PARTICIPANTS

Corporate Participants

Brennen Arndt – Vice President-Investor Relations, Tronox Ltd.
Tom Casey – Chairman & Chief Executive Officer, Tronox Ltd.
Katherine C. Harper – Chief Financial Officer & Senior Vice President, Tronox Ltd.
Kevin V. Mahoney – VP, Corporate Controller, Tronox Ltd.

Other Participants

Hassan I. Ahmed – Analyst, Alembic Global Advisors LLC
Edlain Rodriguez – Analyst, UBS Securities LLC
Hamed Khorsand – Principal, BWS Financial, Inc.
Caroline Learmonth – Analyst, Barclays Capital
Edward Mally – Analyst, Imperial Capital LLC
Kieran Daly – Analyst, Macquarie First South Securities (Pty) Ltd.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Tronox Q1 2014 Earnings Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder this conference call is being recorded.

I would now like to introduce your host for today's conference, Mr. Brennen Arndt, VP, Investor Relations. Sir, you may begin.

Brennen Arndt, Vice President-Investor Relations

Thank you and welcome, everyone, to Tronox Limited's First Quarter 2014 Conference Call and Webcast. With me today are Tom Casey, our Chairman and CEO, who will review our first quarter performance; and Kathy Harper, Senior Vice President and CFO, who will report on our financial position. Tom will conclude our remarks by sharing his perspective on the strong set of operating and financial attributes that underpins our growth strategy and in our view ability to unlock superior value. We will be using slides today as we move through the conference call. Those of you listening by Internet broadcast through our website should already have them. And for those listening by telephone, if you haven't already done so, you can access them on our website at tronox.com.

Let me begin with a reminder that our discussion today will include certain statements that are forward-looking and subject to various risks and uncertainties including, but not limited to, the specific factors summarized in our Form 10-K for 2013, our most recent Form 10-Q and other SEC filings. This information represents our best judgment based on today's information, however, actual results may vary based on these risks and uncertainties and the company undertakes no obligation to update or revise any forward-looking statements.

During the conference call, we will refer to certain non-U.S. GAAP financial terms that we use in the management of our business, including EBITDA, adjusted EBITDA, and adjusted earnings per diluted share. EBITDA represents net income before net interest expense, income tax, and depreciation, depletion, and amortization expense. Adjusted EBITDA represents EBITDA as further adjusted for non-cash, unusual and non-recurring items. Adjusted earnings per diluted share represents, EPS adjusted for unusual or non-recurring items on a fully diluted basis and we provided a reconciliation for you in our earnings release.

It's now my pleasure to turn the call over to Tom Casey. Tom?

Tom Casey, Chairman & Chief Executive Officer

Thanks very much, Brennen, and thank you all for participating in this call. Our first quarter performance came in essentially as we expected. Mineral Sands demand and selling pricings declined as a result what we consider to be the temporary build-up of inventories caused by last year's reduced pigment plant utilization rates across the entire pigment industry. Our Pigment business on the other hand continues to improve. And our strategic attributes were significantly enhanced. So let me summarize these features.

The quarter's results reaffirmed our view that the pigment market has stabilized and is about to turn the corner. Pigment sales volume increased 5% and selling prices remained level compared to the fourth quarter of 2013. Pigment adjusted EBITDA of $17 million improved versus the $9 million in the prior quarter, which marks the fifth consecutive quarter of sequential improvement. And our pigment finished goods inventory levels declined again. We think that improving performance on all of these measures – volume, price, inventory levels and EBITDA simultaneously is a strong indication that our Pigment business is turning the corner, as I mentioned.

Mineral Sands performance reflected weaker market conditions as sales, volume and selling prices declined compared to prior quarters. As I mentioned, just like last year's pigment performance, we think this is largely driven by excess inventories that built up in the supply chain. In the case of high-grade feedstocks, inventories built up when the pigment operators like us and all of our peers reduced our plant utilization rates down into the 70% in the second half of 2013. We have now all begun to increase those rates and are approaching, if not have already achieved normal utilization rates, and so we expect this inventory surplus that developed on high-grade feedstocks to work itself out.

Even so, as a result of our vertical integration, this decline in feedstock selling prices will contribute to greater margins in our Pigment business and we'll realize them when the pigment made from the feedstock, that is – that we're talking about here in terms of declining prices, is sold, which will typically take five or six months.

However, in the meantime, because selling prices for high grade chlorine feedstocks currently produce, what we consider to be inadequate returns, we expect to sell chloride-processed titanium slag, which is the kind of slag that we make, and natural rutile as feedstock solely to our own Pigment business, and will continue to maintain that position until slag market conditions improve. We believe that we can make up any lost EBITDA in the form of cost savings, improved performance, and other measures realized from other parts of our business. But, of course, at these prices, the EBITDA impact of this is much less than it might have been in other market conditions.

And finally, our existing portfolio of approximately $4.65 billion of tax attributes and future deductions more than doubled as a result of the $5.15 billion settlement, announced in April, in the litigation commenced by our predecessor company, against Anadarko. We calculate that we now have approximately $9.8 billion of these tax deductions, with $9.2 billion in the United States, and $600 million in foreign jurisdictions. And I'll talk about that a little more detail later in the presentation.

And for the eighth straight quarter, our board declared a quarterly dividend of $0.25 per share, payable on June 2, to the shareholders of record of companies Class A and Class B ordinary shares, at the close of business on May 19.

Turning now to our first quarter results, and we'll begin with Mineral Sands, and this relates to Page 4 of the deck that Brennen mentioned. Mineral Sands segment revenue of $178 million was 40% lower than the $298 million in the year-ago quarter. This was driven primarily by 12% lower sales volumes, and 32% lower selling prices. This dramatic drop off in selling prices is obviously what has motivated our decision with respect to supplying slag into this market. Sequentially, compared to the fourth quarter of 2013, sales volumes declined 23% and selling prices were 7% lower.

Revenue from intercompany sales was $76 million in the quarter, sales for third parties was $102 million, including $11 million from CP titanium slag, and $72 million from zircon and pig iron. Mineral Sands continued to show 100% of its synthetic rutile feedstock to our own Pigment business and satisfied 100% of the pigment's demand for natural rutile from its supply.

In zircon, sales volumes were 17% lower than the year ago quarter, and 10% lower than the prior quarter. Zircon's selling prices were 9% lower than both the year ago quarter and the prior quarter. Mineral Sands segment operating income of $6 million, excluding the $23 million LCM charge related to feedstock market prices; compares to operating income of $96 million in the prior year quarter, and operating income of $33 million in the fourth quarter.

Adjusted EBITDA was $60 million, excluding the LCM charge. A reminder that Mineral Sands segment adjusted EBITDA is calculated before the elimination of gross profit on sales for the Pigment segment that occurs when we consolidate at the company level.

As we report to you every quarter, we'll walk through the net impact of the accounting eliminations, and reversals related to intercompany sales, to enable you to reconcile the components of adjusted EBITDA, as we report them at the company level.

Recall that in sales of our Mineral Sands business to third parties, profit is recognized as titles transferred, which typically occurs when the feedstock is put onto the transport ship in South Africa or Australia. In the case of intercompany sales, profit is recognized in future quarters when the pigment made from that feedstock is sold. Given the time it takes for feedstock to be transported, inventoried at the pigment plant, processed, and held in finished goods inventory prior to sale, this time difference is typically five or six months.

So, and specifically now in the first quarter, $11 million of Mineral Sands gross profit was eliminated in consolidation and $30 million of previously eliminated gross profit was reversed. Plus in the quarter, an additional $10 million was reversed to reflect the portion of the Mineral Sands LCM charge that relates to its intercompany sales to our own Pigment business. Therefore, in the first quarter, the net of these three numbers resulted in an adjusted EBITDA contribution of $29 million at the company level.

Let me close with just an update on the status of Fairbreeze, our Fairbreeze mine project. Construction continues to progress well at Fairbreeze, and as we have said before, it is expected to begin operations at the end of 2015, be fully operational in 2016 and have a life expectancy of approximately 15 years. Capital expenditures related to the Fairbreeze mines are expected to be approximately $365 million and we expect about $85 million to be spent this year.

Moving to the Pigment segment, which is summarized on slide five. Pigment segment revenue of $291 million increased 1% versus the $288 million in the year ago quarter as sales volumes increased 5% and selling prices declined 4% year-on-year. Sales volume gains were realized in North America and EMEA, Europe, Middle East and Africa, while sales volumes in Asia-Pacific were level for the prior year quarter. Compared sequentially to the fourth quarter of 2013, sales volumes increased by 5% and selling prices remained level. As they did in the prior quarter, sales volumes exceeded production volumes in the first quarter and finished pigment inventories therefore continued to decline. Our finished pigment inventory at the end of the first quarter was in the mid-50 day range, which is in the range of normal seasonal levels for this time of year, and is even lower than that today.

Pigment segment operating loss of $13 million improved significantly compared to the operating loss of $68 million in the year ago quarter. Pigment adjusted EBITDA of $17 million also improved significantly versus the adjusted EBITDA of negative $37 million in the year-ago quarter. This $54 million improvement is primarily the result of a combination of lower ore prices and other cost savings, and the efficiency effects of higher pigment sales volumes. On a sequential basis, the adjusted EBITDA of $17 million was up $9 million in the prior quarter, representing the fifth consecutive quarter of sequential improvement for our Pigment business.

Average feedstock costs reflected in the Pigment segment income statement in the first quarter was approximately $920 per metric ton, down from $1048 per metric ton in the prior quarter. And during the first quarter, our Pigment business purchased feedstock from Mineral Sands at an average cost of $787 per metric ton. Therefore, as we've talked earlier about the lag of five to six months, that means that the average purchase price of $787 per metric ton for feedstock in the first quarter is an approximate indicator of where our costs should be, in the Pigment income statement, as we go over the next couple of quarters.

Thank you everyone, let me turn over the call now to Kathy Harper, our CFO, for a review of our financial position.

Katherine C. Harper, Chief Financial Officer & Senior Vice President

Thanks Tom. I'll review the Corporate and Other segment, and then move to major line items on our financial statements.

Revenue in Corporate and Other, which includes our electrolytic operations, was $25 million as compared to $27 million in the year ago quarter. Adjusted EBITDA of negative $19 million, principally related to corporate operations, improved versus negative $24 million in the prior year quarter. The Corporate and Other loss from operations was $20 million compared to $24 million loss from operations in the first quarter last year. The $4 million improvement was primarily driven by decreases in spending for outside services, and corporate initiatives.

Selling, general and administrative charges for the company in the first quarter, were $46 million, down from $51 million in the year ago quarter and $50 million in the fourth quarter of 2013. This improvement is also related to decreases in spending for outside services and corporate initiatives.

Interest and debt expense was $34 million versus $27 million in the year-ago quarter. The increase in interest and debt expense is primarily attributable to the term loan entered into in March 2013, specifically a full quarter of interest expense this year compared to a partial quarter last year.

Two weeks ago, we repriced this term loan, which reduced our per annum interest rate by 50 basis points to 300 basis points plus LIBOR , subject to a 1% LIBOR floor. At a $1.48 billion financing, this should save us approximately $7 million on an annualized basis. On March 31, 2014, gross consolidated debt was $2.4 billion, and debt net of cash was $1,006 million. Our debt maturity profiles weighted beyond the decade, with $2.3 billion of our $2.5 billion of debt maturing in 2020 and later.

For the quarter, capital expenditures were $31 million and depreciation, depletion and amortization was $73 million. Regarding the non-controlling interest line, this component of equity on our balance sheet represents the amount of Exxaro's 26% ownership of our South African entities, as required by the countries Black Economic Empowerment legislation. Each quarter, we provide third-party revenue generated by our South African operations, which was $78 million in the first quarter. This should enable you, after making your own assumption regarding profit margins to estimate non-controlling interest.

And finally, a comment on our schedule and our earnings release we introduced last quarter entitled, Mineral Sands Production and Sales Volume Statistics. In this section, we reported production and sales volume statistics for Mineral Sands for each of our major products. You'll notice it's not in this quarter's release. We will update these specifics twice each year at the end of the first half and at the end of the second half to enable you to do year-on-year and sequential comparisons. In our second quarter report, we will include the first half 2014 statistics.

With that, I thank you. I'll turn the call back to Tom.

Tom Casey, Chairman & Chief Executive Officer

Thank you, Kathy. Let me close by sharing some perspectives on what we believe to be our strong set of operating and financial attributes that underpins our growth strategy and our ability to unlock superior value, which is, of course, our objective.

First, we believe our core businesses are poised for an upturn in their performance, as inventory surpluses finally work out of the supply chain. As we've talked about before, we think this inventory issue is the driving cost of price and has been in the supply chain since the coding companies developed surplus inventories in 2012 in response to the conditions that were applicable at that time. We expect to see this improvement manifest itself in reported results, first, in the Pigment business and then in the feedstock business. In the meantime, we benefit, of course, from the reduction in the Mineral Sands feedstock prices now on our Pigment segment and we have been and continue to be focused on improving the efficiency of our existing operations and addressing costs wherever we may see them.

As you know, our strategy also has a large component of inorganic growth because the most immediate way for Tronox to create significant shareholder value appears to us to be true inorganic means. We will pursue this value creation using the disciplined approach that we believe serves us and our shareholders. Our goal has been and remains to become a larger-scaled, globally cost-competitive, fully integrated producer of TiO_2 pigment. We are in the desirable position of being an advantaged consolidator and we have a strong financial position, as Kathy just reviewed.

These advantages not only accrue from our ability to extract typical synergies, such as improving operational and functional cost structures, but also from the large and low cost ilmenite stockpile we have in South Africa, which we can use as a direct feedstock for sulphate plants, or after an upgrade for chloride feedstocks. We also have of course the NOLs, which I'll talk about in a minute.

Our debt structure is positioned with an attractive cost as a maturity profile that is weighted towards the end of the decade, and thereafter; and contains minimal financial maintenance covenants, which de-risks the performance of our business during this period of time. And of course, our cash position, as Kathy mentioned, is very substantial; which further de-risks our business, and gives us some firepower, so to speak, to engage in these kinds of transactions I've been mentioning.

We consider our portfolio of beneficial tax attributes, and future deductions to have more than doubled in the first quarter. We calculate, as I mentioned, that we now have approximately $9.8 billion of these tax attributes, with $9.2 billion of them in the U.S., and $600 million in foreign jurisdictions. Let me break down the portfolio that comprises these numbers. Approximately $2.3 billion of tax loss carry-forwards, for U.S. federal and state, and foreign net operating losses constitutes the first bucket, if you will. The U.S. portion of these tax loss carry-forwards are subject to IRC, Internal Revenue Code 382 limitations, following the ownership change, as a result of Exxaro – our transaction with Exxaro in June of 2012. We expect that these already capped deductions could be approximately $175 million, or more, annually.

The next bucket is $2 billion of interest expense deductions, over 10 years, resulting from the internal financing structure that we put into place at the Exxaro transaction. These deductions are subject to an annual taxable income limitation of $200 million and a 10% withholding rate.

And finally, approximately $5.5 billion of U.S. federal tax deductions, resulting from the $5.15 billion settlement, announced on April 3, in the litigation against Anadarko, combined with the $350 million that Tronox had previously contributed to the trusts involved in the litigation. We think that all of those trusts are considered grantor trusts for federal income tax purposes. And therefore Tronox Limited is entitled to tax deductions equal to the amounts spent by the trusts to compensate the injured individuals in tort cases, as well as to remediate environmental problems, wherever they may exist in the country. These deductions will accrue over the life of the trusts, as the funds are spent, and should not be subject to Internal Revenue Code Section 382 limitations, since they will be spent after what we would imagine that any transfer of control will occur – when the time of the transfer of control will occur.

I want to talk a little bit about some of the details of the Anadarko trusts. The tort trust for civil suits which is part of that $5.5 billion is entitled to receive 12% of the announced $5.15 billion settlement, or approximately $620 million. Although we have no control over this, we anticipate that these funds will be spent relatively soon after the trust is funded. The environmental trusts are entitled to receive the balance 88% of the $5.15 billion settlement, which is approximately $4.5 billion. We have been informed that the trusts can be expected to spend approximately $1.5 billion in the first 12 months to 18 months after receiving the funds. That $1.5 billion consists of the $620 million I mentioned earlier is going to the tort claimants; approximately $750 million or more of funds that the government – the United States government has already spent on environmental remediation; and approximately $100 million of expenses that have been accrued by various parties, it does not include any environmental remediation spending that that trust makes on its own. So it could be larger than that. And we expect that number of $1.5 billion or more to be spent relatively early on in the life of the funded trusts, and therefore that deduction would come to us relatively early on.

Of course, the settlement is subject to the judge's approval, and we have no control or knowledge over that nor do we have any control or knowledge over the trustee's spending plans, but this is our best estimate on what we do know, based on what we do know and what we have been advised. The net present value of these tax attributes and future deductions depends of course on the level of the taxable income in the relevant jurisdictions that we have in whatever form we achieve in terms of our strategic growth activity.

In closing, we believe we bring a strong set of operating and financial attributes to the table, in either an acquisition or a business combination, and will continue to seek opportunities to unlock superior value from these attributes, whether in the form of a single transaction, or a series of transactions.

With that, I thank you for your time and attention, we'll be happy to take questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from the line of Hassan Ahmed, of Alembic Global Advisors. Your line is now open.

<Q – Hassan Ahmed – Alembic Global Advisors LLC>: Good morning, Tom.

<A – Tom Casey – Tronox Ltd.>: Good morning Hassan.

<Q – Hassan Ahmed – Alembic Global Advisors LLC>: A question around the inventory is obviously one of the main themes this quarter. On the Pigment side of things, good volumes, you talked about how inventory levels are at/or near normal levels, right. But on the Mineral Sands side of things, the intercompany sales were down, despite higher Pigment volumes sequentially. So obviously you're managing inventory on that side, on the Mineral Sands side of things; and you're also talking about stopping third party sales, because of low returns. Could you just give us a sense of where Mineral Sands' inventories are right now? And if the sort of Pigment side of volumes keeps growing at the clip it's growing at over the last couple of quarters, when should we expect to see sort of normal inventory levels there?

<A – Tom Casey – Tronox Ltd.>: Yeah. We are managing inventories. I mean, we think we've produced almost $60 million in cash in the last year by reducing inventory levels, and that's a significant number. And so, we do pay attention to that. With respect to the question of the level of Mineral Sands' inventories now, we haven't been terribly specific on that in the past, but what I can say is we have done some slowing down of production on the synthetic rutile product, as well as on the slag product; and we are managing the inventory there. I think that globally, the Mineral Sands segment is oversupplied by all of the vendors. Because I mean if you've listened to Iluka speak, or Rio when they talk about this segment, which they don't do very often, but all of them are saying essentially the same thing which is that there's a basic oversupply in this market, right now.

So then the question is when does it work itself down? Right now, I mean the pigment industry produces 6 million tons or so of product, probably a year. And the chloride element of that is slightly less than half, or approximately half; so that's about 3 million tons of pigment, which takes about 3.5 million tons of high quality feedstock; and I would suspect that the inventory surplus in the world is – in this high quality chloride feedstock is less than 10% of that. So, when that works its way through and we think it's going to work its way through this quarter, and therefore we think we can wait until it does, because it seems to us there's no sense in offsetting the benefit we get from declining prices in our Pigment business, by accepting less than what is a reasonable return on our investment in the Mineral Sands segment.

<Q – Hassan Ahmed – Alembic Global Advisors LLC>: Very good. Now, as a follow up, changing gears a bit, on a potential transaction side of things, I mean, you have obviously in your previous life worked as an anti-trust attorney, there was obviously a recent transaction within the titanium dioxide space and some anti-trust questions raised, around that. I mean just broadly speaking for the titanium dioxide industry, globally, I mean do you see any issues, be it on the sulphate side or on the chloride side in the terms of anti-trust concerns as it pertains to a potential deal for Tronox?

<A – Tom Casey – Tronox Ltd.>: Well, it's been a long time since I was an anti-trust lawyer. So I wouldn't rely on my advice on this subject. But the way – I can tell you the way we think about it. The way – and when we have people who are actually currently anti-trust lawyers advising us on this, so that's helpful for us. But we look at the market as a global market, first of all. So, if you look at trade patterns and our competitive dynamic and our competitive experience, the market is global and product can move from region to region and from country to country in order to respond to changes in demand and price. So, firstly, we view that as – that's the geographic market. The product market which is another important element in the anti-trust analysis, we think is sulphate and chloride together because, as we have seen over the last several years to some degree or another, they are substitutable for one another. And so, therefore, the first question in any anti-trust analysis is, is competition in the relevant market diminished by a proposed transaction. And our view is if the market is thought to be global and if the product market is thought to be TiO2 pigment generally, then there is still room for consolidation in that market and that's particularly true when one adds the emerging competition that we think is coming from China, in particular. So, I wouldn't be cavalier and say there is no question or there is no issue, but I do think that the analysis will eventually prove out that, given the state of the TiO2 business now, there is room for further transactions involving TiO2 players.

<Q – Hassan Ahmed – Alembic Global Advisors LLC>: Very good. Thank you, Tom.

<A – Tom Casey – Tronox Ltd.>: Yep.

Operator: Thank you. And our next question comes from the line of Edlain Rodriguez from UBS. Your line is now open.

<Q – Edlain Rodriguez – UBS Securities LLC>: Thank you. Good morning.

<A – Tom Casey – Tronox Ltd.>: Good morning.

<Q – Edlain Rodriguez – UBS Securities LLC>: Tom, quick question, in terms of Pigment prices, I mean the seasonally strong third quarter, the upcoming quarter is probably your best chance to see higher prices. And from what you've seen in the markets right now, how likely do you see that happening? I mean given that feedstock prices are down, I mean, [ph] U.S. (29:44) volume is up, so how likely do you see prices moving up in the seasonally strong third quarter?

<A – Tom Casey – Tronox Ltd.>: That's a key question, obviously, and we have proven on predictions in the past, not to be omniscient on this front. So I would take this with a grain of salt and caution, but we see – I mean, I expected that we will see modest, I would say, improvement in price, over the balance of the year. You're right that if feedstock prices continue to decline, then there is less incentive for the pigment manufacturers to move their prices up, because they're gaining margin from a reduction in costs, even when they keep the prices constant.

However, given the way both Iluka and we have responded to price in this market now, which is to say that we have evaluated it as being inadequate to produce a sufficient return, you know obviously you would assume that there can't be too much more of that, so – just because the economics don't work very well, for the producers. So I'm fairly optimistic, as I said in the main presentation, that we are turning the corner now and prices will – they have stabilized on the Pigment side and we think they will increase. We won't see 10% per quarter increases like we saw in 2011 or 2012, but our costs are increasing on the non-ore side, and it's about time that we now have some price increases. And I expect we'll get some.

<Q – Edlain Rodriguez – UBS Securities LLC>: Okay. And lastly, in the strategic options alternatives you have in front of you, I mean, do you have a preference in terms of, like how best to monetize those NOLs? Is it you doing an acquisition or is it somebody buying you? I mean, which one is better for you?

<A – Tom Casey – Tronox Ltd.>: I can't tell that right now, because I don't know the prices at which various options might manifest themselves. I mean, our focus is 100% on what maximizes shareholder value. So, we have three sort of general categories of strategic approaches that we can take. We can try to consolidate in the TiO2 market. There are a number of opportunities for us there. Then it'll have some advantages in terms of synergies, and in terms of operating efficiency, and in terms potentially of the market. But, will have the disadvantage probably, of not using the U.S. tax attributes, because most of the viable alternatives there are not large players in the U.S.

We can make acquisitions either in TiO2 or in sort of adjacent markets and whether it's mining markets or adjacent other markets. I think there are some opportunities there, but again, it's not clear what the impact on the NOLs would be, it varies from very little to very significant in the various opportunities that we've looked at. And finally, there is the opportunity that we might be bought by somebody who could bring to the table a sufficient U.S. taxable income position that they could accelerate the realization of the NOLs and use them almost immediately. If that were the option that produced the greatest NPV for shareholders, then that would be something we obviously would consider seriously. If not, if another option created the best NPV for shareholders, we'd consider that.

So, we're open. In other words, we have no predisposition in advance about the path that we take. It's about, for us, it's about which option will create the greatest shareholder value.

<Q – Edlain Rodriguez – UBS Securities LLC>: Of course. Thank you much.

<A – Tom Casey – Tronox Ltd.>: Yeah.

Operator: Thank you. And our next question comes from the line of Hamed Khorsand from BWS Financial. Your line is now open.

<Q – Hamed Khorsand – BWS Financial, Inc.>: Hi. Good morning. My question was just on given the state of pricing on the Mineral Sands area, how much would that impact from your competitors just increasing production as much as they can? How would that affect you guys in the Pigment side, if we see a competitor increase production?

<A – Tom Casey – Tronox Ltd.>: Well, we think that they have been increasing production over the last couple of quarters. I mean, if you look at the competitors that talk to their inventory level, I think there was at least one of them that said they were down around 40 days at the end of 2013 and we're at 60 days in the most recent statement I heard, at least. So, obviously if sales for that particular company were relatively flat, then obviously the inventories had to rise. So I think we're already seeing that. We continue to manage our inventories down. And so when we report EBITDA, we do it while we are also reducing inventories where as some of our competitors are reporting EBITDA while they are increasing inventories. And as you know, higher production allows you to have higher fixed cost absorption, which means higher margins.

So that's why we feel good about our first quarter performance, because we had volume increases and level prices in a market in which our competitors were increasing their production and presumably, therefore, at least trying to increase their sales and ended up increasing inventories instead. So that's what we think about the market right now.

<Q – Hamed Khorsand – BWS Financial, Inc.>: Do you think their increase in inventory levels going to prolong the timeframe as far as price increases?

<A – Tom Casey – Tronox Ltd.>: If they – I mean, it can. If they continue to – look, I don't want to speak for anybody else's strategy, it's not my place, it's not appropriate for me to talk about what anyone else may be doing. But clearly, in my – I think the explanation of what's happened to this market over the last two years is largely, not totally, but largely the product of inventory mismanagement, in retrospect, mismanagement, at all levels of the supply chain. Coatings companies built big inventories in 2012 in response to the market that they saw, rapidly rising prices and supply allocations. The pigment manufacturers, when the coatings companies began to cut back their orders in order to work down their inventory, pigment manufacturers didn't cut back production, so they built inventory. When pigment manufacturers finally began to cut back production, Mineral Sands producers didn't cut back their production, and therefore, now there's

Mineral Sands inventory surplus. So, if that's right, if that's a correct evaluation of what happened in the market, then large developments of inventory will not necessarily be a positive thing.

However, you have to remember that this is the time of the year in which inventories would already be at their highest. Right, I mean, in the fourth and first quarters, this industry builds inventories and, so, it's not shocking that we would see inventory builds in the fourth and first quarters, because we all want to run so that we're ready to have supply that we can sell when the high volume season starts, which is the second and third quarter. It would be more troubling, therefore, if inventories built in the second and third quarters than it is in the fourth and first. Because, in fact, historically, you would expect to see inventories build in the fourth and the first quarters.

<Q – Hamed Khorsand – BWS Financial, Inc.>: Okay. And my last one is, do you think pricing is at a point – on the chloride side where we can see a shift in demand from lower grade pigments back to chloride pigments?

<A – Tom Casey – Tronox Ltd.>: I'm not entirely sure how to answer that. I mean, I think that chloride and sulphate products are substitutable to a very large degree, and depending on, it's not so much the absolute price, I think that drives choice, rather the relative price. If a customer who has a need for quality can get a chloride product at the same, or very close to the price of a sulphate product, I think they would be inclined to take chloride, because they're getting the quality advantages for free, basically, so...

<Q – Hamed Khorsand – BWS Financial, Inc.>: Okay.

<A – Tom Casey – Tronox Ltd.>: That's how I look at that.

<Q – Hamed Khorsand – BWS Financial, Inc.>: All right. Thank you.

<A – Tom Casey – Tronox Ltd.>: Thank you.

Operator: Thank you. And our next question comes from the line of Caroline Learmonth of Barclays. Your line is now open.

<Q – Caroline Learmonth – Barclays Capital>: Thank you. Couple of questions, please. So, first of all on Fairbreeze, you've given guidance on CapEx for this year and total CapEx, so have you spent on Fairbreeze to-date? In other words, what I'm trying to find out is what will left to spend post the guidance you've given for this year. And in general, can you give us overall CapEx guidance for this year including Fairbreeze and beyond, because it seems like you're spending below your previous guidance run rate? And then, secondly, capacity utilization on the Pigment side is around 86%, does that sound about right? And then thirdly, can you just explain briefly how you calculate your LCM charge? And then, just finally on a business-as-usual basis, and no acquisition, what would you expect your tax rate to be in the short medium term? Thanks.

<A – Tom Casey – Tronox Ltd.>: I've got to try to remember this. First one is Fairbreeze. We have spent money on Fairbreeze this year. I don't know exactly the amount relative to the total Fairbreeze. Hold on, being handed a piece of paper. The year-to-date...

<A – Kathy Harper – Tronox Ltd.>: Is only $2 million. We will spend...

<A – Tom Casey – Tronox Ltd.>: That's in a month.

<A – Kathy Harper – Tronox Ltd.>: Yeah.

<A – Tom Casey – Tronox Ltd.>: We haven't spent a dramatic portion of the $85 million. So year-to-date, I think we've spent $2 million on Fairbreeze. Because remember, in the early part of the year, we were stopped as a result of the stay of the Minister's decision. That stay was subsequently lifted by the Minister and so we've geared back up again. So we have been under-budget on spending at Fairbreeze because of that.

With respect to the total annual CapEx, I don't know if we've announced that. I don't think we've announced total annual CapEx. So no, I can't give you that.

<A – Kathy Harper – Tronox Ltd.>: Well, I can add a little color, though. I will say that the rate of CapEx spend, if you look at base depreciation in the underlying business, we are spending at a rate higher than our base depreciation rate. So we are continuing to improve and invest in our fundamental plans. And so I think we're in a good position actually in the level of spending we have there.

<A – Tom Casey – Tronox Ltd.>: Okay. The next question?

<A – Brennen Arndt – Tronox Ltd.>: Utilization rate [ph] confirm (41:22)?

<A – Tom Casey – Tronox Ltd.>: 86% utilization rate? That's about right. It obviously varies from time to time, but on a run rate basis that's probably – that's reasonable. And what that means is obviously we have the potential for more production, if we want it, so we'll continue to manage production. I also mentioned earlier that we had managed the production of synthetic rutile in Australia. We are trying to manage this much better than we may have in the 2012, early 2013 period. But 86% is about right. And finally, the LCM charge, no, I cannot tell you how to calculate that. But I'm sure Kevin Mahoney, who is our resident genius with respect to all really complicated financial matters, can tell you. Kevin?

<A – Kevin Mahoney – Tronox Ltd.>: Yes. The LCM charge, we record our segment results on a standalone basis and remove the impact of intercompany activities through elimination. So on a standalone basis, Mineral Sands feedstock costs were above the current market by about $23 million. However, a portion of that feedstock will be sold internally to our Pigment group where the cost base can be absorbed into profitable end product. So $10 million of the $23 million is not an LCM charge for the corporate Tronox group.

<A – Tom Casey – Tronox Ltd.>: Was that the last of Caroline's questions? Caroline, did we cover all your questions?

<Q – Caroline Learmonth – Barclays Capital>: The tax rate, please.

<A – Tom Casey – Tronox Ltd.>: In the absence of an organic – of an acquisition, or a combination or something, what would our tax rate be?

<A – Kevin Mahoney – Tronox Ltd.>: 18%, 20%.

<A – Kathy Harper – Tronox Ltd.>: On a weighted average across the company.

<A – Tom Casey – Tronox Ltd.>: Across the whole company.

<A – Kathy Harper – Tronox Ltd.>: On a weighted average across the company, yeah.

<Q – Caroline Learmonth – Barclays Capital>: Okay, great. And just to be clear on the CapEx, so historically I think you did give us some guidance, but you're saying basically there's not any detail you can give us on guidance for CapEx for this year or next year?

<A – Tom Casey – Tronox Ltd.>: That's what we're saying.

<Q – Caroline Learmonth – Barclays Capital>: Okay.

<A – Tom Casey – Tronox Ltd.>: Just tell me, what's the guidance you think we gave you?

<Q – Caroline Learmonth – Barclays Capital>: We had $110 million for this year, overall.

<A – Tom Casey – Tronox Ltd.>: For CapEx? No, that's not possible.

<Q – Caroline Learmonth – Barclays Capital>: For Fairbreeze. And then for total, $230 million for this year I think it was.

<A – Tom Casey – Tronox Ltd.>: Fairbreeze, as we said earlier, that's a little bit much for Fairbreeze and the $230 million is probably a little bit light.

<A – Brennen Arndt – Tronox Ltd.>: Yeah, I mean, just to add a little color. It's Brennen. I mean, traditionally our maintenance CapEx has ranged from $110 million to upwards of $130 million, if you include some – in addition to traditional maintenance CapEx and energy efficiency projects, things like that. So I would probably get a number in that range and add it to the $85 million forecast for Fairbreeze to get you in the $240 million, $250 million range, somewhere in that ballpark.

<Q – Caroline Learmonth – Barclays Capital>: Thank you.

<A – Tom Casey – Tronox Ltd.>: So it turns out we just did give guidance. $250 million is approximately what we expect to spend.

<A – Brennen Arndt – Tronox Ltd.>: We've always given guidance about maintenance CapEx being in that range and we specified Fairbreeze. So, I mean, we basically have it.

<A – Tom Casey – Tronox Ltd.>: Okay.

<Q – Caroline Learmonth – Barclays Capital>: : Okay. Thank you very much.

<A – Tom Casey – Tronox Ltd.>: Yeah.

Operator: Thank you. And our next question comes from the line of Ed Mally of Imperial Capital. Your line is now open.

<Q – Ed Mally – Imperial Capital LLC>: Thank you. Good morning. Just wanted to follow up on the – first on the capacity utilization question. I guess the 86% rate in the first quarter, looks like that was probably up by maybe two or three percentage points from the fourth quarter if my notes from last summer are correct. As we sit here halfway through the second quarter, what kind of trends do you see and what are your expectations around utilization rates through the balance of the year?

<A – Tom Casey – Tronox Ltd.>: I think that this 86%-ish rate, which Caroline mentioned and which we said sounded right to us, is approximately right. In the absence of a pick-up in demand, we'll probably stay around there, 86%, 87%, 88%, something like that. But we have the capacity to produce more and we're trying to place those tons at a fair price and if we do we have the capacity to sell them. So it's unlikely to be lower than 86% for the year. It's possible it could be higher, but higher by 3% or 4% maybe.

<Q – Ed Mally – Imperial Capital LLC>: Okay. Secondly, just turning to the zircon for a moment with the weak volume and pricing in the quarter, do you see any reversal of those trends on the horizon?

<A – Tom Casey – Tronox Ltd.>: Yeah. The relative comparisons of zircon, you have to remember that the periods that you're comparing against a year ago were phenomenally successful. The zircon market had stopped for a couple quarters and then basically just picked up and volumes doubled every quarter for two or three quarters through 2013. So that's part of what's going on with the negative sequential and annual comparisons. So I think more accurate to think of the zircon market is that it's back to relatively normal volume levels. Price was dropped by more than half in the period when inventories built up and sales stopped. And so I expect price to stay around where it is now for the balance of the year and probably into next year.

<Q – Ed Mally – Imperial Capital LLC>: Okay. And finally, with the repricing of the term loan that occurred recently, is it correct to say that your bias remains toward retaining that excess cash on the balance sheet for strategic purposes rather than to return it to the banks any time soon?

<A – Tom Casey – Tronox Ltd.>: Yes.

<Q – Ed Mally – Imperial Capital LLC>: All right. That's all I have. Thanks very much.

<A – Tom Casey – Tronox Ltd.>: Thank you.

Operator: Thank you. [Operator Instructions] And our next question comes from the line of Kieran Daly of Macquarie. Your line is now open.

<Q – Kieran Daly – Macquarie First South Securities (Pty) Ltd.>: Thank you. Tom, I just wanted to clarify on the slag and natural rutile cutback you mentioned. The way it's phrased is you expect – you don't expect to sell that material externally. Do you still expect to produce it? Or are you actually cutting back on production? And can you just give me an idea, just remind me what kind of a portion of your slag/rutile sales or production are we talking about here to actually – actually those normally go externally?

<A – Tom Casey – Tronox Ltd.>: For right now, yes, we are planning on continuing to produce it. We did perform some maintenance, as I mentioned earlier, on the [ph] SR (48:39) manufacturing facility earlier in the year. There was some co-gen activity as well. So when we have the opportunity to perform maintenance on these facilities, we will, but in the meantime, right now we're continuing to produce slag at the historical levels. The amount of tonnage that we would expect if zero tons were sold to third parties for the balance of the year, the amount of forecast EBITDA out of that sales, we're not talking about number of tons, is somewhere between $10 million and $15 million.

Now the forecast is high because we don't expect to actually see those prices, that's obviously why we're not selling into that market. And the amount that we do think might be foregone by this decision is something that we believe we can recoup elsewhere in the business through over-performance of some parts and additional cost. But we also have the ore optimization benefit within our own business where we can adjust and absorb some tons that were anticipated to be sold to third parties, we can absorb them internally. So, basically the net effect of all this is we don't think that there will be an EBITDA impact for this decision, even if we don't sell a single ton outside of our Pigment operation for the balance of 2014.

<Q – Kieran Daly – Macquarie First South Securities (Pty) Ltd.>: Okay. Thanks, Tom.

<A – Tom Casey – Tronox Ltd.>: Yeah.

Operator: Thank you. And I'm showing no further questions at this time. I would now like to turn the call back to Tom Casey for closing remarks.

Tom Casey, Chairman & Chief Executive Officer

Thank you very much, operator. And thank you all for your interest and your time to listen to us this morning. Have a good day. We'll talk to you next quarter. Bye-bye.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Have a great day, everyone.