February 20, 2013

Tronox Reports Fourth Quarter and Full Year 2012 Financial Results

STAMFORD, Conn., Feb. 20, 2013 /PRNewswire/ --

Fourth Quarter 2012:

- Revenue of $482 million, up 26 percent versus $383 million in prior-year quarter and 1 percent lower than $487 million in third quarter 2012
- Adjusted EBITDA of $71 million compared to $139 million in the year-ago quarter and $134 million in third quarter 2012
- Mineral Sands segment revenue of $316 million, including acquired businesses, versus $52 million in prior-year quarter and $272 million in third quarter 2012; adjusted EBITDA of $154 million includes $9.6 million lower of cost or market (LCM) inventory write-down
- Pigment segment revenue of $256 million versus $325 million in prior-year quarter and $280 million in third quarter 2012; adjusted EBITDA of ($58) million includes $35.2 million lower of cost or market (LCM) inventory write-down

Full Year 2012:

- Revenue of $1,832 million, up 11 percent versus $1,651 million in prior year
- Adjusted EBITDA of $503 million, up 2 percent versus $492 million in prior year
- Returned approximately $600 million to shareholders in 2012

Strong Financial Position:

- Net debt of $929 million, including cash of $716 million; evaluating the refinancing of our term loan given strong cash position
- Board declared regular quarterly dividend of $0.25 per share payable on March 20, 2013 to shareholders of record of company's Class A and Class B ordinary shares at close of business on March 6, 2013

Tronox Limited (NYSE: TROX) today reported fourth quarter 2012 revenue of $482 million, an increase of 26 percent versus $383 million in the year-ago quarter. Adjusted EBITDA was $71 million in the fourth quarter, as compared to $139 million in the year-ago quarter. Adjusted net loss in the fourth quarter was $45 million, or $0.40 per diluted share, versus adjusted net income of $71 million or $0.89 per diluted share in the year-ago quarter.

(Logo: http://photos.prnewswire.com/prnh/20051118/TRONOXLOGO-a)

Tom Casey, chairman and CEO of Tronox, said: "The fourth quarter remained challenging but we may have seen the first glimpse of a recovery in the pigment market. Mineral Sands revenue increased 16 percent sequentially versus the third quarter despite the impact of three scheduled ore shipments that were either delayed or cancelled by pigment customers in the fourth quarter. And for the first time since 2005, fourth quarter sales volumes in Pigment were higher, up 2 percent, than those of the third quarter. Though the sequential difference was modest, we view this increase in what is normally a seasonally lower quarter as a positive indication. We believe the fourth quarter represented the material conclusion of the destocking period by our pigment customers."

Casey continued: "The integration of our pigment and mineral sands businesses continues to make great progress and is on plan, but its advantages are not yet fully reflected in our financial performance. We still have the cost effects of some legacy contracts in both businesses that are working through our reported results. 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, the margin on any pigment sales is determined in part by feedstock purchases made as much as six months prior to sale. To illustrate the effect of this time lag, at the end of the fourth quarter, we had approximately $57 million in margin on sales of feedstock by our mineral sands business to our pigment business that had not been recognized at the parent company level because the titanium dioxide pigment manufactured from the feedstock remained in inventory. As this pigment is sold, this margin can be recognized. In 2013, we expect to purchase 15,000 metric tons of feedstock from third-party suppliers and the balance sourced internally. And in Mineral Sands, legacy feedstock sales contracts representing approximately 40,000 metric tons of CP titanium slag priced significantly below market expired at the end of the fourth quarter. Both present opportunities for margin enhancement as well as the ability to mitigate the modest decline in pigment average selling prices that we expect in the first quarter relative to the fourth quarter. As the market strengthens in the second half of 2013 -- and we believe it will -- the advantages of our integration will contribute to a more rapid recovery and higher margins, cash flows and net income for us than other firms not similarly structured. We remain confident in the long term value creation potential of our business."

Fourth Quarter 2012 Results

Mineral Sands

Mineral Sands segment revenue of $316 million in the fourth quarter was $264 million higher than revenue of $52 million in the year-ago quarter. The mineral sands businesses acquired in the second quarter of 2012 contributed revenue of $251 million in the fourth quarter. Excluding acquired businesses, segment revenue of $65 million increased 25 percent versus the prior-year quarter, driven by higher selling prices, partially offset by lower zircon and rutile volumes. Adjusted EBITDA was $154 million in the quarter, which includes a $9.6 million lower of cost or market (LCM) inventory write-down.   As stated above, Mineral Sands segment adjusted EBITDA is calculated before the elimination of gross profit on sales to the affiliated Pigment segment that occurs in consolidation. Segment income from operations of $26 million increased 44 percent versus $18 million in the year-ago quarter, as the acquired businesses and higher grade rutile feedstocks were partially offset by significantly lower volumes of high margin zircon.

Pigment

Pigment segment revenue of $256 million was 21 percent lower than $325 million in the year-ago quarter, as selling prices declined by 15 percent on a constant currency basis and sales volumes declined by 6 percent. Compared sequentially to the third quarter 2012, volumes improved 2 percent while selling prices declined 10.7 percent. Sales volume gains were realized in Asia Pacific compared to both the year ago quarter and sequentially versus the third quarter 2012. Adjusted EBITDA was a negative $58 million in the current quarter, which includes a $35.2 million lower of cost or market (LCM) inventory write-down. Feedstock purchases by the Pigment segment, whether purchased from third-party vendors or our Mineral Sands segment, averaged $1,623 per metric ton, which we believe was significantly higher than the average feedstock cost of other pigment producers who continued to purchase portions of their 2012 feedstock pursuant to legacy under-market contracts, while we purchased 100 percent of our feedstock requirements at market prices. Finished goods inventory increased during the quarter. Segment income from operations moved from $104 million in the year-ago quarter to a loss of $85 million in the current quarter. The year-on-year decline in adjusted EBITDA and income from operations was the result of lower sales volumes and prices, increased feedstock costs and lower production rates.

Corporate and Other

Revenue in Corporate and Other was $31 million in the fourth quarter compared to $40 million in the prior-year quarter. Corporate and Other includes our electrolytic manufacturing business. Electrolytic and other chemical products net sales were higher than the year-ago quarter, as higher sales volumes of manganese dioxide and sodium chlorate were partially offset by reduced revenues from our former relationship with Exxaro in the Tiwest joint venture. Electrolytic Corporate and Other expenses were $9 million as compared to $13 million in the year ago quarter.

Consolidated

Selling, general and administrative expenses for the company in the fourth quarter were $32 million, or 7 percent of revenue, down from $40 million, or 10 percent of revenue, in the year ago quarter and $60 million, or 12 percent of revenue, in the third quarter of 2012. Interest and debt expense was $25 million versus $9 million in the year-ago quarter, primarily due to interest on the senior notes issued in the third quarter 2012 and the term loan that was refinanced in the first quarter 2012. On December 31, 2012, gross consolidated debt was $1,645 million, and debt, net of cash, was $929 million. For the quarter, capital expenditures were $75 million and depreciation and amortization was $88 million.

Full Year 2012 Results

For the full year 2012, revenue of $1,832 million increased 11 percent versus $1,651 million in the prior year as a result of the impact of acquired businesses and higher selling prices in both Mineral Sands and Pigment, partially offset by significantly lower sales volumes due to simultaneous market weakness in Europe, Asia and North America and unfavorable foreign currency exchange rates. Acquired businesses contributed $344 million of consolidated revenue in 2012. Adjusted EBITDA was $503 million in 2012, up 2 percent compared to adjusted EBITDA of $492 million a year ago. Adjusted net income was $202 million, or $1.90 per diluted share, versus $299 million, or $4.04 per diluted share in 2011.

Mineral Sands

Mineral Sands segment revenue of $760 million was $592 million higher than revenue of $168 million in the prior year. The mineral sands businesses acquired in the second quarter 2012 contributed revenue of $489 million on a segment basis in 2012. Excluding acquired businesses, segment revenue of $271 million increased 61 percent versus the prior year, driven by higher selling prices partially offset by lower zircon and rutile volumes. Segment earnings were $156 million in 2012 as compared to $44 million a year ago. Cost of goods sold in the segment for 2012 includes $136 million for amortization of fair value step-up of inventory related to the acquisition.

Pigment

Pigment segment revenue of $1,246 million was 12 percent lower than $1,416 million in the prior year, as an 11 percent increase in average selling prices was more than offset by a 21 percent volume decline and unfavorable currency exchange. Segment income from operations of $57 million in the current year compares to $343 million a year ago. The decline was driven primarily by higher raw material costs, particularly for feedstock ores and process chemicals, and lower sales volumes and production rates, partially offset by higher selling prices. Cost of goods sold in the segment for 2012 includes $16 million for amortization of fair value step-up of inventory related to the acquisition.

Corporate and Other

Revenue in Corporate and Other was $128 million for 2012 versus $147 million in the prior year. Corporate and Other includes our electrolytic manufacturing business. Electrolytic and other chemical products net sales in 2012 were essentially level to those of a year ago, as higher sodium chlorate selling prices were offset by lower volumes of the same product. The revenue decline versus prior year is related to the transfer of a sulfuric acid business to an environmental trust upon emergence from bankruptcy coupled with reduced revenues from our former relationship with Exxaro in the Tiwest joint venture.

Consolidated

Selling, general and administrative expenses for the company for the full year 2012 were $239 million, an increase of $82 million as compared to a year ago primarily due to costs associated with the mineral sands acquisition. Interest and debt expense was $65 million, an increase of $32 million, attributable to higher debt levels and issuance costs. On December 31, 2012, gross consolidated debt was $1,645 million, and debt, net of cash, was $929 million. For the year, capital expenditures were $166 million and depreciation and amortization was $211 million.

Fourth Quarter 2012 Conference Call and Webcast

Tronox will conduct its fourth quarter 2012 conference call and webcast on Thursday, February 21, 2013 at 8:30am ET (New York). The live call is open to the public via Internet broadcast and telephone:

Internet Broadcast: http://www.tronox.com/
Dial-in telephone numbers:
U.S. / Canada: (877) 831-3840
International: (253) 237-1184
Conference ID: 99113470

Conference Call Presentation Slides: will be used during the conference call and are also available on our website at http://www.tronox.com/

Webcast Conference Call Replay: Available via the Internet and telephone beginning on February 21, 2013, at 11:30am ET (New York), until February 27, 2013.

Internet replay: www.tronox.com
Dial-in telephone numbers:
U.S. / Canada: (855) 859-2056
International: (404) 537-3406
Conference ID: 99113470

About Tronox

Tronox is a global leader in the production and marketing of titanium products. Through the integration of its mineral sands and pigment business, the company provides its customers a dependable supply of brightening solutions for a variety of end uses. For more information, visit http://www.tronox.com.

Explore how Tronox's fully integrated strategy is reshaping the industry. Learn more about Tronox's bold vision.

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 expectations 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 those under the heading entitled "Risk Factors" in our registration statement on Form S-4 declared effective by the SEC on May 4, 2012. 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.

Use of Non-U.S. GAAP Financial Information

To provide investors and others with additional information regarding Tronox Limited's operating results, we have disclosed in this press release certain non-U.S. GAAP financial measures, including Adjusted EBITDA. These non-U.S. GAAP financial measures are a supplement to, and not a substitute for or superior to, the company's results presented in accordance with U.S. GAAP. The non-U.S. GAAP financial measures presented by the company may be different than non-U.S. GAAP financial measures presented by other companies. The non-U.S. GAAP financial measures are provided to enhance the user's overall understanding of the company's operating performance. Specifically, the company believes the non-U.S. GAAP information provides useful measures to investors regarding the company's financial performance by excluding certain costs and expenses that the company believes are not indicative of its core operating results, as well as the impact of fresh-start accounting applied in 2011 and purchase accounting being applied in 2012. The presentation of these non-U.S. GAAP financial measures are not meant to be considered in isolation or as a substitute for results or guidance prepared and presented in accordance with U.S. GAAP. A reconciliation of the non-U.S. GAAP financial measures to U.S. GAAP results are included herein.

Management believes these non-U.S. GAAP financial measures:

- Reflect Tronox Limited's ongoing business in a manner that allows for meaningful period-to-period comparison and analysis of trends in its business, as they exclude income and expense that are not reflective of ongoing operating results;
- Provide useful information to investors and others in understanding and evaluating Tronox Limited's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods;
- Provide additional view of the operating performance of the company by adding interest expenses, taxes, depreciation and amortization to the net income. Further adjustments due to fresh-start accounting, purchase accounting, and stock-based compensation charges attempt to exclude items that are either non-cash or non-recurring in nature;
- Enable investors to assess the company's compliance with financial covenants under its debt instruments. Certain debt instruments have financial covenants that use Adjusted EBITDA as part of their compliance measures, e.g., consolidated leverage ratio, which is a ratio of indebtedness to consolidated Adjusted EBITDA; and consolidated interest coverage ratio which is a ratio of consolidated Adjusted EBITDA to interest expenses; and
- In addition, Adjusted EBITDA is one of the primary measures management uses for planning and budgeting processes and to monitor and evaluate financial and operating results. Adjusted EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to measures of our financial performance as determined in accordance with U.S. GAAP, such as net income (loss). Because other companies may calculate EBITDA and Adjusted EBITDA differently than Tronox, EBITDA may not be, and Adjusted EBITDA as presented in this release is not, comparable to similarly titled measures reported by other companies

Segment Information

Prior to the mineral sands transaction, Tronox Incorporated had one reportable operating segment representing its pigment business. The Pigment segment primarily produced and marketed TiO_2, and included heavy minerals production. The heavy minerals production was integrated with its Australian pigment plant, but also had third-party sales of minerals not utilized by its pigment operations. In connection with the transaction and formation of Tronox Limited, the company acquired 74 percent of Exxaro's South African mineral sands operations, including its Namakwa and KwaZulu-Natal Sands mines, separation and slag furnaces, along with Exxaro's 50 percent share of the Tiwest Joint Venture in Western Australia. As such, the company evaluated its new operations under ASC 280, *Segments*, and has determined that the mineral sands division qualifies as a reportable operating segment.

As of June 15, 2012, the company has two reportable operating segments, Mineral Sands and Pigment. The Mineral Sands segment includes the exploration, mining and beneficiation of mineral sands deposits, as well as heavy mineral production. These operations produce titanium feedstock, including ilmenite, chloride slag, slag fines, synthetic rutile and natural rutile, as well as the co-products pig iron and zircon. The heavy minerals production is integrated with the company's Australian pigment plant, but also has third-party sales of minerals not utilized by its pigment operations. The Pigment segment primarily produces and markets TiO_2, and has production facilities in the United States, Australia and the Netherlands. The company's Corporate and Other operations are comprised of corporate activities, electrolytic manufacturing and marketing operations and businesses that are no longer in operation; all are located in the United States.

Segment performance is evaluated based on segment income/(loss) from operations, which represents the results of segment operations before unallocated costs, such as general corporate expenses not identified to a specific segment, environmental provisions, net of reimbursements, related to sites no longer in operation, interest expense, other income (expense) and income tax expense or benefit.

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TRONOX LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(Millions of dollars, except share and per share data)

	Successor Three Months Ended December 31, 2012	**Successor** Three Months Ended December 31, 2011	**Successor** Year Ended December 31, 2012	**Successor** Eleven Months Ended December 31, 2011	**Predecessor** One Month Ended January 31, 2011
Net Sales	$ 482	$ 383	$ 1,832	$ 1,543	$ 108
Cost of goods sold	(543)	(242)	(1,568)	(1,104)	(83)
Gross Margin	(61)	141	264	439	25
Selling, general, and administrative expenses	(32)	(40)	(239)	(152)	(5)
Litigation/arbitration settlement	-	-	-	10	-
Provision for environmental remediation and restoration, net of reimbursements	-	-	-	5	-
Income (Loss) from Operations	(93)	101	25	302	20
Interest and debt expense	(25)	(9)	(65)	(30)	(3)
Other income (expense)	(3)	(8)	(7)	(10)	2
Gain on bargain purchase	-	-	1,055	-	-
Reorganization income	-	-	-	-	613
Income (Loss) from Continuing Operations before Income Taxes	(121)	84	1,008	262	632
Income tax benefit (provision)	25	(17)	125	(20)	(1)
Income (loss) from Continuing Operations	(96)	67	1,133	242	631
Loss from discontinued operations, net of income tax benefit	-	-	-	-	-
Net income (Loss)	(96)	67	1,133	242	631
Loss attributable to noncontrolling interest	3	-	1	-	-
Net Income (Loss) attributable to Tronox Limited Shareholders	$ (93)	$ 67	$ 1,134	$ 242	$ 631
Earnings (Loss) per					

share, Basic and Diluted (1):					
Basic---					
Continuing operations	$ (0.82)	$ 0.88	$ 11.37	$ 3.22	$ 15.28
Discontinued operations	-	-	-	-	-
Net income (loss) per share	$ (0.82)	$ 0.88	$ 11.37	$ 3.22	$ 15.28
Diluted---					
Continuing operations	$ (0.82)	$ 0.85	$ 11.10	$ 3.10	$ 15.25
Discontinued operations	-	-	-	-	-
Net income (loss) per share	$ (0.82)	$ 0.85	$ 11.10	$ 3.10	$ 15.25
Weighted Average Shares Outstanding (in thousands):					
Basic	113,254	75,260	98,985	74,905	41,311
Diluted	113,254	77,850	101,406	78,095	41,399
Other Operating Data:					
Capital expenditures	$ 75	$ 12	$ 166	$ 133	$ 6
Depreciation and amortization expense	$ 88	$ 22	$ 211	$ 79	$ 4

(1) On June 26, 2012, the Board of Directors of Tronox Limited approved a 5-to-1 stock split for holders of its Class A ordinary shares and Class B ordinary shares at the close of business on July 20, 2012, by issuance of four additional shares for each share of the same class by way of bonus issue. All references to number of shares and per share data in the Successor's unaudited consolidated financial statements have been adjusted to reflect the stock split, unless otherwise noted.

TRONOX LIMITED
SCHEDULE OF ADJUSTED EARNINGS FROM CONTINUING OPERATIONS (NON-U.S. GAAP)*
(UNAUDITED)
(Millions of dollars, except share and per share data)

	Successor Three Months Ended December 31, 2012	**Successor** Three Months Ended December 31, 2011	**Successor** Year Ended December 31, 2012	**Successor** Eleven Months Ended December 31, 2011	**Predecessor** One Month Ended January 31, 2011
Net Sales	$ 482	$ 383	$ 1,832	$ 1,543	$ 105
Cost of goods sold	(476)	(242)	(1,416)	(1,068)	(80)
Gross Margin	6	141	416	475	25
Selling, general, and administrative expenses	(32)	(36)	(146)	(113)	(5)
Net loss attributable to noncontrolling interests	3	-	1	-	-
Adjusted Income (Loss) from Operations	(23)	105	271	362	20
Interest and debt expense	(25)	(9)	(65)	(30)	(3)
Other income (expense)	(3)	(8)	(6)	(10)	2
Adjusted Income (Loss) from Continuing Operations before Income Taxes	(51)	88	200	322	19

Income tax benefit (provision)	6	(17)	2	(39)	(3)
Adjusted after-tax Income (Loss) from Continuing Operations attributable to Tronox Limited Shareholders (Non-U.S. GAAP)*	$ (45)	$ 71	$ 202	$ 283	$ 16
					-
Diluted adjusted after-tax Income (Loss) from Continuing Operations per share, attributable to Tronox Limited Shareholders	$ (0.40)	$ 0.89	$ 1.90	$ 3.63	$ 0.41
Weighted average number of shares used in diluted after-tax Income (Loss) from Continuing Operations per share (in thousands)	113,254	77,850	101,406	78,095	41,399

* The Company believes that the Non-U.S. GAAP financial measure "Adjusted after-tax Income (loss) from Continuing Operations Attributable to Tronox Limited Shareholders", and its presentation on a per share basis, provides useful information about the Company's operating results to investor and securities analysts. Adjusted earnings excludes the effects of the reorganization in bankruptcy, one-time nonoperating items and the effects related to the acquisition of the mineral sands business including certain tax related adjustments. The Company also believes that excluding the effects of these items from operating results allows management and investors to compare more easily the financial performance of its underlying businesses from period to period. Additionally, the above schedule is presented in a format which reflects the manner in which we manage our business and is not in accordance with U.S. GAAP.

TRONOX LIMITED
RECONCILIATION OF NON-U.S. GAAP FINANCIAL MEASURES
(UNAUDITED)
(Millions of dollars, except share and per share data)

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO TRONOX LIMITED SHAREHOLDERS (U.S. GAAP)
TO ADJUSTED AFTER-TAX INCOME (LOSS) FROM CONTINUING OPERATIONS
ATTRIBUTABLE TO TRONOX LIMITED SHAREHOLDERS (NON-U.S. GAAP)

	Successor Three Months Ended December 31, 2012	**Successor** Three Months Ended December 31, 2011	**Successor** Year Ended December 31, 2012	**Successor** Eleven Months Ended December 31, 2011	**Predecessor** One Month Ended January 31, 2011
Net income (loss) attributable to Tronox Limited Shareholders (U.S. GAAP)	$ (93)	$ 67	$ 1,134	$ 242	$ 631
Reorganization Income and other bankruptcy related effects (a)	-	-	-	36	(613)
Nonoperating litigation and environmental income (b)	-	-	(1)	(14)	-
Acquisition related income and expense (c)	67	4	(830)	39	-
Nonoperating one-time stock compensation charges (d)	-	-	21	-	-
Tax effect of reorganization and acquisition related items (e)	(19)	-	(55)	(3)	-

Tax adjustments (f)	-	-	(67)	(17)	(2)
Adjusted after-tax Income (Loss) from Continuing Operations attributable to Tronox Limited Shareholders (Non-U.S. GAAP)	$ (45)	$ 71	$ 202	$ 283	$ 16
Diluted earnings per common share attributable to Tronox Limited Shareholders (U.S. GAAP)	$ (0.82)	$ 0.85	$ 11.10	$ 3.10	$ 15.25
Reorganization Income and other bankruptcy related effects, per diluted share	-	-	-	0.46	(14.80)
Nonoperating litigation and environmental income, per diluted share	-	-	(0.01)	(0.18)	-
Acquisition related income and expense, per diluted share	0.59	0.04	(8.18)	0.50	-
Nonoperating one-time stock compensation charges, per diluted share	-	-	0.21	-	-
Tax effect of reorganization and acquisition related items, per diluted share	(0.17)	-	(0.54)	(0.04)	-
Tax adjustments, per diluted share	-	-	(0.67)	(0.22)	(0.04)
Diluted adjusted after-tax Income (Loss) from Continuing Operations per share attributable to Tronox Limited Shareholders (Non-U.S. GAAP)	$ (0.40)	$ 0.89	$ 1.90	$ 3.63	$ 0.41
Weighted average number of shares used in diluted adjusted after-tax income (loss) from continuing operations per share computations (in thousands)	113,254	77,850	101,406	78,095	41,399

(a) Reorganization and other bankruptcy related effects for the eleven months ended December 31, 2011 include the amortization of the fair value step-up on inventory as a result of fresh-start accounting. For the one month ended January 31, 2011 the adjustment includes a one time fresh-start accounting gain of $659 million partially offset by bankruptcy related legal and professional fees of $46 million.

(b) For the eleven months ended December 31, 2011 the adjustment includes the settlement of litigation ($10 million) plus additional reimbursements ($4 million) received under the Predecessor's environmental insurance policy related to its remediation efforts at the Henderson, Nevada site. For the year ended December 31, 2012 the amount represents settlements with various insurers related to costs incurred by the company prior to bankruptcy.

(c) In the three and eleven months ended December 31, 2011, acquisition costs and financial statement restatement costs include expenses related to the acquisition, fresh-start accounting fees, costs associated with restating Tronox Incorporated's environmental reserves and the auditing of the historical financial statements. Costs associated with the acquisition include professional fees related to due diligence and acquisition advice as well as investment banking fees. Additionally, Tronox Incorporated incurred legal fees associated with the exit from bankruptcy and the acquisition.

In the three and twelve months ended December 31, 2012, acquisition costs consist of costs associated with the acquisition of the mineral sands business, including banker fees, legal and professional fees, as well as costs associated with the preparation and amending of the registration statement on Form S-4 filed with the SEC in connection with the acquisition as well as costs associated with the integration of the mineral sands business including severance associated with the relocation of the corporate office and the changing of corporate officers.

(d) Represents only the portion of stock compensation that was accelerated by the consummation of the acquisition.

(e) Represents the tax effect on amortization of Inventory step-up on purchase accounting and fresh start accounting using statutory rates applied in the applicable foreign jurisdiction. No tax effects have been applied in the U.S. due to a valuation allowance.

(f) For the year ended December 31, 2012 tax adjustments include the reversal of a valuation allowance in a foreign jurisdiction ($30 million) and the effect of a step-up in basis of fixed assets for tax purposes ($67 million).

TRONOX LIMITED
SEGMENT INFORMATION
(UNAUDITED)
(Millions of dollars)

	Successor Three Months Ended December 31, 2012	**Successor** Three Months Ended December 31, 2011	**Successor** Year Ended December 31, 2012	**Successor** Eleven Months Ended December 31, 2011	**Predecessor** One Month Ended January 31, 2011
Revenue					
Mineral Sands Segment	$ 316	$ 52	$ 760	$ 160	$ 8
Pigment Segment	256	325	1,246	1,327	89
Corporate and Other	31	40	128	133	14
Eliminations	(121)	(34)	(302)	(77)	(3)
Total	$ 482	$ 383	$ 1,832	$ 1,543	$ 108
Income from Operations					
Mineral Sands Segment	$ 26	$ 18	$ 156	$ 42	$ 2
Pigment Segment	(85)	104	57	323	20
Corporate and Other	(9)	(13)	(139)	(54)	(1)
Eliminations	(25)	(8)	(49)	(9)	(1)
Income (Loss) from Operations	(93)	101	25	302	20
Interest and debt expense	(25)	(9)	(65)	(30)	(3)
Other income (expense)	(3)	(8)	(7)	(10)	2
Gain on bargain purchase	-	-	1,055	-	-
Reorganization income	-	-	-	-	613
Income (Loss) from Continuing Operations before Taxes	(121)	84	1,008	262	632
Income tax benefit (provision)	25	(17)	125	(20)	(1)
Income (Loss) from Continuing Operations Attributable to Tronox Limited Shareholders	$ (96)	$ 67	$ 1,133	$ 242	$ 631

TRONOX LIMITED
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Millions of dollars, except share and per share data)

ASSETS	**Successor** December 31, 2012	**Successor** December 31, 2011
Current Assets		
Cash and cash equivalents	$ 716	$ 154
Accounts receivable, net of allowance for doubtful accounts of $3 and $1	391	278

Inventories	914	311
Prepaid and other assets	38	22
Deferred income taxes	114	4
Total Current Assets	2,173	769
Noncurrent Assets		
Property, plant and equipment, net	1,423	504
Mineral leaseholds, net	1,439	38
Intangible assets, net	326	325
Long-term deferred tax assets	91	9
Other long-term assets	59	12
Total Assets	$ 5,511	$ 1,657
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable:		
Third party	$ 189	$ 127
Related party	-	74
Accrued liabilities	209	46
Short-term debt	30	-
Long-term debt due within one year	10	6
Income taxes payable	24	28
Current deferred income taxes	5	-
Total Current Liabilities	467	281
Noncurrent Liabilities		
Long-term debt	1,605	421
Pension and postretirement healthcare benefits	176	142
Asset retirement obligation	106	29
Deferred income taxes	222	19
Other	53	13
Total Noncurrent Liabilities	2,162	624
Shareholders' Equity		
Tronox Limited Class A ordinary shares, par value $0.01 — 63,413,288 shares issued and 62,103,989 shares outstanding at December 31, 2012 (1)	1	-
Tronox Limited Class B ordinary shares, par value $0.01 — 51,154,280 shares issued and outstanding at December 31, 2012 (1)	-	-
Tronox Incorporated common stock, par value $0.01 —100,000,000 shares authorized, 77,034,015 shares issued and 75,383,455 shares outstanding at December 31, 2011 (1)	-	-
Capital in excess of par value	1,429	579
Retained earnings	1,314	242
Accumulated other comprehensive loss	(95)	(57)
Tronox Incorporated treasury stock, at cost — 472,565 shares at December 31, 2011 (1)	-	(12)
Total Shareholders' Equity	2,649	752
Noncontrolling interest	233	-
Total Equity	2,882	752
Total Liabilities and Shareholders' Equity	$ 5,511	$ 1,657

(1) On June 26, 2012, the Board of Directors of Tronox Limited approved a 5-to-1 stock split for holders of its Class A ordinary shares and Class B ordinary shares at the close of business on July 20, 2012, by issuance of four additional shares for each share of the same class by way of bonus issue. All references to number of shares and per share data in the Successor's unaudited consolidated financial statements have been adjusted to reflect the stock split, unless otherwise noted.

TRONOX LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Millions of dollars)

	Successor	**Successor**	**Predecessor**
	Year Ended December 31, 2012	Eleven Months Ended December 31, 2011	One Month Ended January 31, 2011

Cash Flows from Operating Activities:			
Net Income	$ 1,133	$ 242	$ 631
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation, depletion and amortization	211	79	4
Deferred income taxes	(162)	4	1
Amortization of debt issuance costs	10	1	-
Pension and postretirement healthcare benefit (income) expense, net	5	4	-
Share-based compensation expense	31	14	-
Gain on bargain purchase, net of cash received	(1,055)	-	-
Other noncash items affecting net income	201	(7)	-
Reorganization Items	-	-	(954)
Contributions to employee pension and postretirement plans	(31)	(8)	-
Changes in assets and liabilities (net of effects of acquisition):			
(Increase) decrease in accounts receivable	83	(58)	(10)
(Increase) decrease in inventories	(222)	(64)	(15)
(Increase) decrease in prepaids and other assets	16	28	36
Increase (decrease) in accounts payable and accrued liabilities	(107)	(28)	24
Increase (decrease) in taxes payable	2	26	-
Other, net	3	30	-
Cash provided by (used in) operating activities	118	263	(283)
Cash Flows from Investing Activities:			
Capital expenditures	(166)	(133)	(6)
Cash paid in acquisition of mineral sands business	(1)	-	-
Cash received in acquisition of minerals sands business	115	-	-
Proceeds from the sale of assets	-	1	-
Cash used in investing activities	(52)	(132)	(6)
Cash Flows from Financing Activities:			
Reductions of debt	(585)	(45)	-
Proceeds from borrowings	1,707	14	25
Debt issuance costs and commitment fees	(38)	(5)	(2)
Merger consideration	(193)	-	-
Class A ordinary share repurchases, including commissions paid	(326)	-	-
Shares repurchased for the Employee Participation Program	(15)	-	-
Dividends paid	(61)	-	-
Proceeds from conversion of warrants	1	1	-
Proceeds from rights offering	-	-	185
Cash provided by (used in) financing activities	490	(35)	208
Effects of Exchange Rate Changes on Cash and Cash Equivalents	6	(3)	-
Net Increase (Decrease) in Cash and Cash Equivalents	562	93	(81)
Cash and Cash Equivalents at Beginning of Period	154	61	142
Cash and Cash Equivalents at End of Period	$ 716	$ 154	$ 61

TRONOX LIMITED
RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA (NON-U.S. GAAP)
(UNAUDITED)
(Millions of dollars)

	Successor Three Months Ended December 31, 2012	**Successor** Three Months Ended December 31, 2011	**Successor** Year Ended December 31, 2012	**Successor** Eleven Months Ended December 31, 2011	**Predecessor** One Month Ended January 31, 2011
Net Income (Loss)	**$ (96)**	**$ 67**	**$ 1,133**	**$ 242**	**$ 631**

Add: Interest and debt expense	25	9	65	30	3
Add: Income tax provision (benefit)	(25)	17	(125)	20	1
Add: Depreciation and amortization expense	88	22	211	79	4
EBITDA	**(8)**	**115**	**1,284**	**371**	**639**
Less: Gain on bargain purchase	-	-	(1,055)	-	-
Add: Amortization of inventory step-up from purchase accounting	67	-	152	-	-
Add: Transfer tax incurred due to acquisition from purchase accounting	-	-	37	-	-
Less: Gain on fresh-start accounting	-	-	-	-	(659)
Add: Reorganization expense associated with bankruptcy (a)	-	-	-	-	46
Add: Amortization of inventory step-up from fresh start accounting	-	-	-	36	-
Less: Provision for environmental remediation and restoration, net of reimbursements	-	(1)	-	(5)	-
Less: Litigation/arbitration settlement	-	-	-	(10)	-
Add: Share-based compensation	2	6	31	14	-
Add: Foreign currency remeasurement	(5)	5	6	7	(1)
Add: acquisition related costs and financial statement restatement costs (b)	(1)	4	32	39	-
Add: Other items (c)	16	10	16	16	(1)
Adjusted EBITDA	**$ 71**	**$ 139**	**$ 503**	**$ 468**	**$ 24**

(a) Tronox Incorporated incurred costs related to the Chapter 11 bankruptcy proceedings. These items include cash and non-cash charges related to contract terminations, prepetition obligations, DIP financing costs, legal and professional fees.

(b) In the three and eleven months ended December 31, 2011, acquisition costs and financial statement restatement costs include expenses related to the acquisition, fresh-start accounting fees, costs associated with restating Tronox Incorporated's environmental reserves and the auditing of the historical financial statements. Costs associated with the acquisition include professional fees related to due diligence and acquisition advice as well as investment banking fees. Additionally, Tronox Incorporated incurred legal fees associated with the exit from bankruptcy and the acquisition. In the three and twelve months ended December 31, 2012, acquisition costs consist of costs associated with the acquisition of the mineral sands business, including banker fees, legal and professional fees, as well as costs associated with the preparation and amending of the registration statement on Form S-4 filed with the SEC in connection with the acquisition and costs associated with the integration of the mineral sands business that will occur after the closing of the acquisition.

(c) Includes noncash pension and postretirement healthcare costs, accretion expense, fixed asset write-down and abandonment costs, gains and losses on the sale of assets and other unusual or non-recurring income or expenses.