

# Edgar Filing: TRONOX INC - Form 425

TRONOX INC  
Form 425  
September 27, 2011

Filed by Exxaro Resources Limited

Pursuant to Rule 425 under the Securities Act of 1933, as amended

Subject Company: Tronox Incorporated

Subject Company's Commission File No.: 001-32669

## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (a United States Act). Forward-looking statements are statements that are not historical facts, including statements concerning the anticipated timing of filings and approvals relating to the Proposed Transaction; the expected timing of the completion of the Proposed Transaction; the expected benefits and costs of the Proposed transaction; management plans relating to the Proposed transaction; the ability to complete the Proposed Transaction in view of the various closing conditions; the possibility that the Proposed Transaction may not be completed; any projections of earnings, revenues, synergies, accretion, margins or other financial items; any statements of operations, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Any statement in this presentation that expresses or implies the intentions, beliefs, expectations or predictions (and the assumptions underlying them) of Exxaro Resources Limited ( Exxaro ), Tronox Incorporated ( Tronox ) or Tronox Limited ( New Tronox ) is a forward-looking statement. Forward-looking statements involve inherent risks, uncertainties and assumptions, including, without limitation, risks related to the timing or ultimate completion of the Proposed Transaction; the possibility that expected benefits may not materialize as expected; that, prior to the completion of the Proposed Transaction, Tronox's business or Exxaro's business may not perform as expected due to uncertainty; that the parties are unable to successfully implement integration strategies or otherwise realize the synergies anticipated for the Proposed Transaction; and other risks and uncertainties that are beyond the parties' control. If such risks or uncertainties materialize or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements contained in this presentation are made as of the date hereof, and Tronox and Exxaro each expressly disclaim any obligation to update or correct any forward-looking statements made herein due to the occurrence of events after the issuance of this presentation.

## IMPORTANT ADDITIONAL INFORMATION

This presentation is for informational purposes only and is not an offer to sell or the solicitation of an offer to purchase or exchange any securities, nor shall there be any sale of securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The publication and distribution of this presentation and any separate documentation regarding the Proposed Transaction, the making of any offer for shares or the issuance and offer to purchase New Tronox's shares may be subject to specific regulations or restrictions in certain jurisdictions. As a result, persons in possession of this presentation must seek information as to any applicable local restrictions and comply therewith. None of Tronox, Exxaro, New Tronox or any of their respective affiliates undertakes any liability of any kind for any violation of applicable law. The solicitation of Tronox shareholder consent for Proposed Transactions and the offer of the New Tronox's shares will only be made pursuant to a solicitation and information statement and related materials that are intended to be filed with the SEC.

Tronox and Exxaro intend for New Tronox to file a registration statement and solicitation and information statement, together with other related materials, with the SEC in connection with the Proposed Transaction. Information regarding the participants in the Proposed Transaction and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the relevant materials to be filed with the SEC when they become available. **TRONOX SHAREHOLDERS ARE URGED TO READ THESE MATERIALS REGARDING THE PROPOSED TRANSACTION CAREFULLY PRIOR TO MAKING ANY DECISIONS WITH RESPECT TO THE PROPOSED TRANSACTION, IF AND WHEN THESE MATERIALS BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING THE TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION.**

Exxaro shareholders and Tronox stockholders will be able to obtain a free copy of such materials without charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or from the information agent named in such materials once they have been filed with the SEC. These materials will also be made available for inspection at Exxaro's registered offices, Exxaro Corporate Centre, Roger Dyason Road, Pretoria West, 0183, South Africa.

CREATION OF A LEADING GLOBAL  
INTEGRATED PIGMENT PRODUCER  
September, 2011

The transaction entails the combination of **Exxaro's Mineral Sands Operations** and **Tronox's Titanium Dioxide Pigment operations** in a newly formed Australian holding company ( **New Tronox** ) to create a leading mine-to-pigment producer

Exxaro will dispose of (i) **74% of its South African Mineral Sands Operations (Namakwa Sands and KZN Sands operations)**

and  
(ii)  
its  
50%  
interest  
in  
the  
Tiwest  
Joint  
Venture  
to  
New  
Tronox  
in  
exchange  
for  
shares in New Tronox  
Exxaro will **retain a direct 26% interest in the South African Mineral Sands Operations**

The  
parties  
have  
agreed  
in  
principle  
to  
a  
61.5%  
/  
38.5%  
enterprise  
value  
split  
in  
favour  
of  
Tronox  
The  
purchase  
price  
will  
be  
settled  
by  
the  
issue  
of  
New  
Tronox  
Class

B  
shares  
Exxaro will own approximately 38.5% of New Tronox's  
equity upon closing  
Exxaro's  
stake  
will  
increase  
to  
approximately  
41.7%  
once  
it  
exchanges  
its  
direct  
26%  
stake  
in  
the  
South  
African  
Mineral  
Sands  
Operations  
into  
shares  
in  
New  
Tronox  
at  
the  
end  
of  
the  
Empowerment  
Period  
(the  
Flip-up ),  
which  
will  
be  
the  
earlier  
of  
the  
10th  
anniversary  
of  
the

transaction  
and  
the  
date when  
the DMR determines that ownership requirements are no longer required under existing BEE legislation

Post transaction, **New Tronox intends to list on a major exchange, such as the NYSE**

The transaction is subject to **customary conditions precedent**, including regulatory approval and consents from third parties

Tronox's 30-day VWAP to 23 September 2011 and ZAR/USD exchange rate of 8.27 on 23 September 2011, implies an **equity value of Exxaro's Mineral Sands Operations of c.R10.7 billion at closing and R12.3 billion** including the shares to be issued to Exxaro in terms of the Flip-up

Transaction description

2  
;

Creation of **a leading integrated pigment producer**

Full integration of feedstocks

New Tronox will be positioned to take advantage of upward movement in mineral sands and pigment prices

Reduced  
risk

due  
to  
involvement  
in  
two  
key  
value  
creating  
segments  
(mining/processing  
and  
pigment  
manufacture)

Mitigate  
cyclicality

the  
integrated  
model  
will  
provide  
a  
more  
stable  
earnings  
base  
that  
mitigates  
the  
cyclical nature of feedstock demand

Synergies and Efficiencies  
New Tronox should realise significant cost benefits and efficiency  
improvements,  
including  
potentially  
reducing  
the  
marketing  
costs  
for  
feedstock

Extension of KZN mine life

Long  
term  
value  
creation



prospects

the  
parties  
believe  
that  
New  
Tronox  
has  
long  
term  
value  
creation

prospects for Exxaro, such as the potential, in the long term and subject to economic criteria, to establish a pigment beneficiation facility in KZN or Western Cape

Transaction rationale and benefits

3  
Secure  
the  
future  
of  
Exxaro's  
KZN  
mine  
with  
corresponding  
benefits  
to  
employment  
in  
the  
region  
Exxaro's  
current  
mine  
in  
KZN  
is  
near  
the  
end  
of  
its  
useful  
life  
and  
is  
scheduled  
to  
be

replaced  
by  
a  
new  
mine  
at Fairbreeze, which is adjacent to the existing mine  
The  
development  
of  
Fairbreeze  
is  
expected  
to  
cost  
approximately  
R2.4  
billion,  
which  
New  
Tronox  
will  
fund

Overview of Exxaro Mineral Sands  
Company profile

Exxaro Mineral Sands, a division of Exxaro, is a leading global supplier of titanium dioxide feedstock and zircon

The mineral sands operations produced 284kt of slag, 196kt of zircon, 90kt of synthetic rutile and 57kt of pigment in 2010

Exxaro mineral sands operations comprise of:

KZN Sands formed part of Exxaro when Exxaro was spun out of Kumba Resources in 2006

Due to adverse market conditions and weak commodity prices during the global financial crisis, Exxaro announced in 2009 it would shut down the KZN operations

4

Company structure

Namakwa

Sands

50%

KZN Sands

100%

100%

Tiwest

Mineral sands operations

JV operations

1

remaining 50% held by Tronox

100%

KZN Sands, located on the East Coast of South Africa, around the Esikhawini area near Richards Bay

Namakwa Sands on the coastal plain along the West Coast of South Africa

Tiwest, an Australian joint venture owned 50/50 with Tronox and the largest integrated feedstock to pigment producer

As a part of the transaction, Exxaro acquired the option to purchase Namakwa Sands from Anglo American, which it exercised in 2007 for R2.0 billion

Subsequent significant improvements in commodity prices have resulted in this decision being reversed

It is expected that the Fairbreeze expansion will increase KZN Sands

life-of-mine by at least 12 years

1

Company profile  
Company structure

Tronox, a Delaware Corporation, was formed in 2005, in preparation for the contribution and transfer by Kerr-McGee Corporation (subsequently acquired by Anadarko Petroleum Corporation) of certain entities, including its titanium dioxide pigment manufacturing business

Tronox is one of the five largest global producers and

marketers of titanium dioxide pigment

Tronox emerged from bankruptcy on 14 February 2011 with a total enterprise value of USD1.1 billion

Tronox currently trades on the OTC market

Overview of Tronox Incorporated

5

Henderson  
& Hamilton

50%

Hamilton

100%

Botlek

100%

Tiwest

100%

Pigment operations

JV operations

Electrolytic operations

1

remaining 50% held by Exxaro

Current Tronox  
shareholders

The company's pigment plants, which are located in the United States (Hamilton), Australia (Tiwest) and the Netherlands (Botlek), supply products to approximately 1,100 customers in 100 countries

Tronox, through its Henderson and Hamilton facilities, also produces electrolytic products, including sodium chlorate, electrolytic manganese dioxide, boron trichloride, elemental boron and lithium manganese oxide

Tronox inherited certain historical environmental liabilities unrelated to the titanium dioxide business, which contributed to Tronox filing for Chapter 11 protection in 2009

Tronox settled these liabilities in the Chapter 11 process

Tronox's current enterprise value is c.USD2.4 billion (based on the 30-day VWAP to 23 September 2011)

1

SA subsidiary  
companies  
US Subco  
Current Tronox  
shareholders  
26%  
c.38.5%  
(Class B)  
c.61.5%  
(Class A)

South African  
assets are  
empowered  
directly at the  
asset  
level

New Tronox  
(Aus Holdco)

Aus Subco

Tiwest

KZN Sands &  
Namakwa

Sands

Hamilton

Botlek

Henderson &  
Hamilton

74%

100%

100%

100%

100%

100%

100%

100%

c.15%

exchangeable

through

October 2012

Proposed Transaction structure

6

1

Exxaro will, at the end of the Empowerment Period, have the right to exchange its shares in the SA subsidiary companies for a c. 3.2% of the total shares in New Tronox, taking Exxaro's holding up to c.41.7%

2

Current Tronox shareholders will have the option to retain up to 15% of their interest directly in Tronox shares for up to a year after announcement, following which they will be exchanged for shares in New Tronox

2

1



Exxaro  
will  
receive  
separate shareholder rights over certain extraordinary transactions

Exxaro will receive the right to elect **3 out of 9 directors** to New Tronox's board of directors  
Exxaro's appointees will be non-executives

Exxaro will have **pre-emptive rights** to subscribe for shares in certain instances **to avoid dilution of its**

ownership interest  
in New Tronox

Exxaro has also agreed to **a three-year lockup period** in respect of shares obtained pursuant to this transaction, and certain restrictions in respect of further share purchases

Exxaro has agreed to take all reasonable steps necessary to maintain the BEE status of the South African Operations under current legislation, including retaining **a direct 26% shareholding until the earlier of the** time that the DMR determines that the ownership requirements of BEE are no longer required, or the

10  
th

anniversary of the transaction

African Operations for a fixed number of shares in New Tronox, which number shall be determined based on current valuations. **Exxaro will have a c.41.7% stake in New Tronox post Flip-up**

Management

of  
New  
Tronox's  
mineral  
sands  
operations

will  
be  
located  
in

South  
Africa  
and  
will

assume

responsibility for KZN Sands, Namakwa Sands and the Northern Operations of Tiwest

Salient terms of the Proposed Transaction

7

,  
which  
will  
have  
separate  
Board  
representation  
rights

and  
will  
have

,  
Exxaro  
will  
have  
the

right  
to  
exchange  
its  
shares  
in  
the  
the  
South  
Class  
B  
shares  
At  
the  
end  
of  
the  
Empowerment  
Period

The  
pro  
forma  
financial  
effects  
of  
the  
transaction  
on

Exxaro  
are  
in  
the  
process  
of  
being  
finalised  
and  
will  
be  
released  
in  
due  
course

The  
transaction  
is  
expected  
to  
close  
in  
1H  
2012,  
subject  
to  
the  
fulfilment  
of  
the  
conditions  
precedent  
to  
the  
transaction,  
which  
include  
Tronox  
shareholder  
approval  
and  
required  
regulatory  
approvals

Intention  
to  
list  
on

a  
major  
exchange,  
such  
as  
the  
NYSE,  
after  
closing  
Next steps  
8  
Exxaro  
will  
trade  
under  
cautionary  
until  
the  
financial  
effects  
have  
been  
published  
Tronox  
to  
obtain  
shareholder  
approvals  
in  
early  
2012  
Regulatory  
approvals  
are  
expected  
by  
1H  
2012

Historic financial information

9

Tronox key financials FYE 31 Dec

Exxaro Mineral Sands key financials FYE 31 Dec

USDmm

2008A

2009A

2010A

30/06/2011

LTM

1H 2010
1H 2011
Revenue
336
419
636
778
284
426
% growth
24.4%
51.8%
22.4%
50.2%
Adjusted EBITDA
57
42
107
182
57
133
% margin
17.1%
10.1%
16.8%
23.5%
20.2%
31.2%
EBIT
13
(186)
25
101
20
96
% margin
3.7%
(44.4%)
3.9%
13.0%
6.9%
22.6%
Capex
69
99
95
71
52
29



% sales

20.6%

23.5%

14.9%

9.2%

18.5%

6.8%

Source: Company information

Rmm

2008A

2009A

2010A

30/06/2011

LTM

1H 2010

1H 2011

Revenue

2,776

3,508

4,640

5,399

2,130

2,889

% growth

26.4%

32.3%

16.4%

35.6%

Adjusted

EBITDA

474

355

780

1,251

430

901

% margin

17.1%

10.1%

16.8%

23.2%

20.2%

31.2%

EBIT

104

(1,559)

179

683

148

652

% margin  
3.7%  
(44.4%)  
3.9%  
12.7%  
6.9%  
22.6%  
Capex  
572  
826  
693  
495  
394  
196  
% sales  
20.6%  
23.5%  
14.9%  
9.2%  
18.5%  
6.8%  
USDmm  
2010A  
30/06/2011  
LTM  
1H 2010  
1H 2011  
Revenue  
1,218  
1,441  
580  
803  
% growth  
18.4%  
38.6%  
Adjusted  
EBITDA  
203  
315  
92  
204  
% margin  
16.7%  
21.8%  
15.9%  
25.3%  
EBIT  
162  
265  
71

174  
% margin  
13.3%  
18.4%  
12.2%  
21.6%  
Capex  
45  
133  
17  
105  
% sales  
3.7%  
9.2%  
2.8%  
13.0%  
Rmm  
2010A  
30/06/2011  
LTM  
1H 2010  
1H 2011  
Revenue  
8,888  
9,981  
4,352  
5,444  
% growth  
12.3%  
25.1%  
Adjusted  
EBITDA  
1,483  
2,172  
690  
1,380  
% margin  
16.7%  
21.8%  
15.9%  
25.3%  
EBIT  
1,185  
1,830  
532  
1,178  
% margin  
13.3%  
18.3%  
12.2%

21.6%  
Capex  
329  
914  
124  
709  
% sales  
3.7%  
9.2%  
2.8%  
13.0%

Q&A  
10

The election or early termination of the chairman of the Board

The appointment or termination of the Chief Executive Officer. In addition, Exxaro has the right to approve a candidate nominations for the position of Chief Executive Officer

Any proposed amendment to New Tronox's constitution (other than non-material technical amendments)

The decision to pay any dividends

The  
decision  
to  
adopt  
a  
dividend  
reinvestment  
plan.

In  
addition,  
a  
dividend  
reinvestment  
plan  
may  
not  
be  
adopted without Exxaro's approval

The  
settlement  
of  
any  
material  
environmental  
claims  
in  
excess  
of  
USD50  
million

Certain material acquisitions or disposals of assets

Certain material agreements or obligations

The issue of any new shares above 12% of New Tronox's issued capital in any 12 month period

Annexure

Certain significant matters will require the approval by 6 of the 9 directors  
at the board level, including

11

The transaction will be subject to conditions precedent including the regulatory approvals set out below  
Annexure

Regulatory approvals required

12

Competition approval in certain relevant jurisdictions

Written notice under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (the "FATA") issued by or on behalf of the Treasurer of the Commonwealth of Australia

Consent of the South African National Treasury to the final terms of the transaction

Consent of the Minister of the Department of Mineral Resources, Republic of South Africa, pursuant to



Section 11 of the MPRDA to the change in control of the South African Acquired Companies