TRONOX

A Brighter Future, From the Ground Up

THIRD QUARTER 2012 EARNINGS CONFERENCE CALL

Tuesday, November 13, 2012

Forward Looking Statements

Statements in this release that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon management's current beliefs and expectations and are subject to uncertainty and changes in circumstances and contain words such as “believe,” “intended,” “expect,” and “anticipate” and include statements about expectation for future results including revenues. The forward-looking statements involve risks that may affect the company's operations, markets, products, services, prices and other risk factors discussed in the company's filings with the Securities and Exchange Commission (SEC), including under the 'Risk Factors" section of our registration statement on Form S-4 declared effective by the SEC on May 4, 2012, our most recent Form 10-Q, and other SEC filings. Significant risks and uncertainties may relate to, but are not limited to, our ability to integrate the recently acquired mineral sands business including achieving the expected cost savings; financial, economic, competitive, environmental, political, legal regulatory and technological factors including, our access to unrestricted cash, compliance with our bank facility covenants, the price of our shares, general market conditions, our customers potentially reducing their demand for our products due to, among other things, the economic downturn, more competitive pricing from our competitors, increased supply from our competitors; operating efficiencies and other benefits expected. Unless otherwise required by applicable laws, the company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information or future developments.

New Tronox – Third Quarter 2012

- Vertical integration benefits not reflected in 3Q 2012 results as we continued to consume feedstock under legacy purchase contracts priced at market
- Resulted in higher enterprise COGS this quarter compared to coming quarters as we transition to processing our own feedstock at cost of extraction and beneficiation – and selling the long portion of feedstock at market prices
- As the market strengthens in the second half of 2013 – and we believe it will -- these advantages will contribute to a more rapid recovery and higher margins, cash flows and net income for us than other firms not similarly structured.
- Our resulting low cost position will enable us to achieve higher margins, reduced earnings volatility and strong cash generation under any market conditions
- Tronox is the <u>only</u> enterprise that produces both slag and synthetic rutile and the <u>only</u> one that consumes both – therefore unique ability to dynamically adjust pigment plant feedstock consumption to optimize financial performance

Third Quarter 2012 Results

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- Revenue of $487.3 million up 5 percent versus revenue of $465.4 million in the third quarter of 2011. Current quarter includes $216.1 million of revenue from acquired business
- Adjusted EBITDA of $131.1 million compared to adjusted EBITDA of $140.9 million in the year-ago quarter. Current quarter includes $106.8 million of adjusted EBITDA from acquired business.
- Adjusted earnings of $0.21 per diluted share, versus $1.45 per diluted share in prior-year quarter. Adjusted EPS in current quarter based on 122.4 million fully diluted shares outstanding versus 79.2 million fully diluted shares outstanding in year-ago quarter
- Net debt of $875 million and cash of $774 million
- Completed repurchase of 10% of total shares outstanding, or 12.6 million shares, for a total cost of $326 million. Pursuant to Australian law these shares have now been cancelled
- Paid $32 million in dividends and funded $44 million in capital expenditures
- Continued to generate significant cash flow despite challenging market environment

Minerals Segment

- Revenue of $271.7 million up $227.7 million versus $44.0 million in year-ago quarter. Acquisition contributed revenue of $207.1 million in current quarter .
- Excluding acquisition, segment revenue of $64.6 million increased 47% versus $44.0 million in the prior-year quarter
- Higher selling prices, particularly for synthetic rutile, natural rutile and zircon, partially offset by significantly lower zircon volumes. Zircon volumes in the quarter were 74 percent lower than last year's third quarter – equates to approximately $90 million lower year-on-year sales
- Segment earnings of $19.4 million up 46 percent versus $13.3 million in the year-ago, driven by the acquired businesses and increased sales in existing businesses – and despite substantially lower earnings from high margin zircon
- Included in segment earnings is $75.5 million of net amortization related to the fair value step-up of inventory and unfavorable feedstock sales contracts.
- Legacy CP Titanium slag feedstock sales contracts priced significantly below market - expect to realize substantial price increases as volumes are released from contract
  - Approximately 40,000 metric tons expire at end of 2012
  - Balance of approximately 100,000 metric tons expires by end of 2013

Pigment Segment

- Revenue of $279.8 million was 30 percent lower than $399.4 million in prior-year quarter, driven by lower volumes across regions, particularly in Asia, and unfavorable foreign currency translation, partially offset by higher selling prices
- Volumes 32% lower than last year's very strong third quarter – last year we sold more than our plants could produce on an annualized basis, i.e., we were running plants at maximum practical utilization and selling out of inventory
- Selling prices up 4% versus prior-year quarter including unfavorable impact of foreign currency translation. Up 7% excluding currency impacts
- On sequential basis, third quarter volumes 13% lower than second quarter and selling prices 6% lower than second quarter
- Segment earnings moved from $111.6 million in year-ago third quarter to reported loss of $13.2 million in current quarter. Included in current quarter earnings is $9.7 million fair value step-up of inventory related to the mineral sands acquisition
- Excluding this inventory step-up cost, segment results were a loss of $3.5 million in the quarter, driven by lower volumes, higher feedstock costs and lower production rates

Pigment Segment – Major Factors

- Consumption of market-priced feedstock under legacy supply contracts
- Higher COGS from reduced operating rate (fewer tons to absorb fixed costs) and delayed consumption of inventory of market-priced feedstock that came with the mineral sands acquisition
- $40 million combined impact on segment from these two factors
- However, slowing production to 70% average utilization enabled us to maintain level of finished goods inventory -- we began and ended quarter with the same level of inventory
- Though pigment market currently soft, we see reason for tighter supply-demand conditions in the second half of 2013 based on the following factors:
  – Paints, coatings and plastics customers have completed or soon will complete destocking programs
  – Pace of U.S. construction starts and existing home sales
  – Timing of the new Chinese leadership's policy initiatives and business downturn normally associated with their New Year holiday
  – Typical fourth quarter and first quarter seasonal volume reductions
  – Level of finished goods pigment inventory being held by Ti02 producers

Strong Financial Position

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- Issued $900 million senior notes at 6.375% due 2020. Combined with $700 million term loan closed in February, had $1.6B LTD at WAC of 5.45%
- Completed share repurchase program - following June 26th Board authorization, repurchased 10% of total s/o, or 12,626,400 Class A Shares, at avg. price of $25.84 per share and total cost of $326.2 million.
- Corporate and Other revenue $38.6 million versus $37.5 million in prior-year quarter. Corporate expenses were $25.6 million versus $25.7 million in the prior-year quarter
- SG&A expenses $59.6 million versus $53.8 million in year ago quarter. Current quarter included ~$10 million of costs related to mineral sands acquisition
- D&A of $67.3 million in 3rd quarter. Expect annual D&A of $190-$210 million for acquired mineral sands business. Therefore, annual D&A for Tronox of $260-$280 million
- Tax rate - estimated effective tax rate of 8-12% for 2012 and 2013. Beginning in 2014 and for several years thereafter, expect in 15-19% range
- CapEx – 2012 of $130-$140 million. For 2013-2015 annual maintenance capital spending of $100-$120 plus $110-$130 million each year for Fairbreeze

2012 Summary and Outlook

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- Tronox continued to generate significant cash flow in challenging conditions
  - Closed quarter with $774 million in cash – after $326 million repurchase of 10% of shares outstanding, $32 million dividends paid and $44 million capex
- Strong performance from Minerals segment drawn from core feedstock business and despite 74% yoy decline in high margin Zircon volumes
- Prospective improvement in Mineral segment performance as ~140,000 metric tons of below-market CP Titanium feedstock supply contracts expire (~40,000 metric tons at end of 2012 and balance of ~100,000 metric tons by end of 2013). We expect substantial price increases as these volumes are released from contract
- Pro forma third quarter YTD revenue of $1.6 billion, adjusted EBITDA of $668 million and adjusted EBITDA margin of 41 percent.
- Slowed production and lower sales in third quarter will raise pigment feedstock costs in the fourth quarter by ~$150 per metric tons as we work through the last -- and most expensive -- third party feedstock still in our inventory
- Despite this effect and the impact of further softening in pigment prices, we expect fourth quarter sales to be slightly higher than the third quarter and adjusted EBITDA of ~ $100 million in the fourth quarter

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