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.

Other Participants

Hamed Khorsand – Founder, President & Chief Compliance Officer, BWS Financial, Inc.
Richard J. Hatch – Analyst, RBC Europe Ltd. (Broker)
Caroline Learmonth – Analyst, Absa Capital Securities (Pty) Ltd.
Edward Mally – Analyst, Imperial Capital LLC
Rene M. Kleyweg – Analyst, Deutsche Bank AG (Broker UK)
Edlain Rodriguez – Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Tronox Limited Q4 2013 Earnings Conference Call. [Operator Instructions] Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, today's conference is being recorded.

I would now like to introduce your host for today's conference, Mr. Brennen Arndt. You may begin, sir.

Brennen Arndt, Vice President-Investor Relations

Thank you, and welcome, everyone, to Tronox Limited's fourth quarter 2013 conference call and webcast. With me today are Tom Casey, Chairman and CEO, who will review our fourth quarter performance and business segment results; and Kathy Harper, Senior Vice President and CFO, who will report on our financial performance. Tom will conclude our remarks and then we'll take your questions.

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 of you 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 today that our discussion 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 2012 Form 10-K, 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. The company undertakes no obligation to update or revise any forward-looking statements.

During today's 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 non-recurring items. Adjusted earnings per diluted share represents

EPS adjusted for unusual or non-recurring items on a fully diluted basis. The reconciliation is provided 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, Brennen, and thank you all for joining us today. As you saw in our earnings release, which we put out yesterday afternoon, our fourth quarter results provided a solid finish to 2013 and continued to reflect global pigment market conditions that began stabilizing earlier in 2013.

Our adjusted EBITDA of $96 million improved compared to both the prior year quarter and the sequentially prior quarter, as did our adjusted EBITDA margin of 22%. Pigment sales volumes remained strong for the fourth consecutive quarter and exceeded production volumes in the quarter. As a result, our finished pigment inventories declined from Q3 and returned to close to normal seasonally levels.

Our Pigment segment adjusted EBITDA was $9 million, a return to a positive contribution and a continuation of the significant sequential improvement seen in each of the last four quarters. Pigment selling prices remained relatively stable across all of 2013.

Mineral Sands' adjusted EBITDA was $93 million and margin, EBITDA margin, was 38%, essentially equal to their third quarter performance. Global market conditions in zircon also reflected stability, as sales volumes increased 12% and selling prices held constant versus the third quarter. We delivered strong operating cash flow in 2013. Cash provided by operating activities improved by $219 million at $337 million in 2013, up substantially from the $118 million we reported in 2012.

Now turning to some of the specifics, this is on Slide 4 of the PowerPoint that any of you may be following. We're going to talk fourth quarter financials specifically. Revenue in the, what is usually the seasonably slower fourth quarter, was $436 million compared to $482 million in the fourth quarter of 2012 and $491 million in the third quarter of 2013. Excuse me. Our adjusted EBITDA of $96 million, however, improved from $71 million in the prior-year quarter and $92 million in the third quarter. Our adjusted EBITDA margin of 22% improved from 15% in the prior-year quarter and 19% achieved in both the second and the third quarters.

The adjusted net loss attributable to Tronox Limited in the quarter was $0.42 per diluted share versus adjusted net loss for $0.40 per diluted share in the year-ago quarter, and an adjusted net loss of $0.48 per diluted share in the third quarter.

Our Mineral Sands segment delivered revenue of $248 million and adjusted EBITDA of $93 million for an EBITDA margin of 38%, results very similar to those of the third quarter, with adjusted EBITDA of $95 million and an adjusted EBITDA margin of 39%.

Our Pigment service revenue was $277 million and adjusted EBITDA was $9 million in the quarter, as I mentioned. This is a return to a positive contribution and our fifth straight quarter of sequential EBITDA improvement. We have gone since the end of 2012 from a negative adjusted EBITDA measure of $58 million to a positive measure of $9 million, [ph] still a turn of (6:00) $67 million on this metric over the last year or year and a quarter.

And finally, earlier this week, our board declared a quarterly dividend of $0.25 per A and B shares. This currently yields more than 4%. The dividend will be payable on March 24, 2014 to shareholders of record of the company's Class A and Class B shares at the close of business on March 10, 2014.

So now, let's look at each of the operating segments in some more detail. Moving to Slide 5 on the Mineral Sands' performance, Mineral Sands' segment revenue, as I mentioned, was $248 million. That was 22% lower than the $316 million in the prior-year quarter. Sales volumes equaled those of the year-ago quarter, while selling prices were 22% lower. While our Mineral Sands segment loses margin in such markets, that is markets in which prices are declining, now that our Pigment operations buy 100% of our feedstock supply from our own Mineral Sands operation, we recapture that margin, assuming pigment prices have stayed the same, in the consolidated financial reports where pigment will benefit from the lower priced feedstock.

In other words, we're going to capture feedstock supplies at cost across whatever price, and the difference will be the margins that the feedstock business will report on a segment basis. But for Tronox, we capture that margin on a consolidated basis, as well as the margin in the Pigment business. We've explained this before. We think this is the key to our unique and differentiated financial strength and it is the product of the vertical integration that we achieved in the combination with Exxaro Mineral Sands.

Compared sequentially to the third quarter, sales were up 1% versus $245 million and selling prices increased 1%, but volumes declined 1%. Sales volumes exceeded production volumes in the quarter in the Mineral Sands business, as also in the Pigment business, and so we reduced inventories here, as well.

Revenue from intercompany sales was $119 million and in the quarter, 78% of titanium feedstock revenue was derived from intercompany sales. Sales to third parties were $129 million, including $80 million of revenue from zircon and pig iron.

As we report to you each quarter, let's 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 reported at the company level. Recall that in sales by Mineral Sands to third parties, profit is recognized as title is transferred, which typically occurs when the feedstock is put onto the transport ship. 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 from South Africa and Australia to the pigment plants, inventoried at the plant, processed at the pigment plant and then held in finished pigment good inventory prior to sale, this time lag is usually about five to six months.

As a result, in the fourth quarter, $32 million of Mineral Sands' gross profit from intercompany feedstock sales was eliminated at the company level and $43 million of previously eliminated gross profit was booked at the company level, as the pigment made from that feedstock was sold in the quarter. Therefore, the adjusted EBITDA impact in the fourth quarter at the company level of these eliminations and reversals of eliminations was a net positive contribution of $11 million.

Moving to Zircon, sales volumes increased 37% and selling prices were 28% lower compared to the year-ago quarter. Compared to the sequential third quarter, this comparison indicates stable market conditions as sales volumes increased 12% and selling prices held constant.

Mineral Sands' segment operating income of $33 million increased 27% and gross margin improved to 17% from 10% in the year earlier quarter. Adjusted EBITDA was $93 million and the adjusted EBITDA margin was 38%. As I mentioned earlier, this performance was similar to that of the third quarter, when we reported adjusted EBITDA of $95 million and an EBITDA margin of 39%.

One final note regarding our Fairbreeze Mine project, we have resumed construction at the Fairbreeze Mine, which is, as you know, near KZN Sands' operation and will feed KZN Sands. Earlier this month, the South African Department of Water Affairs notified us that it had lifted the construction stay during the appeal of the company's main water-use license, which is pending. This month, we also received land-use approval from a municipality adjacent to Fairbreeze that would allow mining at what we call the C Extension area of the site, which we expect to begin in 2017. So we are back moving forward on Fairbreeze.

On Slide 6, moving to Slide 6 on our Pigment performance, revenue in that segment was $277 million, which is an increase of 8% versus the $256 million a year ago. The increase was driven by a sales volume gain of 23%, partially offset by 14% lower selling prices, and a smaller impact of mix and foreign exchange. Double-digit percentage volume gains were realized in all of our regions and were especially robust in Europe and in Asia-Pacific. Sales volumes in the fourth quarter returned to normal seasonal levels, essentially equal to that of the first quarter, which is the other seasonally lighter quarter, and down 6% versus the seasonally stronger second and third quarters.

Sales volume exceeded production volumes in the quarter, as finished pigment inventories also returned closer to normal seasonal levels. Compared to the prior quarter, selling prices declined 1% for the third straight sequential quarter. Pigment segment adjusted EBITDA of $9 million improved significantly compared to the adjusted EBITDA of negative $58 million in the fourth quarter of 2012. And as I mentioned earlier, it represented our fourth consecutive quarter of significant sequential improvement.

Average feedstock costs reflected in the Pigment segment income statement in the fourth quarter was $1,048 per ton, down from $1,188 per ton in the third quarter. And the Pigment segment feedstock purchases from Mineral Sands segment were made at an average cost of $906 per metric ton. So as I pointed out before, the feedstock cost that was in the reported Pigment segment results for this quarter reflect the purchases of feedstock that we made five or six months ago and the price for that was $1,048. The price that we actually purchased in the quarter was $906. So we continue to expect reduction in costs and some support in the pigment margin, as these lower priced feedstock work their way through.

Beginning in the second quarter of 2013, we began to source 100% of Pigment feedstock requirements from Mineral Sands and we will continue to do so. And in terms of our relationship, we buy all of our feedstock from Mineral Sands and Mineral Sands' sells all of its feedstock to us or to other pigment operators at market. All of our long-term under-market priced contracts have expired.

I'll now turn over the call to Kathy Harper for a review of other aspects of our financial performance.

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 manufacturing business, was $31 million, level to that in the fourth quarter 2012. The Electrolytic business generated adjusted EBITDA of $4 million, which was offset by adjusted EBITDA of negative $21 million related to corporate operations, for a net adjusted EBITDA in Corporate and Other of negative $17 million in fourth quarter.

The operating loss from Corporate and Other of $15 million compares to a $9 million loss in the prior-year quarter, and improved from a $20 million loss in the prior quarter. Other income in the quarter was $48 million, comprising of $34 million non-cash gains of cumulative translation adjustments from liquidation of non-operating subsidiaries, favorable exchange of $10 million and $3 million interest income from third party.

Selling, general and administrative expenses for the company in the fourth quarter were $50 million, or 11% of revenue, versus $32 million, or 7% of revenue, in the prior-year quarter. The year-on-year increase was driven primarily by capitalization of SAP costs moved to the balance sheet in December 2012 and year-on-year incentive compensation impact.

Interest and debt expense was $36 million versus $25 million in the prior-year quarter, primarily the results of higher debt levels. On December 31, 2013, gross consolidated debt was $2,413 million and debt, net of cash, was $935 million. For the quarter, capital expenditures were $68 million and depreciation, depletion and amortization was $95 million.

In Q4, we had a one-time adjustment to depreciation relating to our asset retirement obligation at KZN that totaled approximately $6 million, increased depletion in Australia of about $8 million and a higher base depreciation rate of [ph] about 4% (16:22).

Cooljarloo, the depletion issue, Cooljarloo hit a high-grade mining area that gave rise to increased units of production depletion. For example, November equated to a 40% higher production rate at Cooljarloo than the full-year average. While we had higher depletion expense, it also translates to higher efficiency, thus lower cost per ton production. As I said, the result is an incremental depletion of $8 million and then the base depreciation increase was $4 million in the quarter over the prior.

Full year capital expenditures were $172 million, in line with 2012 spend of $166 million. Depreciation, depletion and amortization landed at $333 million, running $122 million ahead of last year. 70% of the increase relates to purchase accounting. $25 million is the depletion adjustment form Q3 and the balance of $11 million is the year-over-year increase in base depreciation.

Moving to cash flow, as Tom mentioned, cash provided by operating activity grew $337 million in 2013, a substantial increase compared to $118 million in 2012, with more than $100 million improvement in working capital driven by inventory reductions.

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 entity, as required by the country's Black Economic Empowerment legislation. Each quarter, we provide third party revenues generated by our South African operations, which was $98 million in the fourth quarter. This should enable you to estimate non-controlling interest. As a reminder, Exxaro does not contribute capital or share costs of our South African operation.

Finally, I'd like to point out a new section in our earnings release. Included in Mineral Sands' full year results, we have reported production and sales lines for the segment of our major products. We've done so for the first and second half of 2013 and the second half of 2012 to provide you year-on-year sequential comparisons. We'll continue to do this going forward.

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

Tom Casey, Chairman & Chief Executive Officer

Thanks, Kathy. We call the new production and sales volume information disclosure the Caroline Learmonth disclosure section. So, Caroline, I told you we would try to be more accommodating. Hopefully, that will be helpful.

Let me close the call, the direct presentation part of the call, by sharing some information on the tax shields that we have. We've been getting a fair amount of questions, particularly after the judgment or the memorandum opinion in the Anadarko case was released, on various aspects of this part of our financial situation and I thought it would be useful to have one place – one coherent, hopefully, explanation of what our NOL or tax shield situation is.

So first, let me say the tax shields that I will talk about here are not all net operating losses and I'll describe individually what they are. They're also not recorded on our balance sheet and so they'll be – we have described them in this year's 10-K that we'll be filing shortly, so there's more detail in there. But I'm going to try to explain them here so that we have one coherent explanation for everybody at the same time.

I would also remind that I am not, among many things that I am not, I am not a tax specialist and so I may not understand all of the details or get them right as I'm explaining them, but we think that these attributes are an important element in our value and, therefore, I'm going to try. And I would encourage you to consult with your own tax counsels, if and when you want to pursue this in any greater detail.

Let me start with a very broad approximation of the total gross value of our tax benefits and then I'll try to explain the constituent elements. We believe we should have at least $9 billion and possibly as much as $18 billion of tax shield. That is the ability to deduct amounts from otherwise taxable U.S. and some state and foreign jurisdiction income. These amounts include the upper bounds and the lower bounds of the judge's opinion in his recent memorandum in the Anadarko case, which, as I'm sure those of you who are following us know, is still subject to review by him and then subsequently by appeals.

So let me start with the elements. We start with $3 billion of U.S. Federal, state and foreign operating losses. These consist of $200 million Federal NOLs that were generated pre-bankruptcy and $1 billion generated as a result of the difference between the valuation ascribed to the equity in the bankruptcy proceeding and the actual valuation of the equity once it began trading again after we emerged, which was quite a bit higher.

So, in other words, creditors received equity as part of the consideration for them agreeing to move a bankruptcy plan forward. That equity was valued in the plan at a certain level. When we came out, we began to trade, the equity began to trade. To the extent that there was a difference, that was income to the investors and it was a deduction for us. That amounted to $1 billion. All right, so the sum of the existing NOLs, Federal NOLs, is $1.2 billion.

We also have $1.4 billion of state NOLs and $600 million of foreign jurisdiction NOLs. The state and Federal are not cumulative because the Federal and state NOLs would be used simultaneously to shelter taxable income in each jurisdiction. So we count the value of this element of the NOLs at $1.4 billion, the maximum we have on either jurisdiction, plus the $600 million of foreign, or $2 billion of NOLs total. These amounts were capped under Section 382 of the Internal Revenue Code when we completed the Exxaro transaction, and we anticipate the capped amount that can be used to shelter income will be between $180 million and $200 million per year for the first five years and then a smaller amount for up to 15 years thereafter.

The second element of our gross tax attributes is approximately $200 million per year in annual interest deductions arising from the indebtedness that arose in connection with the Exxaro transaction. These deductions cannot be used to shelter more than 50% of U.S. taxable income per year and any unused deductions can then be carried forward from year to year without any caps. These interest payments are subject to a U.S. withholding rate of 10%, which I assume reduces their effect by that amount.

So by our estimation, the tax shields from these two sources amounts to approximately $4 billion, half of which is capped at $180 million to $200 million for five years and a lower number for 15 years, and the remaining half of which is worth about $180 million per year, and assuming there is at least $360 million in annual taxable income, okay, so $360 million to $380 million of annual shelter, at least for this first five year period.

In addition, as most of you know, the bankruptcy judge handling the Tronox case ruled last December that Kerr-McGee was liable for damages of $14.5 billion for fraudulently transferring assets away from the liabilities it had left with Tronox. He then ruled that currently he could set off against that $14.5 billion damage finding any claim that he could substantiate in the bankruptcy court. Briefs on the subject of how much, if any, [ph] set off (24:34) Kerr-McGee should receive have been filed. Kerr-McGee argued that the aggregate liability should be between $850 million and about $5 billion. And the trust argued that the aggregate liability should be about $21 billion.

We obviously have no way of knowing how this issue will be resolved by the judge or when it will be resolved, but, assuming it is resolved; however, the trust will then have the $350 million in cash and other assets that we contributed to it as part of the bankruptcy plan, plus the judgment or settlement paid by Anadarko and Kerr-McGee.

So taking the low end of the judge's range, which was $5 billion, and taking our $4 billion, as I calculated above, and the $350 million that we already contributed to the trust, we're talking about a tax shield that would aggregate somewhere in the vicinity of $9.4 billion.

Let me make one other fairly technical point, but that is Anadarko's payment to the trust is considered a repayment of amounts previously taken from Tronox, I'm told, and should therefore be viewed as capital contributions, rather than income, and are not subject to tax at either the trust or the Tronox levels. All of the trusts involved in this situation are considered grantor trusts as to Tronox. When any of the trusts spends any of the money it has, Tronox should get a deduction for the same amount as the trust spent. And since the expenditures will take place after the 382 transfer of control cap that occurred in conjunction with the Exxaro transactions, those deductions would not be capped, unless, of course, another change of control were to occur in the future.

So I hope this explains our unique tax advantage in an understandable way. These values – but let me make one final point. These values that I've been talking about are gross amounts and I have not attempted to calculate their net present value, because that calculation is critically dependent on how much taxable income exists to be shielded. We would obviously have a different level in our current state than we might going forward. So you can't really do an NPV on it unless you make some assumptions about the income that's being shielded and, therefore, the NOLs that are being used up.

Again, I hope this explanation has been helpful. I reiterate that I'm not a tax expert, so I encourage each of you to contact your own tax advisors if you want to pursue it. And one final point, all of these numbers that I've been talking about are reasonable approximations of specific amounts.

With that, one final point, we announced earlier last year that Jean-Francois Turgeon, who previously had run the mining and minerals operations of Rio Tinto, would be joining us. Jean-Francois has, in fact, joined us and has already circumnavigated the world visiting our operations and is fully engaged with us. So we appreciate him being with us.

With that, I thank you for your time and attention. We'd be happy to take any of your questions. Operator, if you could open up the line.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Hamed Khorsand with BWS Financial.

<Q – Hamed Khorsand – BWS Financial, Inc.>: [ph] Thank you, guys. (28:06) I know you've been depleting your inventory. How comfortable are you as far as where inventory's going that we don't see the selling prices decline in the Pigment segment?

<A – Tom Casey – Tronox Ltd.>: I don't think that we would view a direct correlation between inventory levels and prices, although it's very correlated, so I agree with you sort of on that point. If you're asking me about where inventory levels are going, we've been very focused on reducing inventory. We wanted to free up working capital. As Kathy said, about $100 million of working capital was freed up from inventory level reductions. I don't know what the other pigment operators are doing, obviously, but we're focused on it. So we're back down now to near normal levels at this time of the year. Last time, I think we said that our inventory levels were 60 days or 60.5 days, and we said here that the inventory levels declined from Q3 to Q4, so obviously we're in the 50s somewhere.

What I think about price, I think we said that we expect price on pigment to remain relatively stable. I mean, we've had 1% per quarter moves on price for the last three quarters, I think. You know, we don't expect dramatic moves up or down in the first half of 2014, but we do expect that the second half of the year will show some positive movement on pigment price. But we'll have to see when we get there.

<Q – Hamed Khorsand – BWS Financial, Inc.>: Okay. And do you think the current industry trends as far as chloride and sulphate is going to still be more beneficial to the sulphur-based TiO2?

<A – Tom Casey – Tronox Ltd.>: Well, I don't know if it's more beneficial to them. I mean, if you do a cost analysis of chloride versus sulphate, just at a very, very high level, you get, if ilmenite is at $200 or $225 a ton, let's say $200, just because the numbers are easier to work with, and it takes 2.25 tons, that would be $450 for sulphate feedstock, whereas slag for ilmenite you need a 1.1 tons of that. If that was at $800 or so, that would $900 of feedstock. So you have a $450 cost disadvantage for chloride over sulphate at the feedstock level.

But the process cost of sulphate are about 15% more expensive than the process costs for chloride and that's probably somewhere in the vicinity of, say, $225 to $250, so you have a $250 net cost disadvantage. So if you're a chloride producer buying feedstock, buying high-grade feedstock in the market at market prices, you're going to have a cost disadvantage. Our situation is different than that because when we buy chloride feedstock at $900, in that example, a substantial amount of that is margin and, therefore, our costs are better than the sulphate provider's costs and so we're advantaged, if that's what you're asking.

<Q – Hamed Khorsand – BWS Financial, Inc.>: You're not – no. I was referring more to your customers. And, obviously, the customers buy more sulphate-based right now. So I'm just trying to get a gauge as to when do they come back and buy more chloride-based. So basically, you guys see a boost to business.

<A – Tom Casey – Tronox Ltd.>: The premise is not necessarily right. In various markets, the customers have responded to what happened on pricing a year ago in different ways, but, for example, in the North American market, it was 95% or 98% or some very, very high number chloride. It remains essentially the same number market share for chloride. And that was true when prices were over $4,000 a ton. It's true now. In Europe, there has been a slight shift, I think, in terms of market share of sulphate over chloride. In Asia, there's been very little movement in market share. So I don't think it's fair to say that there's been a material movement in any of the markets of the world where former chloride purchasing customers have moved to sulphate.

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

<A – Tom Casey – Tronox Ltd.>: Yep.

Operator: Our next question comes from Richard Hatch with RBC.

<Q – Richard Hatch – RBC Europe Ltd. (Broker)>: Thanks very much. Morning, Tom and morning, all, just two questions, if I may. Firstly, $1.5 billion on the balance sheet in cash. Can you just talk through your thoughts on that, your thoughts on M&A opportunities? And then secondly, can you give us a guide as to how you're seeing feedstock and pigment prices at the moment? Are they pretty flat from Q4? Thanks.

<A – Tom Casey – Tronox Ltd.>: Okay. With respect to the cash and the use of it, we have said all along that we believe that there's a value in being larger, if we can get larger and remain vertically integrated in a low-cost way, so in a way that it helps us achieve a low-cost structure, because we think low-cost structure is going to be a critical element for successful competition going forward. We continue to look at opportunities to do that.

Obviously, we haven't announced anything yet, so we haven't reached any conclusion. I said last quarter, that – well, and in addition to just a pure M&A transaction, the, excuse me, the Anadarko case, where the judge ruled that damages would likely be between $5 billion and $14 billion, that's a very substantial amount of NOL type tax deductions that we're going to get and it's a substantial component of value creation. And so we need to think about ways in which we can optimize our realization of that value in the fastest possible way, because, obviously, if we can create greater cash out of our operating business, operating at the same level than any competitor, any similarly situated peer, then that will mean we'll be valued more highly than any similarly situated peer. And we can achieve that state without investing in either acquisitions or CapEx.

And so that's a very efficient way to create value. And we're very sensitive to that. We're very focused on trying to make that happen. So the net of it is, we continue to think that there are ways to create value. We want to keep the cash that we have on the balance sheet to facilitate that when we arrive at an answer. And so right now, we have nothing to say about what we're going to do on either M&A or on the use of the cash. I would point out, however, that in the third quarter earnings calls, I did advise the lenders that I wouldn't, if I were them, I wouldn't be counting on more than the normal principal and interest payments. I wouldn't count on special return of capital. So that's the $1.5 billion. Richard, what was the other, the next question?

<Q – Richard Hatch – RBC Europe Ltd. (Broker)>: Just on what you're seeing for feedstock and pigment prices, how they're trading versus Q4.

<A – Tom Casey – Tronox Ltd.>: Yeah. Pigment prices, I think, are soft right now. They're declining somewhat, as they did at the end of 2013. And pigment prices are essentially flat. I think year-on-year, that is December-to-December, pigment prices will be up. And I think feedstock prices will be up in the second half of the year to the first half of the year. With respect to Mineral Sands' prices, we've talked earlier about that there are really only three major producers of high quality feedstock in the world, right: Rio Tinto, which is the major producer of slag and upgraded slag; and ourselves, who is a producer of slag and synthetic rutile; and Iluka, who's a producer of synthetic rutile.

We send the vast majority of our production to ourselves. So the producers in the market are Iluka and Rio Tinto, largely. Iluka has shut down most of its production, because the market is soft. And Rio has shut down some of its production. So as pigment operators begin to work their inventories down and volume stays strong, then the pigment operators will necessarily increase their utilization rates at the pigment plants. As they increase the utilization rates, their demand for feedstock will increase, and their demand for feedstock is in a market in which feedstock supplies have been reduced from what they previously were by the slowdown or the shutdown of both Iluka and Rio Tinto.

So I think it's fair to say one that can expect that, as long as the pigment volumes stay strong, which they have now for four quarters, that Mineral Sands' product, high-grade feedstock Mineral Sands' prices will go up. That's different than ilmenite. I think ilmenite is a different market. They sell to lower quality pigment producers, sulphate producers largely, and the supply situation is different there. But for the high-grade feedstocks, which is the market that we're in, that's how I see it.

<Q – Richard Hatch – RBC Europe Ltd. (Broker)>: Thanks, Tom.

<A – Tom Casey – Tronox Ltd.>: Yeah.

Operator: Our next question comes from Caroline Learmonth with Barclays.

<Q – Caroline Learmonth – Absa Capital Securities (Pty) Ltd.>: Thank you. Three questions, please, and, first of all, thank you very much for the extra disclosure that you mentioned earlier.

<A – Tom Casey – Tronox Ltd.>: You're welcome.

<A – Brennen Arndt – Tronox Ltd.>: You're welcome.

<Q – Caroline Learmonth – Absa Capital Securities (Pty) Ltd.>: Can you just inform us on what your utilization rates were at the pigment plants in the last quarter? And then, you've spoken a little bit about price outlook – where prices are currently on both the pigments and the feedstock side. What do you see in terms of volume outlook for 2014 in both of those? And then just finally, in terms of the U.S. GAAP conversion to IFRS numbers for the purposes of Exxaro reporting, when will we get the detail on that? Thanks very much.

<A – Tom Casey – Tronox Ltd.>: Okay. Utilization rates in the fourth quarter were, I would say, mid-80s probably – low to mid-80s, because, again, we were managing our business to take inventory down. And so when we do that, we take a penalty on fixed cost absorption. So that's the level there. With respect to volumes for 2014, I expect volume for 2014 to be higher than volume for 2013, but our sales were relatively high in 2014. They were almost, not quite, but almost 400,000 tons. And so I would expect volumes in 2014 could be higher than that. When you'll see the conversion from GAAP to IFRS is a question that's well beyond my scope. Kathy?

<A – Kathy Harper – Tronox Ltd.>: We don't typically disclose the IFRS reconciliations, but Exxaro does have additional disclosures that you'll see in their release.

<A – Brennen Arndt – Tronox Ltd.>: Which we provide to them.

<A – Tom Casey – Tronox Ltd.>: Okay, Caroline. We provide to Exxaro some reconciliation and then they disclose some of the reconciliation we provide. So contact them.

<Q – Caroline Learmonth – Absa Capital Securities (Pty) Ltd.>: Okay. Thank you.

<A – Tom Casey – Tronox Ltd.>: Okay.

Operator: Our next question comes from Ed Mally with Imperial Capital.

<Q – Ed Mally – Imperial Capital LLC>: Yeah, good morning. And, Tom, thanks for the detailed recap on the potential tax credits. Just one other question related to that, in terms of the progression of that case and the timing around further rulings from the judge, do you have any expectations around a time horizon for final resolution of that situation?

<A – Tom Casey – Tronox Ltd.>: No, is the honest answer. I don't know whether Kerr-McGee – Kerr-McGee has filed a brief. The trust has filed a brief. I don't know if Kerr-McGee gets to reply. If they do, that brief should be due relatively soon, within a matter of weeks. And then the judge will have to decide whether or not he wants to have an oral argument or whether he wants to decide it off the briefs. I just don't know. It's up to the judge now. But I would think that regardless of what he does, we're talking about a matter of a few months, not endless time.

<Q – Ed Mally – Imperial Capital LLC>: Okay. Okay, that's helpful. And I presume this is going to come down to a ruling by the judge, rather than any sort negotiated settlement. The latter wouldn't be part of the mix.

<A – Tom Casey – Tronox Ltd.>: I don't know that. I'm not, we're not – the litigation involves the trust and Kerr-McGee/Anadarko. So we don't know what's going on necessarily internal to that group. And so I can't tell you anything about that. I don't want – I have no insight into it, information about it or opinion on it.

<Q – Ed Mally – Imperial Capital LLC>: Okay. And just a second item, with regard to zircon, what are your pricing expectations for this year? It looks like your volumes that you've reported are continuing to increase, but pricing is weak. Do you see any improvement in pricing on the horizon for zircon?

<A – Tom Casey – Tronox Ltd.>: That's a very good question. Volumes on zircon have come back very, very strong and very quickly. And so it's made up for some of the really dramatic price decrease that we saw in the same, in the period last year, to some degree. So the issue of when pricing will come back in zircon is really a function of what the inventory levels are and then how long it takes to get – to move prices through the market. I expect any time you have very strong volumes on a constant source of supply, you would expect, over time, to see prices rise. When that will happen is a function of when the supply balances out with the demand. I don't expect to see it tomorrow.

<Q – Ed Mally – Imperial Capital LLC>: Right, so then, what do your inventories look like right now?

<A – Tom Casey – Tronox Ltd.>: Our inventories are relatively flat for us, because we managed them through 2013. Part of what we did in 2013 was we took an EBITDA hit on lower fixed cost absorption, if you will, in order to move inventories down. And we freed up $100 million of working capital in doing that. I don't know what other people are doing. So I can't speak to that. But our inventories are pretty close to where we want them to be at this time of the year in all of our products.

<Q – Ed Mally – Imperial Capital LLC>: Thanks. Thanks very much.

<A – Tom Casey – Tronox Ltd.>: Yep.

Operator: Our next question comes from Rene Kleyweg with Deutsche Bank.

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Morning, gentlemen and ladies. Just a couple of things, one, in terms of the other income of $48 million for the quarter, could you provide any color on what that was? And expand a little bit on the Mineral Sands' realized pricing, which you described as being effectively flat quarter-on-quarter, but we've seen continuous declines in terms of feedstock acquisition costs for the Pigment division for the last two or three quarters. So I'm just trying to reconcile the declining costs into the Pigment business versus the stable pricing on the feedstock side. Thank you.

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

<A – Tom Casey – Tronox Ltd.>: Kathy?

<A – Kathy Harper – Tronox Ltd.>: I'll address the other income. It was $48 million in the quarter: $34 million was the non-cash gain of translation adjustment from liquidation of non-operating subsidiaries. $10 million was favorable exchange and $3 million was interest income from third party.

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Thank you.

<A – Tom Casey – Tronox Ltd.>: With respect to Mineral Sands' pricing, we did say that our average purchase price in the quarter was, I think, $906 or $908.

<A – Kathy Harper – Tronox Ltd.>: $906.

<A – Tom Casey – Tronox Ltd.>: $906? $906 per ton and that's down from the prior quarters. So that does reflect – our transfer price that we record is a price that is essentially based on market, less a kind of a sales and marketing discount. I think it's a 5% discount to reflect the fact that there are no sales or marketing or credit risk associated with that sale. So that's a pretty good bellwether or a pretty good measure of where the market is.

And you see that prices went down from $1,188 to $1,048 to $906 across three quarters. We think that that's a blend of rutile, natural rutile, synthetic rutile and slag, first of all. So all three materials are pricing differently. Some are in South Africa. Obviously, the natural rutile and the slag are South Africa originated materials. The synthetic rutile is in Australia. And the synthetic rutile market right now is pretty limited in the sense that Iluka, which is the other big manufacturer, has, in order to control its costs in a soft market, has cut dramatically back on its production. So when you look at these numbers declining, some of them are slag numbers, which you would, I assume you're thinking about, but some of them are these other measures, too.

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Yeah, sorry. I am just referring to the first paragraph with the Mineral Sands breakdown, where you talk about relative to the prior quarter, its selling prices increased 1% compared to the third quarter for the Mineral Sands business, whereas five, six months ago, we've seen declining costs of feedstock purchases. So I was just – is that basically driven by the sales mix? Is that what you're suggesting?

<A – Tom Casey – Tronox Ltd.>: Yeah.

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Okay.

<A – Tom Casey – Tronox Ltd.>: Yeah. And remember that as the aggregate Mineral Sands' pricing numbers also include zircon. They include pig iron. They include – so not...

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Oh. Okay. Sorry.

<A – Tom Casey – Tronox Ltd.>: My last response was focused just on the high-grade titanium mix, but the aggregate mix contains those other measures, too.

<Q – Rene Kleyweg – Deutsche Bank AG (Broker UK)>: Thank you.

<A – Tom Casey – Tronox Ltd.>: Yeah.

Operator: Our next question comes from Edlain Rodriguez with UBS.

<Q – Edlain Rodriguez – UBS Securities LLC>: Yes. Good morning. Just one quick question, in terms of the dynamics between pricing in the ore side or the pigment side, like which one do you think is going come first? Does pigment prices need support from ore prices to be moving higher?

<A – Tom Casey – Tronox Ltd.>: I wouldn't think so. The market for pigment is different than the market for high-grade feedstocks. And so one would expect the competitors in each market to be pricing how they can to maximize their margins. That's what people should be doing. So you would think that in a market in which any of the cost elements are going down, whether it's chemicals or coke or coal or feedstocks, to the extent that the pigment operators can maintain price or increase price in their respective markets – in the pigment market, they would do so and they would capture the benefit of the margin.

The example of that is in the other chemical industries we see when natural gas prices went down so far, they maintained price to a degree and then they enjoyed very significant margins. So I don't think it's necessary that feedstock prices go up in order for pigment prices to go up.

<Q – Edlain Rodriguez – UBS Securities LLC>: Okay. And the last question was essentially you've talked about that $1 billion from the lenders. You had that set date of end of Q1. You still hold by that or is that not going to happen anymore? The first quarter is under deadline to return that cash?

<A – Tom Casey – Tronox Ltd.>: So I never said it was the deadline to return the cash. I said it was a deadline – I said we would never return it prior to that, because we would pay a penalty to pay back the loans within the first year and we were not going to do that. What I said was that by that time, we would tell you what we intended to do with the money. And if there was no – if we thought there were no opportunities to spend it in a way that enhanced our value, then there's no reason to pay the interest on it and we would probably then return it.

So the point, again, what I tried to say was that after a year – we're not going to return it within a year. After a year, we'll decide whether we think there are any opportunities. For each of the last two quarters, this one and the one before that, I have said we continue to see that – think that there are opportunities. With respect to this Anadarko $5 billion minimum tax shield, we think that adds a very substantial amount to our value creation possibilities and we have to think through how we realize that value. Excuse me. And so that adds a universe of possibilities that we may not have been thinking about so carefully before.

But, so what I would say is I don't think we ever said that first quarter was a deadline. I think we said we would tell you what we were going to do by then. And so far, I've told you twice, in two successive quarters, that I wouldn't expect to receive the money back if I were the lenders, except in normal principal and interest payments.

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

<A – Tom Casey – Tronox Ltd.>: And I would expect to get them back irrelevant. In other words, I'm not anticipatorily defaulting on that loan.

Operator: And I'm not showing any further questions at this time. I'd like to turn the conference back over to Tom Casey for closing remarks.

Tom Casey, Chairman & Chief Executive Officer

Terrific, thank you very much, everyone. We appreciate your interest, as always. We hope we've enhanced some of the information disclosure in this initial release and in this call. We hope that's been helpful to you. Thank you. Have a good day.

Operator: Ladies and gentlemen, this does conclude today's presentation. You may now disconnect and have a wonderful day.