp, and various senior positions at Global Crossing

Other experience also includes more than five years practicing law in the public and private sectors, and three years of investment banking

Tom Casey
Chairman and
Chief Executive
Officer

John Romano
Executive
Vice
President

Joined the company in 1988

Executive Vice President since January 2011

Other positions at Tronox have included: Vice President, Sales; Vice President, Global Pigment Sales for Tronox LLC; Vice President, Global Pigment Marketing; and Regional Marketing Manager

Mike Foster
Vice President,
General Counsel
and Secretary

Vice President, General Counsel and Secretary since January 2008

Other
positions
at
Tronox
have
included:
Managing

Counsel,
Staff

Attorney
and
Staff

Attorney
for

Kerr-McGee

Shared Services LLC

Previously Corporate Counsel for CMS Field Services and Counsel for Enogex, Inc.

Experience also includes more than five years practicing law in the public and private sectors

Joined the company in January 2012

Previously
served

in
various
executive

financial
and
operational

roles,
including

Chief
Financial

Officer
at

Terra Industries, Corporate Controller for Belden, Inc., Chief Financial Officer for Zoltek Companies,

Operations Manager for Sigma Chemical Company, and Senior Manager at KPMG

Experience includes acquisition execution and financial system integration

Daniel Greenwell

Senior Vice

President and

Chief Financial

Officer

VI.
Historical Financial Performance
37

Adjusted EBITDA
Standalone Tronox Historical Financials
38
Revenue
Pigment
Sales
Volumes¹
(Kt)
Adjusted
EBITDA

Capex

1.

Includes

100%

of

the

TiO

2

produced

by

the

Tiwest

Joint

Venture;

Tronox

Incorporated

currently

markets

50%

of

the

production

on

behalf

of

Exxaro.

New Tronox Adjusted EBITDA²
New Tronox Pro Forma Historical
Financials
39
New Tronox Revenue
New
Tronox

Pigment

Sales

Volumes¹

(Kt)

New Tronox Adjusted EBITDA Capex

VII. Summary Terms and Timeline

40

41
Indicative Summary of Terms
Senior Secured Term Loan
Borrower
Tronox Pigments (Netherlands) BV
Guarantors
Each
of
(i)

the
Borrower's
existing
and
subsequently
acquired
or
organized
subsidiaries,
(ii)
Tronox's
direct
and
indirect
existing
and
subsequently
acquired
or
organized
subsidiaries
and
(iii)
following
the
consummation
of
the
acquisition
of Exxaro Mineral Sands, each of New Tronox's direct and indirect existing and subsequently acquired or organized
subsidiaries, in each case, subject to certain exceptions (including the exclusion of all South African entities)
Security
First Lien on all assets of the Company excluding those assets which secure the ABL Revolver (A/R and Inventory) and
Second Lien on the ABL Assets
Amount
\$425mm Senior Secured Term Loan
\$125mm Delayed Draw Term Loan (6 month availability)
Incremental Facility
\$100 million (subject to 50bps MFN)
Maturity
6 years
Amortization
1% per annum (or 0.25% for each quarter of any partial year), with the remaining balance due on the six year
anniversary of the Closing Date
Indicative Coupon
L + TBD bps (TBD LIBOR floor)
Delayed Draw Commitment Fee
TBD
Original Issue Discount
TBD

Call Protection

101 soft call

for one year

Mandatory Prepayments

100% Asset Sales, 100% Insurance Proceeds, 100% Debt Issuance, 50% Excess Cash Flow in year one (subject to step-downs based on Net Total Leverage thereafter)

Financial Covenant

Maximum Net Total Leverage

Negative Covenants

Standard and customary, including, but not limited to: incurrence of additional debt, asset sales, liens, restricted payments, investments, mergers and acquisitions, transactions with affiliates

42
Summary Timetable
Date:
Event
January 23
rd
Announce Transaction
January 26
th
Bank Meeting
February 3
rd
Lender Commitments Due
February 6

th
Expected Pricing
February 8
th
Expected Closing and Funding
January 2012
February 2012

S
M
T
W
T
F
S
S
M
T
W
T
F
S
1
2
3
4
5
6
7
1
2
3
4
8
9
10
11
12
13
14
5
6
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23
24
25
26
27
28
19
20
21
22
23
24
25
29
30
31
26
27
28

Key Date

Appendix

43

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Standalone Tronox Pro Forma Corporate
Structure

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Note: Dotted line delineates boundary of guarantors under the credit facility.

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New Tronox Pro Forma Corporate
Structure

Note: Dotted line delineates boundary of guarantors under the credit facility. Non-U.S. entities will provide a 45-day post-clos

Exxaro Transaction Detail

Transaction Structure Detail

Current Tronox shareholders to exchange existing common stock for new Class A shares in Australian-domiciled company (New Tronox) and \$12.50 of cash per share

Option to receive exchangeable shares in Tronox Inc. with right to exchange later into Class A shares of New Tronox and \$12.50 per share, subject to minimum and maximum (with pro ration) election thresholds

Exchangeable share election is intended to provide certain Tronox shareholders with a mechanism

to
retain
their
Tronox
shares
and
perhaps

allow
them
to
defer

a
taxable

event until the exchangeable share is exchanged into stock of New Tronox and cash
Exxaro contributing mineral sands operations to New Tronox in exchange for Class B
shares in New Tronox

Exxaro to retain 26% direct minority ownership in the South African businesses to
comply with South African BEE ownership requirements

Transaction should be taxable to Tronox shareholders

Exxaro Class B Shares

Approximately 10.0 million shares issued to Exxaro (excluding put/call shares)

Put/call shares: 1.4 million shares in exchange for Exxaro's 26% direct interest in the
South African operations in the event that the BEE compliance structure is no longer
required

46

46

Exxaro Transaction Detail (cont'd)

Pro Forma Shares Outstanding

25.2 million shares outstanding (excluding Exxaro's put/call shares)

Intention to list on a major exchange, such as the NYSE, after closing

Board of Directors

9 member board comprising: 6 Class A Directors (including the CEO of Tronox) and 3 Class B Directors (nominated by Exxaro)

Tom Casey will remain CEO and Chairman of New Tronox

Regulatory Approvals

Requires regulatory approvals from South Africa Department of Mineral Resources, South Africa Reserve Bank and Australian Foreign Investment Review Board

Competition authorities

SEC registration and Tronox shareholder approval

Anticipated Closing

2Q 2012

47

47

Additional Tax Asset Information

Tronox
should
retain
many
of
the
tax
attributes
it
presently

has
available
to
it,
including
historical NOLs (subject to annual limitation)
Tax
attributes
appear
to
be
worth
at
least
\$300
million
on
a
Net
Present
Value
basis
These tax
attributes
(which
are
subject
to
audit
by
IRS)
consist
of:
Pre-emergence NOLs (~\$160 million)
Tax deductions arising from Tronox's bankruptcy emergence (interest premium :
~\$1 billion)
Potential future deductions relating to environmental remediation agreed to as part of
the bankruptcy emergence
Transaction
with
Exxaro
is
expected
result
in
an
ownership
change
for
purposes of

§382, thereby imposing an annual limitation on Tronox's ability to utilize its NOLs. The amount of such limitation will depend on the value of Tronox's stock at closing and on long-term tax-exempt interest rate at that time, and thus the annual limitation cannot be known at this time.

However, any limitation is not expected to have a significant impact on a Net Present Value basis to Tronox's tax attributes.

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48

Financial Reconciliation

49

(\$US in millions)

Note: Pro forma financials do not include synergies or cost savings; Unaudited Tronox financials for 2008 and 2009.

49

1

Intercompany eliminations are primarily due to sales from Exxaro's South African mineral sands assets to Tronox's pigment on a basis, those sales will become intercompany and will be eliminated on the revenue and cost side. Since the Tiwest Joint Venture is being added into Tronox's financials on a proportionate basis in the standalone financials, there are limited incremental intercompany eliminations from this transaction.

LTM

9 mos ended

9 mos ended

2008A

2009A

2010A

9/30/2011

9/30/2010

9/30/2011

Tronox Revenue

\$

1,246

\$

1,070

\$

1,218

\$

1,594

\$
892
\$
1,268
Exxaro Revenue
334
419
634
864
458
688
Less Pro Forma Intercompany Eliminations
1
(125)
(141)
(172)
(254)
(129)
(211)
Combined Revenue
\$
1,455
\$
1,348
\$
1,680
\$
2,205
\$
1,221
\$
1,745
Tronox Adjusted EBITDA
\$
99
\$
142
\$
203
\$
410
\$
148
\$
354
Exxaro EBITDA
57
42
133
285

108
260
Adj. EBITDA
\$
156
\$
184
\$
336
\$
695
\$
256
\$
614
Tronox Capex
\$
34
\$
24
\$
45
\$
145
\$
27
\$
126
Exxaro Capex
69
99
95
102
64
72
Combined Capex
\$
103
\$
123
\$
140
\$
247
\$
90
\$
198

Tronox EBITDA Reconciliation

50

(\$US in millions)

50

LTM

9 Mos Ended

9 Mos Ended

2008

2009

2010

9/30/2011

9/30/2011

9/30/2010

Net income (loss)

(\$335)

(\$39)

\$5

\$766
 \$807
 \$45
 Interest and debt expense
 \$54
 \$36
 \$50
 \$35
 \$24
 \$40
 Income tax provision (benefit)
 (\$2)
 (\$2)
 \$2
 \$3
 \$4
 \$3
 Depreciation and amortization expense
 \$76
 \$53
 \$50
 \$74
 \$61
 \$37
 Income (loss) from discontinued operations
 \$1
 \$1
 -
 -
 EBITDA
 (\$207)
 \$49
 \$108
 \$878.4
 \$896
 \$125
 Reorganization
 expense
 associated
 with
 bankruptcy
 1
 -
 \$13
 \$145
 \$124
 \$46
 \$67
 Gain on fresh start accounting
 -

-
 -
 (\$659)
 (\$659)
 -
 Noncash gain on liquidation of subsidiary
 -
 -
 (\$5)
 (\$0)
 (\$0)
 (\$5)
 Provision
 for
 environmental
 remediation
 and
 restoration,
 net
 of
 reimbursements
 2
 \$73
 -
 (\$47)
 (\$12)
 (\$5)
 (\$40)
 (Income) Loss from discontinued operations
 \$189
 \$10
 (\$1)
 (\$2)
 \$0
 \$1
 Restructuring costs not associated with the bankruptcy
 \$14
 -
 -
 -
 -
 -
 Pension and post retirement settlement/curtailments
 \$26
 \$10
 -
 -
 -
 -
 Gain on sale of assets

(\$25)

(\$1)

-

-

-

-

Impairment
charges

3

\$25

\$0

-

-

-

-

Unusual
or
non-recurring
items

4

-

\$24

-

-

-

-

Litigation Settlement

(\$10)

(\$10)

-

Plant closure costs

-

\$25

\$1

(\$0)

\$0

\$2

Fresh start inventory mark-up

-

-

-

\$36

\$36

-

Stock-based compensation

\$1

\$0

\$1

\$8

\$8

\$0
Foreign currency remeasurement
(\$7)
\$15
\$12
\$8
\$1
\$5
Transaction costs, registration rights penalty and financial statement restatement costs
-
-
-
\$35
\$35
-
Other items
5
\$11
(\$4)
(\$9)
\$3
\$6
(\$6)
Adjusted EBITDA
\$99
\$142
\$203
\$410
\$354
\$148

1. The Company has incurred costs related to the Chapter 11 bankruptcy proceedings. These items include cash and non-cash charges, possession financing costs, legal and professional fees.

2. In 2010, the Company recorded receivables from the insurance carrier related to environmental clean-up obligations at the Hemlock facility.

3. In 2008, the Company recorded impairment charges of approximately \$3.3 million related to the Savannah, Georgia, and approximately \$0.5 million related to the Hemlock facility.

4. The 2009 amount represents the net loss on deconsolidation of the Company's German subsidiaries. The 2010 amount is related to a net gain due to the realization of cumulative translation adjustments.

5. Includes noncash pension and postretirement healthcare costs and accretion expense.

51
51