

Tronox Ltd  
Form PRER14A  
August 25, 2017  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934  
(Amendment No. 2)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**TRONOX LIMITED  
(ACN 153 348 111)  
(Name of Registrant as Specified in its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

**Class A ordinary shares**

(2) Aggregate number of securities to which transaction applies:

**37,580,000 shares of Tronox Limited Class A ordinary shares**

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

**The filing fee was calculated based on the value of the transaction, which was computed as the sum of (A) 37,580,000 shares of Tronox Limited Class A ordinary shares multiplied by \$14.095 per share, that being the average of the high and low prices reported on the New York Stock Exchange for such shares on June 28, 2017, plus (B) \$1,673,000,000 in cash to be paid in the transaction. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined at the rate of \$115.90 per million.**

(4) Proposed maximum aggregate value of transaction:

**\$2,202,690,100.00**

(5) Total fee paid:

**\$255,291.78**

Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**PRELIMINARY PROXY STATEMENT—SUBJECT TO COMPLETION, DATED AUGUST 25, 2017**

**TRANSACTION PROPOSED—YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

We cordially invite you to attend a special meeting of the shareholders of Tronox Limited, which we refer to as Tronox, we, us or our, to be held on [•], 2017 at [10:00 a.m.], U.S. Eastern Time, at the Stamford Marriott Hotel, 2 Tresser Boulevard, Stamford, CT 06901 U.S.A.

Tronox entered into a transaction agreement with The National Titanium Dioxide Company Limited ( Cristal ) and Cristal Inorganic Chemicals Netherlands Coöperatief W.A. ( Cristal Netherlands ) on February 21, 2017, under which the parties have agreed to the acquisition by Tronox of the TiO<sub>2</sub> business of Cristal (primarily through the acquisition of the stock of Cristal Inorganic Chemicals Netherlands BV ( Cristal BV )). The Tronox board of directors is proposing the transaction because it believes the acquisition will provide substantial benefits to Tronox shareholders and is in the best interests of Tronox.

If the transaction is completed, Tronox (i) will make an aggregate cash payment equal to \$1,673 million, subject to certain adjustments, to Cristal and Cristal Netherlands and (ii) will issue and deliver 37,580,000 of Tronox Class A Shares to Cristal Netherlands. Neither the cash portion nor the share portion of the transaction consideration will be adjusted to reflect changes to Tronox's share price prior to the closing of the transaction, but the cash portion is subject to certain customary adjustments, none of which is expected to be material, to reflect changes to working capital, cash on hand and certain non-current liabilities of the TiO<sub>2</sub> business of Cristal. Based on the closing price of Tronox Class A ordinary shares on the New York Stock Exchange (trading symbol TROX ) on February 17, 2017, the last trading day before public announcement of the transaction, the share portion of the transaction consideration represented approximately \$542 million in value.

At the special meeting of Tronox shareholders, Tronox shareholders will be asked to vote to approve the issuance of Tronox Class A Shares to Cristal Netherlands in the transaction and the resulting acquisition of interests in such Class A Shares by Cristal Netherlands and certain other persons and entities in the transaction for the purposes of Australia's takeover laws. The proposal requires approval by a majority of the votes cast by shareholders entitled to vote on the resolution at the special meeting (whether in person or by proxy, attorney or representative).

**The Tronox board of directors unanimously recommends that you vote FOR the approval of the proposal to be voted on by Tronox Class A Shareholders and Class B Shareholders at the special meeting, as described in the accompanying proxy statement, subject to no superior proposal emerging.**

The obligations of Tronox and Cristal to complete the transaction are subject to several conditions set forth in the transaction agreement. More information about Tronox, Cristal, the special meeting and the transaction is contained in this proxy statement. **We encourage you to read the entire proxy statement carefully.**

Sincerely,

Peter Johnston  
*Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission determined that this proxy statement is accurate or adequate. Any representation to the contrary is a criminal offense.**

This proxy statement is dated [•], 2017 and is first being mailed to the shareholders of Tronox on or about [•], 2017.

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TRONOX LIMITED  
(ACN 153 348 111)  
Lot 22 Mason Road  
Kwinana Beach, WA, Australia 6167

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS,  
CONSISTING OF A GENERAL MEETING OF ALL  
SHAREHOLDERS**

Notice is given that a general meeting of all shareholders of TRONOX LIMITED (the general meeting ) will be held as set forth below.

**GENERAL MEETING**

**Date and**

**Time** [•], 2017 at [10:00 a.m.], U.S. Eastern Time

**Place** Stamford Marriott Hotel  
243 Tresser Boulevard  
Stamford, CT 06901, U.S.A.

**Item of Business** Proposal – Approval of the issuance of 37,580,000 Class A Shares to Cristal Netherlands in connection with the acquisition of Cristal’s TiO<sub>2</sub> business and the resulting acquisition of interests in such Class A Shares by Cristal Netherlands and certain other persons and entities (the proposal )

To consider and, if approved, pass the following resolution as an ordinary resolution:

*That the issuance of 37,580,000 Class A ordinary shares in Tronox Limited to Cristal Inorganic Chemicals Netherlands Coöperatief W.A. in connection with the acquisition of Cristal’s TiO<sub>2</sub> business be approved as required under Section 312.03 of the New York Stock Exchange’s Listed Company Manual; and the acquisition by Cristal Inorganic Chemicals Netherlands Coöperatief W.A. of 37,580,000 Class A ordinary shares in Tronox Limited, and of a relevant interest in such shares by Tronox Limited and each of the Cristal shareholder parties, as described in the proxy statement accompanying the notice convening this meeting, be approved for the purpose of Item 7 of Section 611 of the Corporations Act 2001 (Commonwealth of Australia).*

The resolution is to be proposed at the special meeting as an ordinary resolution. To be passed, the resolution must be approved by a majority of the votes cast by holders of Class A Shares and Class B Shares entitled to vote on the resolution at the special meeting.

In this notice and the accompanying proxy statement, the general meeting is sometimes referred to as the special meeting.

**Record Date** [ • ], 2017  
at 5:00 p.m.,  
U.S. Eastern  
Time. Only  
t h o s e

holders of shares entered on Tronox's register of members at that time will be entitled to attend and vote at the special meeting.

**Proxies**

Each shareholder entitled to vote at the special meeting may appoint a proxy or attorney to attend and vote at the special meeting. A shareholder entitled to cast two or more votes at a special meeting is entitled to appoint two proxies for the special meeting. The shareholder may specify the proportion or number of votes that the proxy may exercise. A proxy need not be a shareholder



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An appointment of a proxy or an attorney is not effective unless (i) in the case of a proxy, the proxy appointment form, if it is signed or otherwise authenticated by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority); or (ii) in the case of an attorney, the power of attorney (or certified copy of it) is received by Tronox no later than 11:59 p.m., U.S. Eastern Time on [•], 2017, either by online submission to Tronox's proxy tabulator, mailed to 263 Tresser Boulevard, Suite 1100, Stamford, Connecticut 06901, U.S.A, or P.O. Box 305, Kwinana, Western Australia, Australia, 6167 or faxed to +1 (203) 705-3703 (U.S.A) or +61 (0) 8 9 3 6 5 - 1 3 9 0 (Australia).

A legal entity which is a shareholder, or which has been



appointed as a proxy, may appoint an individual to act as its representative at the special meeting. The representative should bring to the special meeting evidence of his or her appointment, including any authority under which it is signed, unless previously provided to Tronox.

**Voting Exclusions for the Proposal** For the proposal to be effective under Australian law, no vote may be cast in favor of the resolution by Cristal Netherlands, any of the Cristal shareholder parties or any associate of any of them. Any such vote that is so cast will be disregarded.

BY ORDER OF THE BOARD OF DIRECTORS

**Richard L. Muglia**  
**Senior Vice President,**  
**General Counsel and Secretary**  
[•], 2017

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING TO BE HELD ON [•], 2017**

This notice of special meeting and proxy statement is available at [www.edocumentview.com/trox](http://www.edocumentview.com/trox)  
Except as stated otherwise, information on our website is not part of this proxy statement.

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement incorporates important business and financial information about Tronox from other documents that are not included in or delivered with this proxy statement. The fact that this additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement by requesting them in writing or by telephone from Tronox at the following addresses and telephone numbers:

Tronox Limited  
263 Tresser Boulevard, Suite 1100  
Stamford, CT 06901, U.S.A.  
Attn: Investor Relations

or

Okapi Partners LLC  
1212 Avenue of Americas  
New York, NY 10036  
Call Collect: +1 212 297 0720  
Toll Free: +1 877 274 8654

**If you would like to request any documents, please do so by [•], 2017 in order to receive them before the special meeting.**

For more information, see the section entitled "Where You Can Find More Information" beginning on page 110.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement. This proxy statement is dated [•], 2017. You should not assume that the information contained in, or incorporated by reference into, this proxy statement is accurate as of any date other than the date of the document in which the information appears. Neither the mailing of this proxy statement to Tronox shareholders nor the issuance by Tronox of Class A Shares in connection with the transaction will create any implication to the contrary.

**This proxy statement does not constitute the solicitation of a proxy in any jurisdiction from any person to whom it is unlawful to make any such solicitation in such jurisdiction. Information contained in this proxy statement regarding Tronox has been provided by Tronox, and information contained in this proxy statement regarding Cristal has been provided by Cristal.**

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**QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE SPECIAL MEETING**

*The following are brief answers to common questions that you may have regarding the transaction agreement, the transaction, the consideration to be received in the transaction and the special meeting of Tronox shareholders. The questions and answers in this section may not address all questions that might be important to you as a shareholder of Tronox Limited, which we refer to as Tronox. To better understand these matters, and for a description of the legal terms governing the transaction, we urge you to read carefully and in its entirety this proxy statement, including the appendices to, and the documents incorporated by reference into, this proxy statement. The fact that additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal. See the section entitled *Where You Can Find More Information* beginning on page 110.*

**Q. Why am I receiving these proxy materials?**

A. Tronox and Cristal have agreed to a transaction under the terms of the transaction agreement that is described in this proxy statement. A copy of the transaction agreement is attached to this proxy statement as Annex A. In order to complete the transaction, Tronox shareholders must vote to approve the issuance of 37,580,000 Class A Shares to Cristal Netherlands and the resulting acquisition of interests in such Class A Shares by Cristal Netherlands and certain other persons and entities pursuant to the transaction (the proposal).

The board of directors of Tronox is providing these proxy materials to you in connection with the special meeting, which will take place on [•], 2017, to obtain this approval. This proxy statement, together with its appendices, contains and incorporates by reference important information about Tronox, Cristal, the transaction and the special meeting of the shareholders of Tronox, and you should read all of the available information carefully. The fact that additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal. The enclosed proxy allows you to vote your shares without attending the special meeting of Tronox shareholders.

Your vote is important. We encourage you to vote as soon as possible.

**Q. When and where will the special meeting be held?**

A. The Tronox special meeting will be held at the Stamford Marriott Hotel, 243 Tresser Boulevard, Stamford, CT 06901 U.S.A. at [10:00 a.m.], U.S. Eastern Time, on [•], 2017.

**Q. What is the board of directors' voting recommendation?**

A. The Tronox board of directors has unanimously approved the proposal and recommends that you vote your shares FOR the proposal.

**Q. What vote is needed for the proposal to be adopted?**

A. Tronox is incorporated under the laws of Australia. To adopt the proposal, the Australian Corporations Act and our constitution require that the proposal be passed as an ordinary resolution. Under our constitution and Australian law, the proposal must be approved by a majority of the votes cast by holders of Class A Shares and Class B Shares entitled to vote on the resolution at the special meeting.

**Q. Who is entitled to vote at the special meeting?**

A. Only Class A and Class B Shareholders of record at 5:00 p.m., U.S. Eastern Time on [•], 2017 will be entitled to attend and vote at the special meeting. As of July 28, 2017, there were 67,821,274 Class A Shares outstanding and 51,154,280 Class B Shares outstanding. Each of our Class A Shares and our Class B Shares entitles its holder to one vote on all matters on which holders of such shares have the right to vote. Shareholders do not have cumulative voting rights.

**Q. Who can attend the special meeting?**

A. Attendance at the special meeting is limited to shareholders of record at 5:00 p.m., U.S. Eastern Time on [•], 2017 (or their properly appointed proxies, attorneys or representatives). Guests may be admitted, but a guest has no right to speak or vote at the special meeting. Holders of record of our shares as of 5:00 p.m., U.S. Eastern Time on [•], 2017, can vote in person at the special meeting. If you plan to attend the special meeting, you must hold your



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shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. If you plan to attend, please note that you may be asked to present valid identification, as more fully set forth under the section entitled *The Special Meeting—Special Meeting Admission* beginning on page 32.

**Q. What constitutes a quorum at the special meeting?**

A. Under our constitution, the holders of a majority of outstanding Class A Shares and Class B Shares entitled to vote at the meeting constitute a quorum for the special meeting.

**Q. How do I vote?**

A. You may vote your shares in person, by telephone, by mail, or by facsimile pursuant to the instructions included elsewhere in this proxy statement, as more fully described in the section entitled *The Special Meeting—Voting Procedures* beginning on page 30.

**Q. How are abstentions and broker non-votes treated?**

A. Both abstentions and broker non-votes of shareholders whose shares are held by holders of record present or represented at the meeting are counted for the purpose of determining whether a quorum is present. However, abstentions and broker non-votes are not counted in determining whether or not the proposal is approved. In particular, abstentions and other votes that are not cast at the meeting are not counted as votes for or against the proposal, and are not counted as votes cast. For additional information regarding abstentions and broker non-votes, see the section entitled *The Special Meeting—Quorum Requirements and Effect of Abstention and Broker Non-Votes* beginning on page 31.

**Q. If my shares are held in street name by my broker, will my broker vote my shares for me?**

A. If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker.

Please note that you may not vote shares held in street name by returning a proxy card directly to us or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank or broker. Under the listing requirements of the New York Stock Exchange, which we refer to as the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be nonroutine, such as approval of the issuance of shares of the Class A Shares pursuant to the transaction agreement, without specific instructions from the beneficial owner. Broker nonvotes are shares held by a broker or nominee that are represented at the shareholders' meetings, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal.

If you are a beneficial owner of shares held by a broker and you do not instruct your broker on how to vote your shares, your broker may not vote your shares on the proposal.

**Q. Can I change my vote after I have returned a proxy or voting instruction card?**

A: Yes. You can change your vote at any time before your shares are voted at the special meeting. You can do this in one of three ways:

- by submitting another timely, later-dated proxy by mail;
- by delivering timely written notice of revocation to our Secretary; or
- by attending the special meeting and voting in person.

Note, however, that to be effective for the special meeting, a later-dated proxy must be received by Tronox no later than 11:59 p.m., U.S. Eastern Time on [•], 2017, and be given in accordance with the requirements specified in the section entitled Proxies of the Notice of Special Meeting.

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If your shares are held in street name by your bank or broker, you should follow the instructions provided by your bank or broker to change your vote.

**Q. What is the cost of the proxy solicitation?**

A. Tronox bears all of the cost of the solicitation of proxies, including the preparation, assembly, printing and mailing of all proxy materials sent by it. Tronox also reimburses banks, brokers, custodians and other record holders for their costs in forwarding the proxy materials to the beneficial owners or holders of Tronox shares. Tronox and its directors, officers and executive employees also may solicit proxies by mail, personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other executive employees for such services. In addition, we have retained Okapi Partners LLC, which we refer to as Okapi, to aid in the solicitation of proxies by mail, personally, by telephone, e-mail or other appropriate means. For these services, we will pay Okapi \$15,000 plus certain variable fees related to calling services plus other reasonable out-of-pocket expense reimbursement.

**Q. Who can help answer my questions?**

A. Tronox shareholders who have questions about the transaction, the Class A Share issuance or the other matters to be voted on at the special meeting or who desire additional copies of this document or additional proxy cards should contact: Okapi Partners LLC, 1212 Avenue of Americas, New York, NY 10036.

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### **SUMMARY**

*This summary highlights selected information contained elsewhere in this proxy statement and may not contain all the information that is important to you. Accordingly, we urge you to read this proxy statement carefully and in its entirety, including the appendices attached to, and the other documents incorporated by reference into, this proxy statement, including exhibits thereto. The fact that additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal. The page references have been included in this summary to direct you to a more complete description of the topics presented below. See also the section entitled *Where You Can Find More Information* beginning on page 110.*

*References to Tronox, we, or our or other first person references are references to Tronox Limited. References to Cristal are references to The National Titanium Dioxide Company Limited. References to Cristal Netherlands are references to Cristal Inorganic Chemicals Netherlands Coöperatief W.A. References to Cristal BV are references to Cristal Inorganic Chemicals Netherlands BV. References to the combined company are references to Tronox after the completion of the transaction. References to shares are references to the ordinary shares of Tronox, including Class A ordinary shares, which we refer to as the Class A Shares, and Class B ordinary shares, which we refer to as the Class B Shares. References to Class A Shareholders are references to holders of Class A Shares, and references to Class B Shareholders refers to holders of Class B Shares. References to the transaction, unless the context requires otherwise, means the transactions contemplated by the transaction agreement, taken as a whole. References to the special meeting, unless the context requires otherwise, means the special meeting of Tronox shareholders to be held on [•], 2017.*

### **The Companies**

#### **Tronox** (See page 28)

Tronox Limited  
Lot 22, Mason Road  
Kwinana Beach, WA, Australia 6167  
Telephone: +1 203 705 3722

Tronox Limited operates two vertically integrated mining and inorganic chemical businesses. Tronox TiO<sub>2</sub> mines and processes titanium ore, zircon and other minerals, and manufactures titanium dioxide pigments that add brightness and durability to paints, plastics, paper, and other everyday products. Tronox Alkali mines trona ore and manufactures natural soda ash, sodium bicarbonate, caustic soda, and other compounds which are used in the production of glass, detergents, baked goods, animal nutrition supplements, pharmaceuticals, and other essential products. Tronox is a public limited company registered under the laws of the State of Western Australia, Australia, and is headquartered in Stamford, Connecticut. Tronox's Class A Shares are listed on the New York Stock Exchange under the symbol TROX .

#### **Cristal** (See page 28)

The National Titanium Dioxide Company Limited  
King's Road Tower, 17th Floor, King Abdulaziz Road  
P.O. Box 13586, Jeddah 21414, Kingdom of Saudi Arabia  
Telephone: +066 12 224 8000

Cristal operates a vertically integrated mining and inorganic chemical business. Cristal mines and processes titanium ore, zircon and other minerals, and manufactures titanium dioxide pigments that add brightness and durability to

paints, plastics, paper, and other everyday products. Cristal's TiO<sub>2</sub> operations include manufacturing facilities, mining operations and research facilities in seven countries over five continents, including North America, South America, Australia, Europe and Asia. Cristal is a privately-held company registered under the laws of the Kingdom of Saudi Arabia and is headquartered in Jeddah, Saudi Arabia.

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### **The Transaction**

A copy of the transaction agreement is attached as Annex A to this proxy statement. We encourage you to read the entire transaction agreement carefully because it is the principal document governing the transaction. For more information on the transaction agreement, see the section entitled "The Transaction Agreement" beginning on page 52.

### **Form of Transaction and Consideration to be Delivered** (see page 52)

The transaction agreement provides that, subject to the terms and conditions of the transaction agreement, at the closing of the transaction and following an internal reorganization of Cristal's TiO<sub>2</sub> business under which the assets and operations relating to the TiO<sub>2</sub> business of Cristal will be reorganized under one or more entities owned by Cristal BV, Tronox will acquire the TiO<sub>2</sub> business of Cristal through (i) the purchase from Cristal of certain intangible assets and a Saudi Arabian entity formed to hold certain assets in connection with the reorganization, and (ii) the purchase from Cristal Netherlands of all of the outstanding equity of Cristal BV. Although the TiO<sub>2</sub> business represents substantially all of Cristal's operations, Tronox will not acquire as part of the transaction Cristal's 50% interest in Advanced Metal Industries Cluster Company Limited ("AMIC"), a Saudi Arabian entity, which we refer to as the Retained Cristal Business. AMIC is currently in the construction phase of two significant projects: (i) an ilmenite slag smelting plant, located in Jizan, the Kingdom of Saudi Arabia, which is designed to produce high grade titanium feedstock, and (ii) a titanium sponge plant, located adjacent to the Cristal Yanbu TiO<sub>2</sub> plant, which is being developed in a joint venture with Toho Titanium Company ("Toho").

At the closing of the transaction, Tronox (i) will make an aggregate cash payment equal to \$1,673 million, subject to certain adjustments, to Cristal and Cristal Netherlands, and (ii) will issue and deliver to Cristal Netherlands 37,580,000 Class A Shares. Upon the completion of the transaction and the issuance of the Class A Shares, based on the number of shares then outstanding, Tronox shareholders prior to the transaction will own approximately 76% of Tronox's outstanding Class A Shares and Class B Shares and Cristal Netherlands will own approximately 24% of Tronox's outstanding Class A Shares and Class B Shares.

### **Recommendations of the Tronox Board of Directors** (see page 38)

After careful consideration, our board of directors unanimously approved the transaction agreement. For the factors considered by the Tronox board of directors in reaching its decision to approve the transaction agreement, see the section entitled "The Transaction—Reasons for the Transaction; Recommendation of the Tronox Board of Directors to Approve the Issuance of Class A Shares in the Transaction" beginning on page 38. **The Tronox board of directors unanimously recommends that the Tronox shareholders vote FOR the proposal, subject to no superior proposal emerging.**

### **Opinion of Tronox's Financial Advisor** (see page 40)

In connection with the transaction, Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse, which is serving as financial advisor to Tronox, delivered an opinion, dated February 20, 2017, to the Tronox board of directors as to the fairness, from a financial point of view and as of the date of such opinion, to Tronox of the consideration to be paid by Tronox pursuant to the transaction agreement. The full text of Credit Suisse's written opinion, dated February 20, 2017, is attached to this proxy statement as Annex C and sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Credit Suisse in connection with such opinion. **The description of Credit Suisse's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the Tronox board of directors (in its capacity as such) for its information in connection with its evaluation of the consideration to be paid by Tronox pursuant to the transaction agreement from a financial**

**point of view to Tronox and did not address any other aspect of the transaction, including the relative merits of the transaction as compared to alternative transactions or strategies that might be available to Tronox or the underlying business decision of Tronox to proceed with the transaction. Credit Suisse's opinion does not constitute advice or a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the transaction or otherwise.**

**Interests of Directors and Officers in the Transaction** (see page 47)

Tronox's executive officers and directors may have financial interests in the transaction that are different from, or in addition to, those of Tronox's shareholders generally. The independent members of the Tronox board of directors

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were aware of and considered these interests, among other matters, in evaluating and negotiating the transaction agreement and the transaction, and in recommending to the shareholders that the proposal be approved.

In connection with the transaction, the Human Resources and Compensation Committee (the committee) of the Tronox board of directors created an Integration Incentive Award program which is expected to cover approximately thirty employees who will be designated in advance with specific integration tasks. As part of this program, the committee approved certain grants pursuant to Tronox's Management Equity Incentive Plan in order to incentivize six executive employees to achieve synergies following the transaction, and to further align the compensation of these employees to the value created for Tronox's shareholders in the transaction. Pursuant to the awards program, six executive employees were granted performance-based restricted share units (award RSUs) using a share price of \$18.675 per share, which was the average of the opening and closing trading prices for Class A Shares on February 21, 2017. The award RSUs are subject to vesting terms based upon the achievement of at least 80% of the publicly announced synergies from the transaction by the date that is two years following the closing of the transaction (the vesting date). The award RSUs will vest as follows: upon the achievement of at least 80% of the publicly announced synergies from the transaction by the vesting date, 50% of the award RSUs granted will vest, with pro rata additional vesting up to 100% upon the achievement of 100% of the publicly announced synergies from the transaction by the vesting date. In the event 100% of the publicly announced synergies from the transaction are achieved within the two-year period, the RSUs granted to the six executive employees would have an aggregate value of \$13.5 million based on the grant price of \$18.675. If the transaction is not closed by July 1, 2018, then the award RSUs granted will be forfeited.

Please see the section entitled "The Transaction—Interests of Directors and Officers in the Transaction" beginning on page 47 for additional information about those financial interests.

### **Board of Directors Following the Transaction** (see page 48)

In connection with the closing of the transaction, Tronox will enter into a shareholders agreement with Cristal, Cristal Netherlands and the underlying shareholders of Cristal, which we refer to collectively as the Cristal shareholder parties and which are more fully described in the section entitled "Additional Information Relating to Australia's Takeover Laws—Impact of the Transaction on Cristal Shareholder Parties' Voting Power" beginning on page 72. As required by the terms of the transaction agreement, upon consummation of the transaction, Tronox will appoint two Class A Directors (as defined in Tronox's constitution) designated by Cristal. The Cristal nominees will be determined prior to the closing of the transaction. For so long as the Cristal shareholder parties beneficially own 28,185,000 or more voting securities of Tronox, the Cristal shareholder parties have the right to nominate two Class A Directors, and for so long as the Cristal shareholder parties beneficially own greater than or equal to 15,568,333 but less than 28,185,000 voting securities of Tronox, the Cristal shareholder parties will have the right to nominate one Class A Director. The Tronox board of directors will remain its current size following the closing of the transaction; therefore, two of Tronox's Class A Directors at the time of the closing of the transaction will be designated to resign from the Tronox board of directors prior to the closing of the transaction. Exxaro Resources Limited (Exxaro) will retain its right to nominate members of the Tronox board of directors in accordance with its rights under Tronox's constitution and Tronox's shareholders deed.

Please see the sections entitled "The Transaction—Board of Directors and Management Following the Transaction" beginning on page 48 and "The Shareholders Agreement—Board Representation" beginning on page 66 for additional information.

### **Regulatory Approvals Required for the Transaction** (see page 48)



Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (the HSR Act ), Tronox and Cristal must file notifications with the Federal Trade Commission (the FTC ) and the Antitrust Division of the U.S. Department of Justice (the Antitrust Division ) and the parties must observe a mandatory pre-transaction waiting period before consummating the transaction. The parties filed the required HSR Act notification and report form on March 14, 2017. The parties also intend to file notifications with the Treasurer of the Commonwealth of Australia in accordance with the *Foreign Acquisitions and Takeovers Act 1975* (the FATA ) and have approached the Australian Competition and Consumer Commission seeking informal clearance in relation to the transaction. The parties have also filed various notifications with other antitrust authorities around the world.

Please see the section entitled The Transaction—Regulatory Approvals Required for the Transaction beginning on page 48 for additional information with regard to the required regulatory filings and approvals.

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**Expected Timing of the Transaction**

The parties expect that the conditions to the transaction will be satisfied or, if allowed by applicable law, waived, and that the transaction will be completed by the end of first quarter 2018. However, the parties cannot be certain when, or if, the conditions to the transaction will be satisfied or so waived, or that the transaction will be completed.

**Conditions to Completion of the Transaction** (see page 61)

*Conditions to Each Party's Obligations.* The respective obligations of each of Tronox and Cristal to consummate the closing are subject to the satisfaction or waiver at or prior to the closing of the following conditions:

- the required Tronox shareholder approvals shall have been obtained;
- the Class A Shares to be issued in connection with the transaction shall have been approved for listing on the NYSE, subject to official notice of issuance;
- the termination or expiration of any waiting periods (and any extensions thereof) under the HSR Act and the approval or clearance of the transaction by the applicable governmental agencies in Australia, the People's Republic of China, Colombia, the European Union, New Zealand, Turkey, South Korea, and the Kingdom of Saudi Arabia or the expiration or termination of any applicable waiting periods related to such approvals;
- Tronox will have obtained financing in connection with the transaction sufficient to fund the cash consideration; and no statute, law, rule, or regulation will have been adopted by any governmental entity, and no suit, action, or other proceeding instituted by any governmental entity or outstanding judgment, injunction or decree of a governmental entity prohibiting, enjoining or making illegal the consummation of the transaction will be in effect.

*Conditions to Obligations of Cristal.* The obligations of Cristal to consummate the closing are further subject to the following conditions:

- Cristal shall have given the Treasurer of the Commonwealth of Australia notice in accordance with the FATA that Cristal Netherlands proposes to acquire the shares issued as consideration and enter into the shareholders agreement with Tronox and the ancillary agreements under the transaction agreement and pays any applicable fee, and in relation to the foregoing actions any applicable waiting periods shall have expired or been terminated or a no objection notice shall have been received (as applicable);
- all representations and warranties of Tronox shall be true and correct, as of the date of the transaction agreement and as of the closing of the transaction, subject to certain de minimis, materiality, and material adverse effect qualifiers, and Cristal shall have received a certificate signed on behalf of Tronox by an executive officer to such effect;
- Tronox shall have performed in all material respects its obligations under the transaction agreement at or prior to the closing of the transaction, and Cristal having received a certificate signed on behalf of Tronox by an executive officer to such effect;
- two Class A Directors shall have been designated by Cristal; and
- receipt by Cristal of all ancillary agreements executed by Tronox and its applicable affiliates.

*Conditions to Obligations of Tronox.* The obligations of Tronox to consummate the closing are further subject to the following conditions:

- Tronox and each relevant affiliate shall have given the Treasurer of the Commonwealth of Australia notice in accordance with the FATA that the the relevant Tronox acquirer proposes to acquire the shares of Cristal BV and Cristal Australia Pty Ltd or Transferred Assets under this Agreement and pays any applicable fee, and in relation to each such Tronox action any applicable waiting periods shall have expired or been terminated or a no objection notice shall have been received (as applicable);

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all representations and warranties of Cristal shall be true and correct, as of the date of the transaction agreement and as of the closing of the transaction, subject to certain de minimis, materiality, and material adverse effect qualifiers, and Tronox shall have received a certificate signed on behalf of Cristal by an executive officer to such effect; Cristal shall have performed in all material respects its obligations under the transaction agreement at or prior to the closing of the transaction, and Tronox having received a certificate signed on behalf of Cristal by an executive officer to such effect; receipt by Tronox of all ancillary agreements executed by Cristal and its applicable affiliates; and Cristal shall have completed a reorganization of its assets and operations related to its TiO<sub>2</sub> business in accordance with the transaction agreement.

### **Financing of the Transaction** (see page 61)

Tronox has agreed to use its reasonable best efforts to obtain a commitment letter providing for debt financing sufficient, together with all available cash and other proceeds, to fund the cash consideration at the closing of the transaction. On August 2, 2017, Tronox announced its intention to refinance a portion of its capital structure by mid-October 2017 and also its entry into a stock purchase agreement with Genesis Energy, L.P. providing for the sale of the Alkali business for \$1.325 billion in cash. The majority of the cash portion of the Cristal transaction consideration is expected to be funded through proceeds from the closing of the sale of Tronox's Alkali business, with the remainder funded through proceeds from additional indebtedness and/or cash on hand, as determined by Tronox as circumstances warrant. To the extent permitted by law, at the closing of the transaction, Tronox, Cristal BV and certain of the transferred Cristal entities may execute supplemental indentures and/or joinders to certain documents governing the indebtedness of Tronox at such time. The closing of the transaction is not, however, conditioned upon the pending sale of the Alkali business.

### **Survival; Indemnification** (see page 62)

The transaction agreement provides for indemnification obligations that continue for a period of 18 months after the closing of the transaction (or, if a claim is asserted prior to such time, until its resolution), except that any covenants to be performed after the closing of the transaction shall survive indefinitely, and all fundamental representations will survive six years after the closing of the transaction. The transaction agreement further provides that neither party shall be entitled to indemnification in excess of \$2.1 billion in the aggregate (together, with respect to Tronox, with any amounts collected under a representations and warranties insurance policy purchased by Cristal for the benefit of Tronox). Among other things, Tronox is entitled to indemnification for the failure of any of the representations or warranties made by Cristal under the transaction agreement or Cristal's closing certificate to be true and correct as of closing of the transaction and for any breach of a covenant or agreement to be performed by Cristal under the transaction agreement. Among other things, Cristal is entitled to indemnification for the failure of any of the representations or warranties made by Tronox under the transaction agreement or Tronox's closing certificate to be true and correct as of closing and for any breach of a covenant or agreement to be performed by Tronox under the transaction agreement.

Any indemnification of the Tronox indemnified parties is to be satisfied first by Cristal or Cristal Netherlands up to the retention amount under the representations and warranties insurance policy; second, from the representation and warranties insurance policy to the extent coverage is available; and third, by Cristal or Cristal Netherlands. For 18 months after the closing of the transaction, at Tronox's election, the share portion of the transaction consideration may also be used to satisfy the indemnification of the Tronox indemnified parties if payment is not made within 10 business days after the resolution of a claim.

### **No Solicitations of Alternative Transactions by Cristal** (see page 57)

The transaction agreement precludes Cristal from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for an alternative transaction, including the acquisition of a significant interest in Cristal's equity or assets.

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### **Termination of the Transaction Agreement** (see page 63)

The transaction agreement may be terminated at any time prior to the closing of the transaction, whether or not the required Tronox shareholder approvals have been obtained, under the following circumstances:

- by mutual written consent of Cristal and Tronox;
- by either Cristal or Tronox if the closing of the transaction has not occurred on or before May 21, 2018;
- by either Cristal or Tronox if any governmental entity of competent jurisdiction has issued a final and non-appealable order or taken any other final or non-appealable action prohibiting, enjoining or making illegal the consummation of the transaction;
- by either Cristal or Tronox if Tronox fails to obtain the required Tronox shareholder approvals at the Tronox special meeting; and
- by either Cristal or Tronox, if the other party breaches or fails to perform any of its covenants or agreements contained in the transaction agreement in a manner that would result in the failure of the conditions to closing of the transaction or if any of its representations or warranties fails to be true to an extent that would result in the failure of the conditions to closing of the transaction, subject to the right of the breaching party to cure the breach.

### **Termination Fees and Expenses** (see page 64)

In the event that the transaction agreement is terminated by Cristal or Tronox because the closing of the transaction has not occurred by May 21, 2018, and all conditions to closing, other than the financing condition, have been satisfied, Tronox will promptly pay a nonrefundable fee of \$100 million to Cristal; provided that Cristal is not in material breach of any of its covenants or agreements contained in the transaction agreement at such time.

In the event that the transaction agreement is terminated by Cristal or Tronox because the closing of the transaction has not occurred by May 21, 2018 or Tronox fails to obtain the required Tronox shareholder approvals at the Tronox special meeting, then Tronox will reimburse Cristal for certain expenses incurred by or on behalf of Cristal in connection with the transaction agreement, any ancillary agreements, all related agreements and documents, the due diligence investigation and the transactions contemplated thereunder not to exceed \$15 million in the aggregate.

### **Accounting Treatment** (see page 50)

Tronox prepares its financial statements in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Under U.S. GAAP, the transaction will be accounted for using acquisition accounting pursuant to which Tronox has been determined to be the acquirer for accounting purposes. Tronox considered factors as indicated in Accounting Standards Codification Topic 805 *Business Combinations* ( ASC 805 ), including which entity will issue equity interest to effect the combination, board of director composition, shareholder ownership, restrictions on shareholder voting rights, anticipated management positions and the relative size of the companies.

### **Shareholders Agreement** (see page 66)

Upon consummation of the transaction, Tronox and the Cristal shareholder parties will enter into the shareholders agreement in the form attached to the transaction agreement. The form of shareholders agreement provides that the Cristal shareholder parties will have the following nomination rights to the Tronox board of directors upon completion of the transaction:

- for so long as the Cristal shareholder parties beneficially own 28,185,000 or more voting securities, the Cristal shareholder parties will have the right to nominate two Class A Directors; and
- for so long as the Cristal shareholder parties beneficially own greater than or equal to 15,568,333, but less than 28,185,000, voting securities of Tronox, the Cristal shareholder parties will have the right to nominate one Class

A Director.

Tronox will include the Cristal shareholder parties' nominees in the slate of nominees recommended by the Tronox board of directors for election of directors and will use its reasonable best efforts to cause the shareholders of Tronox to elect the Cristal shareholder parties' nominees. The form of shareholders agreement contains certain

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restrictions on Cristal and its shareholders from acquiring additional shares of Tronox stock and taking certain other actions to seek to gain control of Tronox without our prior written consent, from the date of the shareholders agreement until the earlier of (i) six months after the Cristal shareholder parties no longer have any rights to nominate Class A Directors and (ii) the third anniversary of the date of the shareholders agreement.

In addition, the shareholders agreement will grant registration rights to Cristal and any other Cristal shareholder parties to which Cristal transfers Class A Shares in accordance with the terms of the shareholders agreement and places restrictions on the ability of such persons to transfer the Class A Shares that they will receive in the transaction for three years following the closing of the transaction (among other transfer restrictions).

For two years following the closing of the transaction, certain shareholders of Cristal are also subject to limitations on their ability to compete with the business activities conducted by Tronox and, subject to certain exceptions, are prohibited from soliciting for hire, and hiring, certain persons who are employees of Tronox.

### **The Special Meeting**

The Tronox special meeting will be held at the Stamford Marriott Hotel, 243 Tresser Boulevard, Stamford, CT 06901 U.S.A. at [10:00 a.m.], U.S. Eastern Time, on [•], 2017. At the Tronox special meeting, Tronox shareholders will be asked to approve the issuance of Class A Shares to Cristal Netherlands and the resulting acquisition of interests in the Class A Shares by Cristal Netherlands and certain other persons and entities pursuant to the transaction.

You may vote at the Tronox special meeting if you own Class A Shares or Class B Shares at 5:00 p.m., U.S. Eastern Time on [•], 2017. On July 28, 2017, there were 67,821,274 Class A Shares outstanding and entitled to vote at the Tronox special meeting, approximately 1.9% of which were owned and entitled to be voted by Tronox directors and executive officers and their affiliates. On that date there were 51,154,280 Class B Shares outstanding and entitled to vote at the Tronox special meeting, 100% of which were owned and entitled to be voted by Exxaro. In accordance with the transaction agreement, we currently expect that Tronox's directors will vote their shares in favor of the proposal, subject to no superior proposal emerging, although none of them has entered into any agreement obligating them to do so.

You can cast one vote for each Class A Share or Class B Share you own. To be adopted, the resolution in favor of the proposal must be approved by a majority of the votes cast by holders of Class A Shares and Class B Shares entitled to vote on the resolution at the special meeting.

For the proposal to be effective under Australian law, no vote may be cast in favor of the resolution by Cristal Netherlands, any of the Cristal shareholder parties, or any of their associates. Any such vote that is so cast will be disregarded.

TABLE OF CONTENTS**SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA****Selected Consolidated Historical Financial Data of Tronox**

The following table sets forth selected consolidated financial data for Tronox and its consolidated subsidiaries as of and for the years ended December 31, 2016, 2015 and 2014. It was derived from Tronox's consolidated historical financial statements and related notes for the fiscal year ended December 31, 2016 appearing in Tronox's Annual Report on Form 10-K for year ended December 31, 2016, which is incorporated by reference into this proxy statement. The summary unaudited consolidated financial data for Tronox as of and for the years ended December 31, 2013 and 2012 was derived from Tronox's audited consolidated financial statements not incorporated in this proxy. The table also sets forth selected unaudited condensed consolidated financial data for Tronox and its consolidated subsidiaries as of and for the six months ended June 30, 2017 and for the six months ended June 30, 2016 which was derived from Tronox's Quarterly Report on Form 10-Q for the six months ended June 30, 2017, which is incorporated by reference into this proxy statement.

On June 2, 2017, Tronox filed a Current Report on Form 8-K to provide additional information and details regarding the revision of its previously issued December 31, 2016 financial statements and quarterly financial statements in 2016. During the quarter ended March 31, 2017, Tronox identified a misstatement in selling, general, and administrative expense for certain prior periods related to a liability resulting from a non-timely filing with a statutory authority. The aggregate misstatement is \$11 million, which impacts our previously issued consolidated statements of operations, comprehensive loss, balance sheets and cash flows as of and for the years ended December 31, 2016 and 2015, and the unaudited condensed consolidated financial statements for the third and fourth quarters and corresponding year-to-date periods of 2015, and each quarter and corresponding year-to-date periods of 2016. In accordance with Staff Accounting Bulletin (SAB) No. 99, *Materiality*, and SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, management evaluated the materiality of the misstatement from qualitative and quantitative perspectives, and concluded that the misstatement was not material to our previously issued annual and interim financial statements. In addition, we also corrected the timing of other previously recorded immaterial out-of-period adjustments. The previously recorded immaterial out-of-period adjustments include a \$6 million decrease to cost of goods sold due to an overstated depreciation expense and a \$7 million increase to cost of goods sold related to royalty tax both originating in 2013 and previously recorded as out-of-period corrections in 2014; a \$5 million decrease to cost of goods sold that originated in 2012 and was previously recorded as an out-of-period correction in 2014 due to overstated depletion expense; and other miscellaneous immaterial corrections.

Tronox's historical financial data may not be indicative of the results of operations or financial position to be expected in the future. The selected consolidated historical financial data below has not been adjusted to include the aforementioned revision except for the second quarter of 2016. It reflects the information from Tronox's previously filed annual reports on Form 10-K for all of the annual periods presented.



TABLE OF CONTENTS**Selected Consolidated Historical Financial Data of Tronox  
(Millions of U.S. Dollars)**

	<b>Six Months Ended</b>		<b>Years Ended December 31,</b>				
	<b>June 30,</b>	<b>June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>2017</b>	<b>2016</b>					
<b>Statement of Operations Data:</b>							
<b>Net sales</b>	\$ 1,191	\$ 1,014	\$ 2,093	\$ 2,112	\$ 1,737	\$ 1,922	\$ 1,832
Cost of goods sold	977	934	1,846	1,992	1,530	1,732	1,568
<b>Gross profit</b>	214	80	247	120	207	190	264
Selling, general and administrative expenses	(143 )	(101 )	(210 )	(217 )	(192 )	(187 )	(239 )
Restructuring expense	—	(1 )	(1 )	(21 )	(15 )	—	—
<b>Income (loss) from operations</b>	71	(22 )	36	(118 )	—	3	25
Interest and debt expense, net	(92 )	(92 )	(184 )	(176 )	(133 )	(130 )	(65 )
Net gain (loss) on liquidation of non-operating subsidiaries	—	—	—	—	(35 )	24	—
Gain (loss) on extinguishment of debt	—	4	4	—	(8 )	(4 )	—
Gain on bargain purchase	—	—	—	—	—	—	1,055
Other income (expense), net	(7 )	(12 )	(29 )	28	27	46	(7 )
<b>Income (loss) before income taxes</b>	(28 )	(122 )	(173 )	(266 )	(149 )	(61 )	1,008
Income tax (provision) benefit <sup>(1)</sup>	(5 )	(22 )	115	(41 )	(268 )	(29 )	125
<b>Net income (loss)</b>	\$ (33 )	\$ (144 )	\$ (58 )	\$ (307 )	\$ (417 )	\$ (90 )	\$ 1,133
Net income (loss) attributable to noncontrolling interest	5	1	1	11	10	36	(1 )
Net income (loss) attributable to Tronox Limited	\$ (38 )	\$ (145 )	\$ (59 )	\$ (318 )	\$ (427 )	\$ (126 )	\$ 1,134
<b>Earnings (loss) per share</b>							
Basic	\$ (0.32 )	\$ (1.24 )	\$ (0.50 )	\$ (2.75 )	\$ (3.74 )	\$ (1.11 )	\$ 11.37
Diluted	\$ (0.32 )	\$ (1.24 )	\$ (0.50 )	\$ (2.75 )	\$ (3.74 )	\$ (1.11 )	\$ 11.10

**Weighted average shares  
outstanding (in  
thousands)**

Basic	118,804	116,052	116,161	115,566	114,281	113,416	98,985
Diluted	118,804	116,052	116,161	115,566	114,281	113,416	101,406

**Balance Sheet Data:**

Working capital	\$ 772	658	\$ 731	\$ 753	\$ 2,015	\$ 2,290	\$ 1,706
Total assets	\$ 4,994	4,893	\$ 4,950	\$ 5,027	\$ 5,024	\$ 5,647	\$ 5,479
Total debt, net	\$ 3,052	3,055	\$ 3,054	\$ 3,076	\$ 2,352	\$ 2,361	\$ 1,613
Total equity	\$ 1,175	989	\$ 1,161	\$ 1,110	\$ 1,788	\$ 2,437	\$ 2,882

**Supplemental  
Information:**

Depreciation, depletion and amortization expense	\$ 123	\$ 115	\$ 236	\$ 294	\$ 295	\$ 333	\$ 211
Capital expenditures	\$ 56	\$ 55	\$ 119	\$ 191	\$ 187	\$ 165	\$ 166
Dividends per share	\$ 0.090	\$ 0.295	\$ 0.385	\$ 1.00	\$ 1.00	\$ 1.00	\$ 0.50

During the fourth quarter of 2016, Tronox implemented various steps of a corporate reorganization plan to simplify its corporate structure and thereby improve operational, administrative, and commercial synergies within each of its operating segments (the Corporate Reorganization). As a result of this Corporate Reorganization, Tronox reduced its cross jurisdictional financing arrangements and consequently reversed the deferred tax assets related to intercompany interest deductions. The related withholding tax amounts were also reversed as a result of the (1) Corporate Reorganization. Additionally, Tronox reduced its deferred tax assets related to loss carryforwards which will no longer be available to utilize. The changes to deferred taxes are offset by valuation allowances and result in no impact to the consolidated provision for income taxes for the year ended December 31, 2016. The impact on the income tax provision for the year ended December 31, 2016 was a tax benefit of \$107 million, reflecting a net reduction in withholding tax accruals of \$110 million, offset by a foreign currency loss of \$3 million.

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**Selected Consolidated Historical Financial Data of Cristal**

The following selected historical financial information as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 is derived from Cristal's audited consolidated financial statements for the years ended 2016, 2015 and 2014 and Cristal's unaudited consolidated financial statements for 2013 and 2012. Cristal's audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 are included in this proxy statement. Cristal's unaudited consolidated financial statements for the years ended December 31, 2013 and 2012 are not included in this proxy statement. A reconciliation of net loss from generally accepted accounting standards in the Kingdom of Saudi Arabia ( Saudi GAAP ) to U.S. GAAP is presented for the two most recent years ended December 31, 2016 and 2015. A reconciliation of net loss from Saudi GAAP to U.S. GAAP for the years ended December 31, 2014, 2013 and 2012 is not presented as these are not required due to the significant undertaking that would be needed to prepare this information. The following selected historical financial information should be read with Cristal's Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 92 and Cristal's audited consolidated financial statements and the notes thereto, included in this proxy statement. Cristal's historical results are not necessarily indicative of results for any future period.

The following tables present summarized consolidated financial information, including balance sheet information and statement of operations information, derived from Cristal's consolidated financial statements. The selected historical financial data of Cristal was prepared in accordance with Saudi GAAP. For the purposes of this proxy statement, the information is presented in United States Dollars ( USD ), translated using the Saudi Riyal ( SR ) to USD exchange rate of 3.75. The Kingdom of Saudi Arabia is included within the Gulf Cooperation Council of countries who peg their national currency to the USD to avoid currency fluctuation. The SR is pegged to the USD at an exchange rate of 3.75.

The audited consolidated financial statements of Cristal for the years ended December 31, 2016, 2015 and 2014 with the accompanying Saudi GAAP to U.S. GAAP reconciliations for the years ended December 31, 2016 and 2015, are included in this proxy statement.

TABLE OF CONTENTS**Selected Historical Consolidated Financial Data of Cristal**  
(Millions of U.S. Dollars)

	<b>Years Ended December 31,</b>				
	<b>Saudi GAAP</b>	<b>Saudi GAAP</b>	<b>Saudi GAAP</b>	<b>Saudi GAAP</b>	<b>Saudi GAAP</b>
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Statement of Operations Data:</b>					
<b>Sales</b>	\$ 1,737	\$ 1,701	\$ 2,059	\$ 2,142	\$ 2,068
Cost of goods sold	1,586	1,704	1,683	1,662	1,292
<b>Gross profit (loss)</b>	151	(3 )	376	480	776
Selling and distribution	(111 )	(114 )	(133 )	(135 )	(110 )
General and administrative	(146 )	(165 )	(160 )	(159 )	(144 )
Reversal of impairment / (impairment) of assets	(3 )	(75 )	—	11	—
<b>Income (loss) from operations</b>	(109 )	(357 )	83	197	522
Other (expense) income, net	(10 )	(97 )	(21 )	(2 )	(9 )
Financial charges	(68 )	(44 )	(65 )	(82 )	(90 )
<b>Income (loss) before Zakat, income taxes &amp; NCI</b>	(187 )	(498 )	(3 )	113	423
Zakat and income tax	(3 )	(26 )	8	3	(57 )
<b>Net income (loss)</b>	\$ (190 )	\$ (524 )	\$ 5	\$ 116	\$ 366
Net income (loss) attributable to noncontrolling interest	7	6	(4 )	—	9
Net income (loss) attributable to Cristal	\$ (197 )	\$ (530 )	\$ 9	\$ 116	\$ 357
<b>U.S. GAAP Information:</b>					
U.S. GAAP Adjustments	3	69			
Adjusted U.S. GAAP Net Income attributable to Cristal	\$ (194 )	\$ (461 )			
<b>Balance Sheet Data:</b>					
Working capital	\$ 570	\$ (84 )	\$ 500	\$ 256	\$ 801
Total assets	\$ 3,753	\$ 4,221	\$ 4,600	\$ 4,401	\$ 4,200
Total debt	\$ 1,942	\$ 2,304	\$ 1,847	\$ 1,748	\$ 1,462
Total equity	\$ 932	\$ 1,103	\$ 1,958	\$ 1,840	\$ 1,827
<b>Supplemental Information:</b>					
Depreciation, depletion and amortization expense	\$ 174	\$ 151	\$ 179	\$ 173	\$ 163
Capital expenditures	\$ 107	\$ 414	\$ 445	\$ 540	\$ 332

TABLE OF CONTENTS**Selected Unaudited Pro Forma Condensed Combined Financial Data of Tronox and Cristal**

The selected unaudited pro forma condensed combined financial data for the year ended December 31, 2016 and six months ended June 30, 2017 presents Tronox's consolidated balance sheet and consolidated statements of operations, after giving effect to the transaction. The selected unaudited pro forma condensed combined financial data has been derived from the audited consolidated financial statements of Tronox and Cristal for the year ended December 31, 2016 and the unaudited condensed consolidated financial statements of Tronox and unaudited financial information of Cristal as of and for the six months ended June 30, 2017. The selected historical financial data of Cristal is presented in USD, translated using the SR to USD exchange rate of 3.75. The Kingdom of Saudi Arabia is included within the Gulf Cooperation Council of countries who peg their national currency to the USD to avoid currency fluctuation. The SR is pegged to the USD at an exchange rate of 3.75.

This unaudited pro forma condensed combined financial data assumes that the transaction is accounted for using the acquisition method of accounting with Tronox treated as the acquiring entity and represents a current estimate of the combined financial information based on historical financial information of Tronox and Cristal. This selected unaudited pro forma condensed combined financial data is adjusted for the acquisition of Cristal's TiO<sub>2</sub> business as if the transaction had been completed on January 1, 2016, in the case of the selected unaudited pro forma condensed combined statement of operations, and on June 30, 2017, in the case of the selected unaudited pro forma condensed combined balance sheet.

On August 2, 2017, Tronox announced that it had entered into a stock purchase agreement to sell the Alkali business to Genesis Energy, L.P. for \$1.325 billion in cash, subject to customary closing conditions and a working capital adjustment and, is expected to close in the second half of 2017. The pro forma data has been adjusted to reflect the acquisition of the Cristal TiO<sub>2</sub> business using the cash proceeds from the sale of the Alkali business together with proceeds raised from the issuance of additional debt. The pro forma data excludes the effects of any non-recurring charges resulting from the loss on the sale of the Alkali business. Further, the acquisition of Cristal and the sale of Alkali are independent transactions from each other. The selected unaudited pro forma condensed combined financial data for the year ended December 31, 2015 displays the pro forma results of Tronox excluding those of the Alkali business and does not include the adjustments for the acquisition of Cristal.

In addition, the unaudited pro forma condensed combined financial data includes adjustments, which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma condensed combined financial data has been presented for informational purposes only. The unaudited pro forma condensed combined financial data is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the transaction been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The information presented below should be read in conjunction with the historical consolidated financial statements of Tronox, including related notes, filed by Tronox with the Securities and Exchange Commission ( 'SEC'), the historical consolidated financial statements of Cristal, including related notes, appearing elsewhere in this proxy statement, and with the Unaudited Pro Forma Condensed Combined Financial Statements of Tronox and Cristal, including the related notes, appearing elsewhere in this proxy statement. For more information, see the section entitled 'Where You Can Find More Information' beginning on page 110.

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**Unaudited Pro Forma Condensed Combined Financial Data  
of Tronox and Cristal  
(Millions of U.S. Dollars)**

	<b>Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>	<b>Year Ended December 31, 2015</b>
<b>Statement of Operations Data:</b>			
Sales	\$ 1,789	\$ 3,025	\$ 1,510
Cost of goods sold	(1,467 )	(2,832 )	(1,487 )
<b>Gross profit</b>	322	193	23
Selling, general and administrative expenses	(223 )	(336 )	(192 )
Restructuring income (expense)	1	(2 )	(21 )
<b>Income (loss) from operations</b>	100	(145 )	(190 )
Interest and debt expense, net	(111 )	(217 )	(176 )
Other income, net	5	4	29
Loss before income taxes	(6 )	(358 )	(337 )
Income tax (provision) benefit	(2 )	107	(40 )
<b>Net loss</b>	(8 )	(251 )	(377 )
Net income attributable to noncontrolling interest	8	8	11
<b>Net loss attributable to Tronox Limited</b>	\$ (16 )	\$ (259 )	\$ (388 )
<b>Loss per share, basic and diluted</b>	\$ (0.10 )	\$ (1.68 )	\$ (3.36 )
<b>Weighted average shares outstanding, basic and diluted (in thousands):</b>	156,384	153,741	115,566
<b>Balance Sheet Data:</b>			
Working capital	\$ 1,351		
Total assets	\$ 6,476		
Total debt	\$ 3,491		
Total equity	\$ 1,659		
<b>Supplemental Information:</b>			
Depreciation, depletion and amortization expense	\$ 155	\$ 337	\$ 252
Capital expenditures	\$ 84	\$ 193	\$ 165

TABLE OF CONTENTS**Comparative Historical and Pro Forma Per Share Data**

The following tables set forth certain historical and pro forma per share financial information for Tronox Class A Shares and Class B Shares and Cristal common stock. The pro forma per share information for the year ended December 31, 2016 and six months ended June 30, 2017 gives effect to the transaction as if the transaction had occurred on January 1, 2016.

The pro forma per share balance sheet information combines Tronox's June 30, 2017 unaudited condensed consolidated balance sheet with Cristal's June 30, 2017 unaudited balance sheet. The pro forma per share statement of operations information for the fiscal year ended December 31, 2016 combines Tronox's audited consolidated statement of operations for the fiscal year ended December 31, 2016 with Cristal's audited consolidated statement of operations for the year ended December 31, 2016. The pro forma per share statement of operations information for the six months ended June 30, 2017 combines Tronox's unaudited condensed consolidated statement of operations for the six months ended June 30, 2017 with Cristal's unaudited consolidated statement of operations for the six months ended June 30, 2017. The pro forma per share statement of operations information for the year ended December 31, 2015 displays the pro forma results of Tronox excluding those of the Alkali business and does not include the adjustments for the acquisition of Cristal.

The following information should be read in conjunction with the audited consolidated financial statements of Tronox, which are incorporated by reference in this proxy statement, and Cristal, which appear elsewhere in this proxy statement, and the financial information contained in the section entitled "Selected Historical and Pro Forma Combined Financial Data" beginning on page 11. The unaudited pro forma information below is presented for informational purposes only and is not necessarily indicative of the future operating results or financial position that would have occurred if the transaction had been completed as of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma information does not purport to indicate balance sheet data or results of operations as of any future date or for any future period. The following tables are expressed in USD:

	<b>Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
<b>Tronox (USD)</b>		
<b>Historical Per Share Data (U.S. GAAP)</b>		
Net loss per share <sup>(1)</sup>	\$ (0.32 )	\$ (0.50 )
Book value per share	\$ 9.89	\$ 9.99
Dividend per share	\$ 0.090	\$ 0.385
	<b>Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
<b>Combined Cristal and Tronox (USD)</b>		
<b>Historical Per Share Data (U.S. GAAP)</b>		
Net loss per share	\$ (0.10 )	\$ (1.68 )
Book value per share	\$ 10.61	N/A
Dividend per share <sup>(2)</sup>	\$ 0.090	\$ 0.385

**Tronox Pro  
Forma  
Year Ended  
December 31,  
2015**

**Tronox excluding the Alkali business (USD)**

**Historical Per Share Data (U.S. GAAP)**

Net loss per share	\$ (3.36 )
Book value per share	N/A
Dividend per share	\$ 1.000

Includes the net impact of the 2016 Corporate Reorganization of a tax benefit of \$107 million, reflecting a net  
(1)reduction in withholding tax accruals of \$110 million offset by a foreign currency loss of \$3 million for the year  
ended December 31, 2016.

(2) Reported on historical basis and excludes any adjustment for the 37,580,000 shares expected to be issued as part of  
the Cristal transaction.



TABLE OF CONTENTS**Comparative Per Share Market Price and Dividend Information***Market Prices*

Class A Shares of Tronox are currently listed and traded on the NYSE under the symbol TROX. There is no public trading market for Class B Shares, which are held by Exxaro. Cristal is a privately held company, and there is no established trading market for its securities. The following table sets forth, for the periods indicated, the high and low sales price per share of Tronox Class A Shares as reported on the NYSE and the dividends paid out during these periods. On February 17, 2017, the last full trading day prior to the announcement of the transaction, the closing price of Class A Share on the NYSE was \$14.42 per share. On [•], 2017, the last practicable date before the printing of this proxy statement, the closing price of Class A Shares on the NYSE was \$[•] per share. Class A Shareholders should obtain current market prices for Class A Shares in deciding whether to vote for the approval of the proposal.

	<b>Sales Price</b>		<b>Dividends</b>
	<b>High</b>	<b>Low</b>	<b>per Share</b>
<b>2017</b>			
Third Quarter (through August 24, 2017)	\$ 20.16	15.25	n/a
Second quarter	\$ 19.19	\$ 13.25	\$ 0.045
First quarter	\$ 19.47	\$ 11.13	\$ 0.045
<b>2016</b>			
Fourth quarter	\$ 11.77	\$ 7.56	\$ 0.045
Third quarter	\$ 9.61	\$ 4.42	\$ 0.045
Second quarter	\$ 7.75	\$ 3.92	\$ 0.045
First quarter	\$ 6.65	\$ 3.00	\$ 0.25
<b>2015</b>			
Fourth quarter	\$ 7.66	\$ 3.00	\$ 0.25
Third quarter	\$ 14.52	\$ 4.08	\$ 0.25
Second quarter	\$ 22.48	\$ 14.63	\$ 0.25
First quarter	\$ 23.77	\$ 19.61	\$ 0.25

As of July 28, 2017, there were 67,821,274 Class A Shares and 51,154,280 Class B Shares issued and outstanding, and there were approximately 426 holders of record of Class A Shares and Exxaro was the sole holder of record of Class B Shares.

*Dividends*

Tronox currently pays a quarterly dividend on Class A Shares and Class B Shares and most recently declared a dividend on August 8, 2017, of \$0.045 per share, payable on August 31, 2017 to the Class A Shareholders and Class B Shareholders of record at the close of business on August 21, 2017.

Pursuant to the transaction agreement, during the period prior to the closing of the transaction, Tronox is not permitted to declare, set aside or pay any dividends, or make any other distributions, other than quarterly cash dividends with a record date after December 31, 2016, in an amount less than or equal to the most-recent quarterly dividend paid by Tronox. Further, Tronox's existing senior notes limit the payment of dividends.

Any future determination to pay cash dividends will be at the discretion of the Tronox board of directors and will be dependent upon then-existing conditions, including the financial condition and results of operations, contractual restrictions and business prospects of the combined company and other factors that the Tronox board of directors determines to consider.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement and the documents that are incorporated into this proxy statement by reference may contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words, such as may, will, should, could, would, predicts, future, project, believe, anticipate, expect, estimate, continue, potential, plan, other similar words. These forward-looking statements are based upon Tronox's current beliefs and expectations and are subject to uncertainty and changes in circumstances. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events including the operations of Tronox and are subject to risks, uncertainties and other factors. Many of those factors are outside the control of Tronox, and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Factors that may cause such differences include, but are not limited to:

- the failure to close the transaction, including by failure to obtain the required Tronox shareholder approval, failure to obtain any necessary financing or failure to satisfy other closing conditions or by termination of the transaction agreement and the resulting negative impact on the stock price, business and financial results of Tronox;
- uncertainties as to the timing of the closing of the transaction;
- the risk that Tronox or Cristal may be unable to obtain governmental and regulatory approvals required for the transaction, or required governmental and regulatory approvals may delay the transaction or result in the imposition of conditions that could cause the parties to abandon the transaction;
- the ability to obtain financing on terms favorable to Tronox and the possibility that Tronox will incur significant additional financing costs for the transaction or unanticipated increases in financing costs and other costs, including a rise in interest rates;
- the risk of reduced access to unrestricted cash;
- the failure to comply with bank facility covenants;
- general economic conditions or cyclical factors affecting the demand for TiO<sub>2</sub> products;
- the risk that our customers might reduce demand for Tronox's products or that competitors will offer more competitive pricing or increased supply;
- the possibility that the transaction may result in Tronox assuming unexpected liabilities;
- the ability of Tronox and Cristal to operate their respective businesses in light of the transaction and the covenants contained in the transaction agreement;
- the diversion of management's time and attention away from ongoing business concerns;
- Tronox's continuing ability to attract and retain qualified key employees, while controlling its labor costs;
- the impact of issuing Class A Shares as consideration in connection with the transaction on the current holders of Class A Shares, including dilution of their ownership and voting interests;
- the impact of labor relations;
- the federal income tax consequences of the transaction and the enactment of additional state, federal and/or foreign regulatory and tax laws and regulations;
- exposure to environmental liabilities and subjection to environmental laws and regulations; and
- the possibility of disruptions in the Tronox's information technology systems and other cybersecurity risks.

The areas of risk and uncertainty described above should be considered in connection with any written or oral forward-looking statements that may be made after the date of this proxy statement by Tronox or anyone acting for Tronox. Except for ongoing obligations to disclose material information under U.S. federal securities laws, Tronox does not undertake any obligations to release publicly any revisions to any forward-looking statement, to report events or circumstances after the date of this proxy statement or to report the occurrence of unanticipated events.

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For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, see the note regarding forward-looking statements in Tronox's Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC, including Tronox's Form 10-Q for the quarter ended June 30, 2017, and incorporated by reference in this proxy statement. For more information, see the section entitled "Where You Can Find More Information" beginning on page 110.

Tronox also cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this proxy statement. Tronox does not undertake any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this proxy statement to reflect actual outcomes.

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### **RISK FACTORS**

*In addition to general investment risks and other information contained in or incorporated by reference into this proxy statement, including the matters described in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 19 and discussions under **Risk Factors** in Tronox's Annual Report on Form 10-K for the year ended December 31, 2016, as updated by other reports filed with the SEC, including Tronox's Form 10-Q for the quarter ended June 30, 2017, which are incorporated by reference into this proxy statement, you should carefully consider the following risk factors in deciding how to vote your shares. You should also consider the other documents incorporated by reference into this proxy statement, as described in the section entitled **Where You Can Find More Information** beginning on page 110. The fact that this additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal.*

***Tronox may fail to realize all of the anticipated benefits of the transaction, including expected synergies, earnings per share accretion or EBITDA and free cash flow growth and Tronox will be subject to business uncertainties that could adversely affect its business.***

The success of the transaction will depend, in part, on Tronox's ability to realize anticipated cost synergies, earnings per share accretion or EBITDA and free cash flow growth. Our success in realizing these benefits, and the timing of this realization, depends on the successful integration of our business and operations with Cristal's TiO<sub>2</sub> business. Even if we are able to integrate Cristal's TiO<sub>2</sub> business successfully, this integration may not result in the realization of the full benefits of the transaction that we currently expect within the anticipated time frame or at all.

There is also the possibility that:

the transaction may result in our assuming unexpected liabilities

Tronox may experience difficulties integrating operations and systems, as well as company policies and cultures

Tronox may fail to retain and assimilate employees of Cristal's TiO<sub>2</sub> business and

problems may arise in entering new markets in which Tronox has little or no experience.

Uncertainty about the effect of the transaction on employees, customers and suppliers may have an adverse effect on Tronox's business. These uncertainties may impair Tronox's ability to attract, retain and motivate key personnel until the transaction is consummated and for a period of time thereafter, and could cause Tronox's customers, suppliers and other business partners to delay or defer certain business decisions or to seek to change existing business relationships with Tronox. The occurrence of any of these events could have a material adverse effect on our operating results, particularly during the period immediately following the closing of the Cristal transaction.

***The number of Class A Shares to be issued in the transaction to Cristal Netherlands is not adjustable based on the market price of Class A Shares, so the transaction consideration at the closing of the transaction may have a greater or lesser implied value than at the time the transaction agreement was signed.***

The parties to the transaction agreement have fixed the number of Class A Shares to be issued to Cristal Netherlands, and this number is not adjustable based on changes in the market price of Class A Shares. Any changes in the market price of Class A Shares will not affect the number of Class A Shares that Cristal Netherlands is entitled to receive pursuant to the transaction agreement. Therefore, if, prior to the closing of the transaction, the market price of Class A Shares declines from the market price on the date of the transaction agreement, Cristal Netherlands would receive consideration with less implied value. Conversely, if, prior to the closing of the transaction, the market price for Class A Shares increases from the market price on the date of the transaction agreement, Cristal Netherlands would receive consideration with more implied value. Because the number of Class A Shares to be issued in the transaction to Cristal Netherlands does not adjust as a result of changes in the value of Class A Shares, for any amount that the market value

of Class A Shares rises or declines, there is a corresponding rise or decline, respectively, in the value of the aggregate share consideration issued to Cristal Netherlands.

***Class A and Class B Shareholders will have a reduced ownership and voting interest in Tronox (as a proportion of the total outstanding shares) after the transaction and will exercise less influence over management.***

Class A and Class B Shareholders currently possess all voting rights with respect to the election of the Tronox board of directors and on other matters affecting Tronox. Upon the closing of the transaction, Cristal Netherlands will

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receive shares in the transaction constituting approximately 24% of the outstanding Class A Shares and Class B Shares immediately after the transaction. As a result, current Class A and Class B Shareholders, as a group, will own approximately 76% of the outstanding Class A Shares and Class B Shares immediately after the transaction. As a result, current Class A Shareholders may have less influence on the management and policies of Tronox than they now have. While the ability of Class B Shareholder to elect Class B directors and consent to certain corporate actions as set forth in Tronox's constitution and shareholder's deed will not change, the current Class B Shareholder may have less influence on matters submitted to shareholders to be voted on as a single class than they now have.

In addition, Exxaro has announced its intention to begin pursuing a path to monetize its ownership stake in Tronox over time. As a result, Cristal may have the largest stake in Tronox and greater influence over the affairs of Tronox, and current Class A Shareholders may have less influence on the management and policies of Tronox than they now have.

***The unaudited pro forma condensed combined consolidated financial statements, which we refer to as the pro forma financial statements, are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the transaction.***

The pro forma financial statements contained in this proxy statement are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the transaction for several reasons. For example, the pro forma financial statements have been derived from the historical financial statements of Tronox and Cristal, and certain adjustments and assumptions have been made regarding the combined company after giving effect to the transaction. This information upon which these adjustments and assumptions have been made is preliminary, and such adjustments and assumptions are difficult to make with complete accuracy. Further, the final allocation of the purchase price will be determined after the closing of the transaction and after completion of an analysis to determine the fair value of the assets and liabilities of Cristal's TiO<sub>2</sub> business. Accordingly, the final purchase accounting adjustments may be materially different from the unaudited pro forma adjustments.

Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the transaction. For example, the impact of any incremental costs incurred in integrating Cristal's TiO<sub>2</sub> business into Tronox is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the transaction may differ significantly from these pro forma financial statements.

In addition, the assumptions used in preparing the pro forma financial statements may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the transaction. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the market value of Class A Shares following the transaction. See the section entitled "Selected Historical and Pro Forma Combined Financial Data—Selected Unaudited Pro Forma Condensed Combined Financial Data of Tronox and Cristal" beginning on page 15.

***If Cristal Netherlands immediately sells Class A Shares received in the transaction it could depress the market value of Class A Shares.***

Under the shareholders agreement, Cristal Netherlands is permitted to sell up to an aggregate number of Class A Shares equal to 4% of the total number of outstanding voting securities immediately after the closing of the transaction, as adjusted for any stock split, reverse stock split or similar transaction. If Cristal Netherlands sells significant amounts of Class A Shares following the transaction (subject to transfer restrictions specified in the shareholders agreements, as more fully described in the section entitled "The Shareholders Agreement—Transfer

Restrictions beginning on page 66), the market price of Class A Shares could decrease. In addition, Exxaro has announced its intention to begin pursuing a path to monetize its ownership stake in Tronox over time. Any such sales may also make it more difficult for Tronox to issue equity securities or equity-related securities in the future at a time and at a price that we otherwise would deem appropriate.

***The market value of Class A Shares and Class B Shares after the transaction may be affected by factors different from those affecting Tronox currently.***

The results of operations of the combined company and the market value of Class A Shares and Class B Shares after the completion of the transaction may be affected by factors different from those currently affecting the independent results of operations of each of Tronox and Cristal's TiO<sub>2</sub> business. For a discussion of Tronox's business



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and Cristal's TiO<sub>2</sub> business, please see the section entitled "Information About the Companies" beginning on page 28 and the documents incorporated by reference into this proxy statement and referred to under the section entitled "Where You Can Find More Information" beginning on page 110.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the transaction.***

Completion of the transaction is conditioned upon filings with, and, in certain cases, the receipt of governmental authorizations, consents, orders or other approvals from, certain governmental entities, including the FTC, the Antitrust Division, the Treasurer of the Commonwealth of Australia and certain other foreign authorities. The parties have made or plan to make initial filings with each of these governmental entities where required. The parties received a request for additional information from the FTC on April 13, 2017, to which the parties are responding, and the applicable waiting period under U.S. antitrust laws has not yet expired or been terminated. In addition to the FTC, several other governmental entities have not concluded their review and/or yet provided the requisite authorizations, consents, orders or other approvals.

There is no assurance that all of these required authorizations, consents, orders and other approvals will be obtained, and, if they are obtained, they may not be obtained before you vote on the proposal relating to the transaction. Moreover, if they are obtained, they may require actions or impose restrictions, limitations or conditions on Tronox or Cristal's TiO<sub>2</sub> business. The transaction agreement requires the parties to satisfy any actions, or to agree to any restrictions, limitations or conditions, so long as such actions, restrictions, limitations or conditions would not be detrimental to Cristal Netherlands or any of the transferred Cristal entities, taken as a whole, or Tronox and its subsidiaries, taken as a whole. It is possible that such actions, restrictions, limitations or conditions may have an adverse effect on the business, assets, liabilities, prospects, outlook, financial condition or results of operations of Tronox or Cristal's TiO<sub>2</sub> business, but not qualify as detrimental under the transaction agreement. These required actions, restrictions, limitations and conditions also may jeopardize or delay completion of the transaction, reduce the anticipated benefits of the transaction or allow the parties to terminate the transaction.

Please see the section entitled "The Transaction—Regulatory Approvals Required for the Transaction" beginning on page 48 for additional information with regard to the required regulatory filings and approvals.

***The fairness opinion obtained by Tronox from its financial advisor will not reflect changes in circumstances subsequent to the date of the fairness opinion.***

Credit Suisse Securities (USA) LLC, Tronox's financial advisor in connection with the transaction, has delivered to the Tronox board of directors its opinion dated as of February 20, 2017, that as of such date, and based upon and subject to the factors and assumptions set forth therein, the transaction consideration to be paid to Cristal and Cristal Netherlands pursuant to the transaction agreement was fair from a financial point of view to Tronox. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Tronox or Cristal's TiO<sub>2</sub> business, changes in general market and economic conditions or regulatory or other factors. Any such change, or changes in other factors on which the opinion is based, may materially alter or affect the relative values of Tronox and Cristal's TiO<sub>2</sub> business. The fairness opinion will not be updated as of the date of the mailing of this proxy statement.

***Each of Tronox's business and Cristal's TiO<sub>2</sub> business will be subject to business uncertainties and contractual restrictions while the transaction is pending.***

Tronox and Cristal's TiO<sub>2</sub> business have operated and, until the completion of the transaction, will continue to operate, independently. Uncertainty about the effect of the transaction on employees and customers may have an adverse effect

on Cristal's TiO<sub>2</sub> business and consequently on Tronox. These uncertainties may impair the ability of Cristal's TiO<sub>2</sub> business to attract, retain or motivate key personnel until the closing of the transaction, and could cause customers and others that deal with Cristal's TiO<sub>2</sub> business to seek to change existing business relationships with Cristal's TiO<sub>2</sub> business. Retention of certain employees of each of Tronox and Cristal's TiO<sub>2</sub> business may be challenging during the pendency of the transaction, as certain employees may experience uncertainty about their future roles with Tronox. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Tronox or be employed by, Tronox's business following the transaction could be harmed. In addition, the transaction agreement restricts each of Tronox and Cristal's TiO<sub>2</sub> business from making certain acquisitions and taking other specified actions until the transaction occurs without the other party.

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These restrictions may prevent each of Tronox and Cristal's TiO<sub>2</sub> business from pursuing attractive business opportunities that may arise prior to the closing of the transaction. For additional information, please see the section entitled "The Transaction Agreement—Conduct of Business Prior to Closing" beginning on page 54.

***The transaction is subject to closing conditions, including the approval of the issuance of the Class A Shares by the Tronox shareholders at the special meeting or an adjournment or postponement thereof, that, if not satisfied or waived, will result in the transaction not being completed, which may result in material adverse consequences to Tronox's business and operations.***

The transaction is subject to closing conditions, including the approval of the issuance of the stock consideration by the Tronox shareholders at the special meeting or an adjournment or postponement thereof, that, if not satisfied, will prevent the transaction from being completed. To Tronox's knowledge, all of the directors and executive officers of Tronox who are entitled to vote at the special meeting intend to vote their Class A Shares in favor of the proposal, although such persons have not entered into agreements obligating them to do so. If the transaction is not completed, Tronox's business and operations could be adversely affected by the loss of employees and customers, the costs incurred in pursuing the transaction, and potential reputational harm. In addition to the required approvals and consents from regulatory agencies and governmental entities and the approval of Tronox shareholders, the transaction is subject to other conditions beyond Tronox's control that may prevent, delay or otherwise materially adversely affect its completion. Tronox cannot predict whether and when these other conditions will be satisfied. For additional information, please see the section entitled "The Transaction Agreement—Conditions to Consummate the Closing" beginning on page 61.

***Failure to obtain the necessary financing to complete the transaction, including by reason of not being able to sell Tronox's Alkali business, could delay or prevent the completion of the transaction.***

The transaction agreement provides that if Tronox is unable to obtain financing sufficient, together with all available cash and other proceeds, to fund the cash portion of the transaction consideration, the transaction may not be completed. The majority of the cash portion of the transaction consideration is expected to be funded through proceeds from the closing of the sale of Tronox's Alkali business, with the remainder funded through proceeds from additional indebtedness and/or cash on hand, as determined by Tronox as circumstances warrant. The completion of the sale of the Alkali business may not occur, in which case Tronox may seek additional third-party debt financing. Tronox cannot make assurances that it will be able to obtain financing on terms acceptable to Tronox, if at all. Further, Tronox cannot make assurances that it will be able to consummate a sale of its Alkali business. If Tronox is unable to obtain the necessary financing and/or consummate a sale of its Alkali business, that may affect Tronox's ability to consummate the transaction and, depending on the circumstances, it could be required to pay a \$100 million termination fee to Cristal, which would materially adversely affect Tronox's business, financial position, results of operations and liquidity. For additional information, please see the sections entitled "The Transaction Agreement—Termination of the Transaction Agreement" and "The Transaction Agreement—Effect of Termination" beginning on pages 63 and 64, respectively.

***In connection with the transaction, Tronox may incur or assume significant additional indebtedness, which could adversely affect Tronox, including by decreasing Tronox's business flexibility and increasing Tronox's interest expense.***

Tronox may be required to incur significant additional indebtedness to close the transaction. This increased indebtedness could have the effect, among other things, of reducing Tronox's flexibility to respond to changing business and economic conditions and increasing Tronox's interest expense. In addition, the amount of cash required to pay interest on Tronox's indebtedness following the closing of the transaction, and thus the demands on Tronox's cash resources, will be greater than the amount of cash required to service the indebtedness of Tronox prior to the

transaction. The increased levels of indebtedness following the closing of the transaction could, therefore, reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes and may create competitive disadvantages for Tronox relative to other companies with lower debt levels.

In connection with any potential debt financing, it is anticipated that Tronox would seek ratings of its indebtedness from one or more nationally recognized credit rating agencies. Tronox's credit ratings reflect each rating organization's opinion of Tronox's financial strength, operating performance and ability to meet Tronox's debt obligations. Tronox's credit ratings affect the cost and availability of future borrowings and, accordingly, Tronox's cost of capital. There can be no assurance that Tronox will achieve a particular rating or maintain a particular rating in the future.

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Additionally, Tronox and certain of its subsidiaries are parties to existing credit facilities that may provide such lenders with consent rights in connection with the transaction. While obtaining such consents is not a condition to the closing of the transaction, if such consents are required, failure to obtain them would result in defaults or events of defaults under the facilities. Further, such consents may be conditioned on increases to pricing or other additional fees and could result in an overall increase in the financing costs incurred in connection with the transaction.

Tronox may be required to raise additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes. Tronox's ability to arrange additional financing or refinancing will depend on, among other factors, Tronox's financial position and performance, as well as prevailing market conditions and other factors beyond Tronox's control. Tronox cannot provide assurance that it will be able to obtain additional financing or refinancing on terms acceptable to Tronox or at all.

***The issuance of the Class A Shares to Cristal Netherlands in connection with the transaction increases the risk that Tronox could, as a result of future investments in Tronox Class A Shares or Class B Shares by 5% stockholders, experience an ownership change for U.S. federal income tax purposes, which could materially affect Tronox's ability to utilize its net operating losses and certain other tax attributes and adversely impact Tronox's results of operations.***

Tronox has substantial deferred tax assets related to net operating losses ( NOLs ) and certain other tax attributes for U.S. federal and state income tax purposes, which Tronox currently expects to be available to offset future taxable income. Tronox's ability to utilize or realize the current carrying value of the NOLs may be impacted by certain events, including annual limits imposed under Section 382 of the Internal Revenue Code of 1986, as amended (the Code ), or applicable provisions of state law, as a result of an ownership change. Although Tronox does not currently anticipate that the issuance of the Class A Shares to Cristal Netherlands in connection with the transaction will result in an ownership change for U.S. federal and applicable state income tax purposes, the issuance of such shares increases the risk that Tronox could experience an ownership change in the future as a result of future issuances of Class A Shares or Class B Shares (or certain other securities) or certain direct or indirect changes in the ownership of such Shares or other securities (e.g., as a result of a disposition of shares currently owned by existing 5% stockholders, including Exxaro).

An ownership change is generally defined as a cumulative change of 50 percentage points or more (by value) in the ownership positions of certain 5% stockholders of a corporation during a rolling three year period. Upon an ownership change, a corporation generally is subject to an annual limit on the ability to utilize pre-change NOLs and certain other tax attributes to offset future taxable income and gain in an amount equal to the value of the corporation's market capitalization immediately before the ownership change multiplied by the adjusted long-term tax-exempt rate set by the Internal Revenue Service. Since NOLs generally may be carried forward for up to 20 years, the annual limitation may result in the inability to utilize certain pre-change NOLs and other tax attributes.

In the event an ownership change were to occur, Tronox could lose the ability to use a significant portion of its NOLs and certain other tax attributes. The amount of such loss would depend, among other things, on the size of the annual limitation (which, in part, would be determined based on Tronox's market capitalization at the time of an ownership change) and the remaining carry-forward period for such losses. Any permanent loss would have a material adverse effect on Tronox's results of operations and financial condition.

***Tronox may not be able to continue to grow through acquisitions.***

In the past, Tronox has sought growth through acquisitions of, or significant investments in, businesses that offer complementary products and services or otherwise support its growth objectives. However, following the consummation of the transaction, Tronox cannot provide assurance that it will continue to identify attractive

acquisition targets and consummate acquisitions. Upon the closing of the transaction and the incurrence of any debt in connection therewith, Tronox's anticipated level of indebtedness may be significantly higher than prior to the closing of the transaction. As a result, Tronox cannot assure you that it will be able to arrange financing for future acquisitions on terms acceptable to it. In addition, the combined company will be a substantially larger company than Tronox is at this time and may face additional scrutiny in connection with federal and state governmental approvals in connection with any future acquisitions of attractive targets and may not be able to obtain such approvals at all. The realization of any of these risks could adversely affect Tronox's business.

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***The combined company's future results could suffer if it does not effectively manage its expanded business, operations and employee base following the transaction.***

The size of the combined company's business, operations and employee base following the transaction will be greater than the standalone size of the business, operations and employee base of either Tronox or Cristal's TiO<sub>2</sub> business prior to the transaction. The combined company's future success depends, in part, upon its ability to manage this expanded business, operations and employee base, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. No assurances can be given that the combined company will successfully manage its expanded business, operations and employee base following the transaction.

***Failure to complete the transaction may negatively impact the market value of Class A Shares and the future business of Tronox and Tronox will have incurred substantial expenses without realizing the expected benefits of the transaction.***

The transaction agreement provides that either Tronox or Cristal may terminate the transaction agreement if the transaction is not consummated on or before May 21, 2018. In addition, the transaction agreement contains certain termination rights for each of Tronox and Cristal. Upon termination of the transaction agreement under specific circumstances, Tronox would be required to pay Cristal a termination fee of \$100 million or to reimburse Cristal for certain expenses not to exceed \$15 million. For additional information, see the sections entitled "The Transaction Agreement—Termination of the Transaction Agreement" and "The Transaction—Effect of Termination" beginning on pages 63 and 64, respectively.

If the transaction is not completed, the price of Class A Shares may decline to the extent that the current market price reflects a market assumption that the transaction will be completed and that the related benefits will be realized, or a market perception that the transaction was not consummated due to an adverse change in the business of Tronox. Additionally, if the transaction is not completed, Tronox will have incurred, or will incur, substantial expenses in connection with the due diligence, negotiation and completion of the transactions contemplated by the transaction agreement, as well as the costs and expenses of preparing, filing, printing and mailing this proxy statement and all filing fees paid to the SEC and other regulators in connection with the transaction. If the transaction is not completed on a timely basis, Tronox's business and Cristal's TiO<sub>2</sub> business may be adversely affected. If the transaction is not completed at all, Tronox will be subject to a number of risks, including (i) being required to pay costs and expenses relating to the transaction, such as legal, accounting, financial advisory and printing fees, whether or not the transaction is completed, and (ii) time and resources committed by Tronox's management to matters relating to the transaction that could otherwise have been devoted to pursuing other beneficial opportunities.

***Prior to its acquisition by Tronox, Cristal's TiO<sub>2</sub> business was a private company and has not previously been subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC or other corporate governance requirements.***

Cristal is a private company and has not been subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements to which public reporting companies may be subject. As a result, Tronox will be required to implement the appropriate internal control processes and procedures over the financial accounting and reporting of Cristal's TiO<sub>2</sub> business. The combined company may incur significant legal, accounting and other expenses in efforts to ensure that Cristal's TiO<sub>2</sub> business meets these requirements. Implementing the controls and procedures at Cristal's TiO<sub>2</sub> business that are required to comply with the various applicable laws and regulations may place a significant burden on management and internal resources. The diversion of management's attention and any difficulties encountered in such an implementation could adversely affect the combined company's business, financial condition and operating results.

***The combined company will be exposed to the risks of operating a global business in new countries.***

Cristal's TiO<sub>2</sub> business operates in certain countries, such as the Kingdom of Saudi Arabia, in which Tronox has not historically had operations or business. The combined company will need to manage any increased risks related to adapting to unfamiliar regional and geopolitical conditions and demands. The combined company may also face increased difficulties with regard to political and social attitudes, laws, rules, regulations and policies within countries that favor domestic companies over non-domestic companies, including customer- or government-supported efforts to promote the development and growth of local competitors. Further, the combined company may be subject to new and unfamiliar laws and regulations at national, regional and local levels, including taxation regimes, labor and



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environmental and health and safety laws and regulations. The combined company may also be required to implement additional technological and cybersecurity measures and cost reduction efforts, including restructuring activities, or which may adversely affect the combined company's ability to capitalize on opportunities. These factors, in addition to the difficulties and uncertainties associated with entering into new countries, including cultural and language differences, will make it more challenging for the combined company to forecast its operating results, make business decisions and identify and prioritize the risks that may affect its business, sources and uses of cash, financial condition and results of operations.

***Risk Factors Relating to Tronox and Tronox's Business.***

Tronox is, and will continue to be, subject to the risks described in the section entitled "Risk Factors" beginning on page 21 and in Tronox's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as updated by other reports filed with the SEC, including Tronox's Form 10-Q for the quarter ended June 30, 2017, which are incorporated by reference into this proxy statement. For additional information, see the section entitled "Where You Can Find More Information" beginning on page 110.

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### **INFORMATION ABOUT THE COMPANIES**

#### **Tronox Limited**

Tronox is a public limited company registered under the laws of the State of Western Australia. We are a global leader in the production and marketing of titanium bearing mineral sands and titanium dioxide (  $TiO_2$  ) pigment, and the world's largest producer of natural soda ash. Titanium feedstock is primarily used to manufacture  $TiO_2$ . Our  $TiO_2$  products are critical components of everyday applications such as paint and other coatings, plastics, paper, and other uses, and our related mineral sands product streams include titanium feedstock, zircon, and pig iron. Zircon, a hard, glossy mineral, is used for the manufacture of ceramics, refractories, TV screen glass, and a range of other industrial and chemical products. Pig iron is a metal material used in the steel and metal casting industries to create wrought iron, cast iron, and steel.

We produce natural soda ash from a mineral called trona, which we mine, at two facilities we own near Green River, Wyoming. At these facilities we process the trona ore into chemically pure soda ash and specialty sodium products such as sodium bicarbonate (baking soda) and sodium sesquicarbonate (S-Carb<sup>®</sup> and Sesqui<sup>™</sup>). We sell soda ash directly to customers in the United States, Canada and the European Community, European Free Trade Association and South African Customs Union and to the American Natural Soda Ash Corporation ( ANSAC ), a non-profit foreign sales association in which we and two other U.S. soda ash producers are members. ANSAC then resells the soda ash to customers around the world. Our soda ash is used primarily by customers in the glass, detergent, and chemicals manufacturing industries. We use a portion of our soda ash at Green River to produce specialty sodium products such as sodium bicarbonate and sodium sesquicarbonate that have uses in food, animal feed, pharmaceutical, and medical applications.

In June 2012, Tronox Limited issued Class B Ordinary Shares to Exxaro Resources Limited ( Exxaro ) and one of its subsidiaries in consideration for 74% of Exxaro's South African mineral sands business, and the existing business of Tronox Incorporated was combined with the mineral sands business in an integrated series of transactions whereby Tronox Limited became the parent company. At May 31, 2017, Exxaro held approximately 43% of the voting securities of Tronox Limited. Exxaro has agreed not to acquire any additional voting shares of Tronox Limited if, following such acquisition, Exxaro will have a voting interest in Tronox Limited of 50% or more unless Exxaro brings any proposal to make such an acquisition to the Board of Directors of Tronox Limited on a confidential basis. In the event an agreement regarding the proposal is not reached, Exxaro is permitted to make a takeover offer for all the shares of Tronox Limited not held by affiliates of Exxaro, subject to certain non-waivable conditions. On March 8, 2017, Exxaro announced its intention to begin pursuing a path to monetize its ownership stake in Tronox over time. According to Exxaro's announcement, any such monetization is expected to proceed in stages and would likely not begin until the second half of 2017.

Additional information about Tronox and its subsidiaries is included in documents incorporated by reference in this proxy statement. See the section entitled "Where You Can Find More Information" beginning on [page 110](#).

#### **The National Titanium Dioxide Company Limited**

Cristal is a privately held company registered under the laws of the Kingdom of Saudi Arabia. Cristal is a global leader in the production and marketing of titanium bearing mineral sands and  $TiO_2$  pigment, and the world's largest producer of merchant titanium tetrachloride (  $TiCl_4$  ). Titanium feedstock is primarily used to manufacture  $TiO_2$ . Cristal's  $TiO_2$  products are critical components of everyday applications such as paint and other coatings, plastics, paper, and other uses, and Cristal's related mineral sands product streams include titanium feedstock and zircon. Zircon, a hard, glossy mineral, is used for the manufacture of ceramics, refractories, TV screen glass, and a range of other industrial and chemical products.  $TiCl_4$  is a critical intermediate in the production of titanium metal.

Cristal is currently owned 79% by the National Industrialization Company Ltd. ( TASNEE ) (a publically listed Saudi Arabian joint stock company), 20% by Gulf Investment Corporation (a company equally owned by the six states of the Gulf Cooperation Council and headquartered in Kuwait) and 1% by a private investor.

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### **THE SPECIAL MEETING**

#### **General Information**

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Tronox board of directors for use at the special meeting of Tronox shareholders.

A resolution approving the proposal needs to be passed at the special meeting. Both Class A Shareholders and Class B Shareholders may vote at the special meeting. However, no vote may be cast in favor of the proposal by Cristal Netherlands, any of the Cristal shareholder parties or any of their associates. Any such vote that is so cast will be disregarded.

#### **Time, Date and Location**

The special meeting will be held at [10:00 a.m.], U.S. Eastern Time at the Stamford Marriott Hotel, 243 Tresser Boulevard, Stamford, Connecticut 06901, U.S.A. on [•], 2017, or at such other time and place to which the special meeting may be adjourned. For directions to the special meeting, contact us at +1 (203) 705-3800. References in this proxy statement to the special meeting also refer to any adjournments or changes in location to the meeting, to the extent applicable.

#### **Purpose of the Special Meeting**

At the Tronox special meeting, Tronox shareholders will be asked to consider and vote on a proposal to approve the issuance of 37,580,000 Class A Shares to Cristal Netherlands and the resulting acquisition of interests in the Class A Shares by Cristal Netherlands and certain other persons and entities pursuant to the transaction.

#### **Record Date; Stock Entitled to Vote**

Only shareholders of record at 5:00 p.m. on [•], 2017, the record date for the special meeting, will be entitled to notice of, and to vote at, the special meeting or any adjournments or postponements thereof. On May 31, 2017, there were 67,893,737 shares of our Class A Shares and 51,154,280 shares of our Class B Shares outstanding and entitled to vote at the special meeting. Shareholders will have one vote for each Class A Share and Class B Share they own on the record date, in person or through the Internet or by telephone or by a properly executed and delivered proxy with respect to the special meeting. On May 31, 2017, our directors and executive officers and their affiliates owned and were entitled to vote 1,426,646 shares of Class A Shares, or 1.9% of the Class A Shares outstanding on that date and 51,154,280 shares of Class B Shares, or 100% of the Class B Shares outstanding on that date. We currently expect that our directors and executive officers will vote their shares in favor of the proposal, subject to no superior proposal emerging, although none of them has entered into any agreement obligating them to do so.

#### **Delivery of Proxy Materials**

These materials were first sent or made available to shareholders on or about [•], 2017. If you previously chose to receive proxy materials by e-mail, we have arranged to have these materials delivered to you in accordance with that election. Shareholders may request to receive proxy materials electronically by e-mail during the voting period. Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you, as well as solicitation costs, if any. If you choose to receive future proxy materials by e-mail, you will receive an e-mail before the next annual meeting with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

## Edgar Filing: Tronox Ltd - Form PRER14A

If your ordinary shares are registered directly in your name with our transfer agent you are considered, with respect to those shares, the registered shareholder of record, and we are sending this proxy statement and the other proxy materials directly to you. As the shareholder of record, you have the right to appoint a proxy to attend the meeting and vote on your behalf (and, if you are entitled to cast two or more votes at the meeting, to appoint two proxies). We have enclosed applicable proxy cards for you to use.

### **Proxy Cards**

Most shareholders hold their shares through a broker or other nominee rather than directly in their own name. If your shares are held by a broker or by another nominee, you are considered the beneficial owner of these shares even though they are held in street-name, and these proxy materials should be forwarded to you by the broker,

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trustee or nominee together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and you are invited to attend the special meeting. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

Each registered shareholder will receive one copy of each such notice per account even if at the same address, while most banks and brokers will deliver only one copy of such notice to consenting street-name shareholders (you own shares beneficially in the name of a bank, broker or other holder of record on the books of our transfer agent) who share the same address. This procedure reduces our printing and distribution costs. Those who wish to receive separate copies may do so by contacting their bank, broker or other nominee. Similarly, streetname shareholders who receive multiple copies of the notice at a single address may request that only a single copy be sent to them in the future by contacting their bank, broker or other nominee. If you hold your shares in street-name through a broker, bank or other nominee, you must provide the recorded holder of your shares with instructions on how to vote the shares.

Please follow the voting instructions provided by the bank or broker. Brokers, banks and other nominees who hold Tronox ordinary shares on behalf of their beneficial owners may not give a proxy to Tronox to vote those shares with respect to the proposal without specific voting instructions from such beneficial owners, as such matters to be voted upon at the special meeting are not considered a routine matter under the NYSE Rule 452 and brokers, banks and other nominees do not have discretionary voting power for such non-routine matters. Any votes cast by street-name shareholders or brokers, banks or other nominees will be treated as though they were votes cast by the shareholder of record. You may not vote shares held in street-name by returning a proxy card directly to us or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Any votes cast pursuant to a legal proxy will be treated as though they were cast by the shareholder of record.

### **Voting Procedures**

**Registered Shareholders:** Registered shareholders may vote their shares or submit a proxy to have their shares voted by one of the following methods:

*In Person.* You may vote in person at the special meeting by completing a ballot at the special meeting however, attending a meeting without completing a ballot will not count as a vote.

*By Telephone.* You may submit a proxy by telephone (from U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m., U.S. Eastern Time, on [•], 2017.

*By Mail.* You may indicate your votes at the special meeting by completing, signing and dating your proxy card and returning it in the business reply envelope to Tronox Limited, 263 Tresser Boulevard, Suite 1100, Stamford, Connecticut 06901, U.S.A. or Tronox Limited, P.O. Box 305, Kwinana, Western Australia, Australia, 6966. All mailed votes must be received prior to 11:59 p.m, U.S. Eastern Time, on [•], 2017.

*By Fax.* You may indicate your votes by completing, signing and dating your proxy card and returning it by fax to +1 (203) 705-3703 (U.S.A.) or +61 (0) 8 9 365-1390 (Australia). All faxed votes must be received prior to 11:59 p.m., U.S. Eastern Time, on [•], 2017.

Each shareholder entitled to vote at the special meeting may appoint a proxy or attorney to attend and vote at the special meeting. A shareholder entitled to cast two or more votes at a special meeting is entitled to appoint two proxies for the special meeting. The shareholder must specify the proportion or number of votes that the proxy may exercise. A proxy need not be a shareholder of Tronox.

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**Street-name Shareholders:** Shareholders whose shares are held in street-name by a broker or other nominee may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

*By Methods Listed on Voting Instruction Form.* Please refer to your voting instruction form or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy electronically on the Internet or by telephone following the instructions on the voting instruction form or other information provided by the record holder.

*In Person with a Proxy from the Record Holder.* A street-name shareholder who wishes to vote in person at the special meeting will need to obtain a legal proxy from their bank, broker or other nominee. Please consult the voting instruction form or other information sent to you by your bank, broker or other nominee to determine how to obtain a legal proxy in order to vote in person at the special meetings.

### **Tabulation of Votes**

Votes cast by proxy or in person at the special meeting will be tabulated by a proxy tabulator.

### **Quorum Requirements and Effect of Abstention and Broker Non-Votes**

Shareholders present in person, or by proxy, attorney or representative at the special meeting will be included in the determination of shareholders present at the special meeting for the purpose of determining the presence of a quorum, even if they abstain from or do not vote on the proposal. Generally, broker non-votes occur when shares held by a broker present at the meeting for a beneficial owner are not voted with respect to a particular proposal because the proposal is not a routine matter, and the broker has not received voting instructions from the beneficial owner of the shares. The proposal is a non-routine matter under the NYSE rules. Our constitution requires that a quorum of shareholders—the holders of a majority of outstanding shares—be present or represented by proxy to conduct business at the special meeting. Class A Shareholders and Class B Shareholders are counted together to determine whether a quorum is present at the special meeting.

Although abstentions and broker non-votes count as shares present at the meeting for purposes of determining a quorum if the holder of record of the relevant shares is present at the meeting in person, or by proxy, attorney or representative, they will not be counted as votes in favor of or against the proposal. Accordingly, a depository cannot cast a vote in favor of or against the proposal absent instruction from the underlying beneficial owner. For the purpose of determining whether shareholders have approved the proposal, abstentions and broker non-votes will not count in determining whether the resolution has been passed by a majority of the votes cast on the resolution.

### **Revocation of Proxies**

Holders of ordinary shares can revoke their proxy at any time before it is voted at the special meeting by either:

- submitting another timely, later-dated proxy by mail;
- delivering timely written notice of revocation to our Secretary; or
- attending the special meeting and voting in person.

To be effective for the meeting, however, a later-dated proxy must be received by Tronox no later than 11:59 p.m., U.S. Eastern Time on [•], 2017, and be given in accordance with the requirements specified in the section entitled Proxies of the Notice of Special Meeting.

If your ordinary shares are held beneficially in street-name, you may revoke your proxy by following the instructions provided by your broker, trustee, nominee or depository, as applicable.



**Vote Confidentiality**

Tronox has a confidential voting policy to protect our shareholders' voting privacy. Under this policy, ballots, proxy forms and voting instructions returned to brokerage firms, banks and other holders are kept confidential. Only the proxy tabulator and Inspector of Elections have access to the ballots, proxy forms and voting instructions. The proxy tabulator will disclose information taken from the ballots, proxy forms and voting instructions only if there is a proxy contest, if the shareholder authorizes disclosure, to defend legal claims or as otherwise required by law.

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**Special Meeting Admission**

Attendance at the special meeting is limited to shareholders (or their proxies, attorneys or representatives). Guests may be admitted. Admission to the special meeting is on a first-come, first-served basis. Registration for the special meeting begins at [9:30 a.m.], U.S. Eastern Time, on [•], 2017, and you will be asked to present a valid picture identification and proof of Tronox share ownership as of the record date. If you hold Tronox shares in a brokerage account, you must bring a copy of a brokerage account statement reflecting your share ownership as of the record date. If you plan to attend as the proxy or attorney of a shareholder, the shareholder must provide valid proof of your appointment no later than 11:59 p.m, U.S. Eastern Time, on [•], 2017 to our company's address set forth under the section entitled —Time, Date and Location beginning on page 29. If you plan to attend as a representative of a legal entity you must bring evidence of appointment to the special meeting. Submitting your proxy now will not prevent you from voting your shares at the special meeting if you desire to do so, as your proxy is revocable at your option. The use of cameras at the special meeting is prohibited and they will not be allowed into the special meeting or any other related areas. We realize that many cellular phones have built-in digital cameras, and while these phones may be brought into the meeting room, they may not be used at any time.

**Solicitation of Proxies**

In accordance with the transaction agreement, the cost of proxy solicitation for the special meeting will be borne by Tronox. Proxies accompanying this proxy statement are solicited by the Tronox board of directors. Proxies may be solicited by officers, directors and executive employees of Tronox, none of whom will receive any additional compensation for their services. We have retained Okapi Partners LLC, 1212 Avenue of Americas, New York, NY 10036 to distribute and solicit proxies. We will pay Okapi a fee not to exceed \$15,000, plus certain variable fees related to calling services plus other reasonable expense reimbursement for these services. Tronox will bear the cost of solicitations and the fees related to the solicitation of proxies. Each holder of our Class A Shares or Class B Shares who does not expect to be present at the special meeting or who plans to attend but who does not wish to vote in person is urged to fill in, date and sign the proxies and return them promptly in the enclosed return envelopes or vote by telephone or on the Internet.

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### **PROPOSAL SUBMITTED TO SHAREHOLDERS**

The transaction agreement provides that, as part of the transaction, Tronox will issue and deliver to Cristal Netherlands 37,580,000 Class A Shares. Under the NYSE Listing Company Manual, a company listed on the NYSE is required to obtain shareholder approval prior to the issuance of ordinary shares, or securities convertible into or exercisable for ordinary shares, in any transaction or series of related transactions if the number of ordinary shares to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of ordinary shares outstanding before the issuance of the ordinary shares or securities convertible into or exercisable for ordinary shares. As described above, if the transaction closes, Tronox will issue 37,580,000 Class A Shares, which is equal to approximately 24% of the then outstanding Class A Shares and Class B Shares post-closing, in connection with the transaction.

*Required Vote.* Assuming the presence of a quorum, the resolution, to be passed, must be approved by a majority of the votes cast by Class A Shareholders and Class B Shareholders entitled to vote on the resolution. It is important that you provide us with your proxy or attend the special meeting in person so that your Class A Shares and/or Class B Shares are counted toward the quorum and this requirement.

**The Tronox board of directors unanimously recommends, subject to no superior proposal emerging, you vote FOR the proposal. In accordance with the transaction agreement, we currently expect that the Tronox directors will vote their shares in favor of the proposal, subject to no superior proposal emerging, although none of them has entered into any agreement obligating them to do so.** For a discussion of the interests of Tronox's directors and executive officers in the transaction that may be different from, or in addition to, Tronox's shareholders generally, see the section entitled "The Transaction—Interests of Directors and Officers in the Transaction" beginning on page 47.

**THE TRANSACTION AGREEMENT PROVIDES THAT THE REQUISITE TRONOX SHAREHOLDER APPROVAL OF THE PROPOSAL IS A CONDITION TO THE CLOSING OF THE TRANSACTION, AS MORE FULLY DESCRIBED IN THE SECTION ENTITLED "THE TRANSACTION AGREEMENT—CONDITIONS TO CONSUMMATE THE CLOSING" BEGINNING ON PAGE 61.**

In addition, as an Australian company, Tronox is subject to Australia's takeover laws. Broadly speaking, those laws prohibit any person from entering into a transaction to acquire a relevant interest in voting shares in a company if, because of that transaction, a person's voting power in the company:

• increases from 20% or below to over 20%; or  
• increases from a starting point that is above 20% and below 90%,  
unless an exemption applies. An acquisition resulting from an issuance of shares by Tronox approved previously by a resolution passed at a general or special meeting of Tronox is exempt if:

• no votes are cast in favor by the acquiring person or any associate of the acquiring person; and  
• shareholders were given all information known to the person proposing to make the acquisition or its associates, or known to the company, that was material to the decision on how to vote on the resolution.

Because the issuance of 37,580,000 Class A Shares to Cristal Netherlands, and entry by Tronox and the Cristal shareholder parties into the shareholders agreement, will, for purposes of Australian takeover laws, result in the voting power of Cristal Netherlands and the Cristal shareholder parties in Tronox exceeding 20%, it is necessary for the acquisition to be approved by such a resolution in accordance with Australian takeover laws.

The concepts of relevant interest and voting power are defined in Australia's takeover laws and explained further in the section entitled "Additional Information Relating to Australia's Takeover Laws" beginning on page 71. Additional

information about changes of the relevant interests and voting power of Cristal, the Cristal shareholder parties, Exxaro and Tronox (and their respective associates) that will result from the transaction are also described in the section entitled Additional Information Relating to Australia's Takeover Laws beginning on page 71.

Further, even if the Tronox shareholders approve the proposal, the transaction may not be completed if the other conditions to the closing of the transaction are not satisfied or, if allowed by applicable law, waived. We can give no assurance that the conditions to the closing of the transaction will be satisfied or so waived.

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### **THE TRANSACTION**

The following is a discussion of the proposed transaction, the transaction agreement and the form of shareholders agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the transaction agreement is attached to this proxy statement as Annex A and a form of the shareholders agreement is attached to this proxy as Annex B, both of which are incorporated by reference herein. Tronox shareholders are urged to read this entire proxy statement, including the transaction agreement, for a more complete understanding of the transaction.

#### **General Description of Transaction**

On February 21, 2017, Tronox entered into a transaction agreement with Cristal and Cristal Netherlands, pursuant to which Cristal and Cristal Netherlands will effect a restructuring under which the assets and operations relating to the TiO<sub>2</sub> business of Cristal will be reorganized under one or more entities owned by Cristal BV, and Cristal will separately establish a new entity in the Kingdom of Saudi Arabia to hold certain assets and operations in the Kingdom of Saudi Arabia. Although the TiO<sub>2</sub> business represents substantially all of Cristal's operations, Tronox will not acquire as part of the transaction the Retained Cristal Business.

On August 2, 2017, Tronox announced its entry into a stock purchase agreement with Genesis Energy, L.P. providing for the sale of the Alkali business for \$1.325 billion in cash, the proceeds of which will be used to fund the majority portion of the cash consideration for the Cristal transaction. At the same time, Tronox announced its intention to refinance a portion of its capital structure by mid-October 2017.

The transaction agreement provides that, subject to the terms and conditions of the transaction agreement, at the closing of the transaction, Tronox will acquire the TiO<sub>2</sub> business of Cristal through (i) the purchase from Cristal of certain intangible assets and the newly established Kingdom of Saudi Arabia entity, and (ii) the purchase from Cristal Netherlands of all of the outstanding equity of Cristal BV. The majority of the cash portion of the Cristal transaction consideration is expected to be funded through proceeds from the closing of the sale of Tronox's Alkali business as described above, with the remainder funded through proceeds from additional indebtedness and/or cash on hand, as determined by Tronox as circumstances warrant.

It is anticipated that upon the closing of the transaction, Tronox shareholders existing immediately prior to the closing of the transaction will own approximately 76%, and Cristal Netherlands will own approximately 24%, of the combined company's outstanding Class A Shares and Class B Shares.

Prior to the closing of the transaction and pursuant to the transaction agreement, Tronox will use its reasonable best efforts to cause two directors designated by the Cristal shareholder parties (to be mutually agreed by Tronox as the Cristal shareholder parties) to be elected as Class A Directors (the overall number of directors, however, will remain the same). The current executive officers of Tronox are expected to remain unchanged.

#### **Transaction Consideration**

In consideration of the foregoing, Tronox (i) will make an aggregate cash payment equal to \$1,673 million, subject to certain adjustments, to Cristal and Cristal Netherlands, and (ii) will issue and deliver to Cristal Netherlands 37,580,000 Class A Shares. Neither the cash portion nor the share portion of the transaction consideration will be adjusted to reflect changes to Tronox's share price prior to the closing of the transaction, but the cash portion is subject to certain adjustments related to the working capital, cash on hand and certain non-current liabilities of the TiO<sub>2</sub> business of Cristal.

Upon completion of the transaction and the issuance of the Class A Shares described above, based on the number of shares then outstanding, Tronox shareholders prior to the transaction will own approximately 76% of Tronox's outstanding Class A and Class B shares and Cristal Netherlands will own approximately 24% of Tronox's outstanding ordinary shares. For additional information on the transaction's impact on the voting power of the current Tronox shareholders and Cristal, see the sections entitled "Proposal Submitted to Shareholders" and "Additional Information Relating to Australia's Takeover Laws" beginning on pages 33 and 71, respectively.

### **Background of the Transaction**

The Tronox board of directors from time to time reviews with senior management Tronox's strategic direction and the opportunities available to enhance its performance and prospects. These reviews include periodic internal

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discussions of projected financial performance and hypothetical acquisitions, dispositions and business combinations with third parties that would add shareholder value and further Tronox's strategic objectives, as well as the potential benefits and risks of those potential transactions.

In October 2015, representatives of Tronox and Cristal met to discuss a potential strategic transaction following an introduction by a financial advisor to Tronox. Following the meeting, each of Tronox and Cristal engaged in mutual due diligence to determine whether such a transaction was advisable. In November 2015, the Tronox board of directors met to discuss a potential strategic transaction involving Cristal, as well as other potential strategic transactions, with other participants in the titanium dioxide industry, including mergers, equity and asset acquisitions and business combination transactions. The Tronox board of directors instructed Tronox management to continue discussions with Cristal regarding a potential strategic transaction between the two companies and concluded that a transaction with Cristal represented the most actionable and compelling opportunity for Tronox shareholders from a financial point of view as compared to other possibilities.

On December 4, 2015, representatives of Tronox sent an initial non-binding proposal to representatives of Cristal that reflected Tronox's interest in pursuing a potential strategic transaction between Tronox and Cristal. This proposal excluded certain Cristal mining assets, which were ultimately included in the Cristal transaction, and offered consideration consisting of a long-term lease by Tronox of certain Cristal assets and Tronox shares equal to a 36.5% equity stake in the combined company. The parties met to discuss such potential transaction in New York, New York on December 11, 2015 and January 13, 2016. On January 29, 2016, representatives of Tronox sent a revised non-binding proposal to representatives of Cristal. This revised proposal excluded certain Cristal assets as did the proposal made on December 4, 2015, but modified the proposed purchase price to include consideration consisting of a \$150 million unsecured note, a long-term lease by Tronox of certain Cristal assets with increased lease payments compared to the December 4 proposal and a 36.5% equity stake in the combined company.

The parties could not reach agreement on valuation, primarily relating to differences in views on the value of certain Cristal mining assets, Tronox Alkali and certain Tronox tax assets, as well as the appropriate foreign exchange rates applicable to each party's projected five-year cash flows, and terminated discussions in the middle of February 2016. During this time, Cristal did not make a counterproposal but noted that there remained a significant difference in the parties' respective views on valuation of the Cristal assets that Tronox proposed to acquire.

On April 4, 2016, Mr. Moazzam Khan, Chief Financial Officer of Cristal, contacted Dr. Willem Van Niekerk, Senior Vice President of Strategic Planning and Development of Tronox, by telephone to inquire whether Tronox would be interested in resuming discussions regarding a potential strategic transaction between the parties. During the month of April 2016, the parties performed additional due diligence.

On May 6, 2016, representatives of Tronox provided a new non-binding written proposal to representatives of Cristal that reflected Tronox's interest in pursuing a potential strategic transaction between Tronox and Cristal. This further revised proposal excluded certain assets, as did the proposals made on December 4, 2015 and January 29, 2016, but withdrew the concept of an unsecured note, and included increased long-term lease payments and a 45.5% equity stake in the combined company.

On May 31, 2016, during discussions between representatives of Tronox and Cristal, Cristal made an oral counterproposal requesting, among other things, additional equity consideration.

On June 29, 2016, representatives of Tronox and Cristal met in New York, New York to discuss valuation. Again, the parties could not reach agreement on valuation for similar reasons as in February 2016 and terminated discussions following this meeting.

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During the week of October 3, 2016, Dr. Van Niekerk was contacted by telephone by a representative of Dr. Talal Ali Al-Shair, the Vice Chairman of the TASNEE board of directors and chairman of the Cristal board of directors, regarding a meeting to initiate discussions regarding Tronox's potential acquisition of Cristal's TiO<sub>2</sub> business. On October 13, 2016, Dr. Van Niekerk held a preliminary meeting with Dr. Talal's representative in Stamford, Connecticut, at which they discussed such an acquisition and determined that senior management of Tronox and Cristal should meet for further discussions.

On October 19, 2016, Dr. Van Niekerk and Mr. Thomas Casey, Tronox's former Chairman and Chief Executive Officer, met with Dr. Talal and his representative in Boston, Massachusetts to discuss Tronox's potential acquisition of Cristal's TiO<sub>2</sub> business. The parties discussed at a high-level the potential structure of such an acquisition.



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On October 21, 2016, Mr. Casey delivered a non-binding written proposal to Cristal that reflected Tronox's interest in pursuing a potential acquisition of Cristal's TiQbusiness for \$1.4 billion in cash and a 28% equity stake in the combined company. This letter proposed to acquire all of Cristal's mining assets and did not propose a lease of any Cristal assets.

During the month of October, members of Tronox senior management, together with Credit Suisse, financial advisor to Tronox, continued to evaluate a potential acquisition of Cristal's TiQbusiness by Tronox.

On October 31, 2016, Mr. Casey sent an email to the Tronox board of directors to update them on the status of Tronox management's discussions with Cristal. Later that same day, Mr. Casey delivered a revised non-binding written proposal to Dr. Talal that reflected Tronox's interest in pursuing a potential acquisition of Cristal's TiQbusiness by Tronox for \$1.4 billion in cash and a 30% equity stake in the combined company (subject to a three-year lockup and standstill). Tronox stated that it would be willing to consider providing increased cash consideration and a smaller equity stake if so requested by Cristal's shareholders.

On November 2, 2016, the Tronox board of directors was briefed on the status of Tronox management's discussions with Cristal. The Tronox board of directors authorized Tronox management to continue exploring with Cristal management a potential acquisition of Cristal's TiQbusiness and to propose non-binding terms for such an acquisition.

On November 6, 2016, Dr. Van Niekerk and a representative of Credit Suisse met with Mr. Khan and a representative of HSBC Holdings plc, financial advisor to Cristal, in London, England to discuss the terms of a potential acquisition of Cristal's TiQbusiness by Tronox.

On November 11, 2016, in response to Tronox's October 31, 2016 proposal, Dr. Talal delivered a non-binding written counter-proposal to Mr. Casey that proposed consideration payable to Cristal consisting of an increased cash purchase price of approximately \$1.673 billion and a 25% equity stake in the combined company, as well as the assumption by Tronox of certain liabilities related to Cristal's TiQbusiness. This counter-proposal also included a fee payable by Tronox in the event that the closing of the transaction were not to occur in certain circumstances, with the terms of the fee to be consistent with market standards.

On November 13, 2016, in response to Cristal's counter-proposal, Mr. Casey delivered to Dr. Talal a non-binding written proposal, stating that, subject to due diligence and the negotiation of definitive transaction documents, Tronox would be prepared to agree to the \$1.673 billion cash portion of the consideration and to assume the liabilities related to Cristal's TiQbusiness if Cristal agreed to receive a smaller equity stake of 22.5% in the combined company (subject to a three-year lockup and standstill) and deliver Cristal's TiQbusiness with a minimum of \$192 million of cash on its balance sheet at the closing of the transaction.

On November 15, 2016, in response to Tronox's November 13, 2016 proposal, Dr. Talal delivered to Mr. Casey a non-binding written counter-proposal, in which Cristal proposed an equity stake of 25% in the combined company.

On November 16, 2016, the Tronox board of directors held a regularly scheduled meeting. During this meeting, the Tronox board of directors reviewed with senior management a potential acquisition of Cristal's TiQbusiness and discussed, with input from Tronox management, potential financial terms for such an acquisition, as well as the risks and benefits of such an acquisition. Following these discussions, the Tronox board of directors instructed management to continue to pursue a potential acquisition of Cristal's TiQbusiness and to seek to negotiate acceptable financial terms for such an acquisition. At the invitation of the Tronox board of directors, Dr. Talal and Mr. Khan attended a portion of this meeting and met various members of the Tronox board of directors in connection with its consideration of such an acquisition. Later that same day, a dinner meeting took place in Amsterdam, Netherlands among Dr. Talal,

Mr. Khan, Mr. Casey and Dr. Van Niekerk, during which the parties discussed the terms of such an acquisition.

On November 21, 2016, Dr. Talal delivered to Mr. Casey a revised non-binding written counter-proposal, in which Cristal proposed an equity stake of 24% in the combined company and the right to designate three persons for election to the Tronox board of directors. Cristal stated that it would be prepared to accept the three-year lock-up period only if it was granted an exception to the lock-up allowing it to sell up to 4% of the Tronox shares beginning immediately after the closing of a transaction, and that it was not willing to deliver a minimum of \$192 million of cash on its balance sheet at the closing of the transaction.

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On November 22, 2016, in response to Cristal's counter-proposal, Mr. Casey delivered to Dr. Talal a non-binding written counter-proposal. Tronox stated that, subject to due diligence and negotiation of definitive transaction documents, it was prepared to agree to the terms proposed by Cristal in its November 21, 2016 counter-proposal, including the increased equity stake of 24% in the combined company, but Tronox proposed that Cristal have the right to designate two persons (instead of three persons) for election to the Tronox board of directors.

On November 23, 2016, Dr. Talal contacted Mr. Casey by email and stated that Cristal was prepared to agree to Tronox's proposal that Cristal have the right to designate only two persons for election to the Tronox board of directors.

Over the following weeks, representatives of Tronox and Cristal, together with Kirkland & Ellis LLP, which we refer to as Kirkland, Tronox's outside legal counsel, and Clifford Chance LLP, which we refer to as Clifford Chance, Cristal's outside legal counsel, negotiated the terms of the transaction agreement and shareholders agreement, and Tronox entered into a confidentiality agreement with Cristal and conducted its initial due diligence review of Cristal's TiO<sub>2</sub> business.

On November 30, 2016, Kirkland distributed a proposed draft of a definitive transaction agreement to Clifford Chance.

Throughout the month of December, representatives of Tronox's management team, Cristal's management team and their respective advisors exchanged documents, engaged in telephone conferences and met on various occasions to perform accounting, financial and legal due diligence reviews of the companies, including operational matters and potential synergies from a business combination. In addition, Tronox conducted site visits at key Cristal facilities in the United States, the Kingdom of Saudi Arabia, the United Kingdom, Brazil, France, China and Australia. As the diligence investigations continued, Mr. Casey and Dr. Talal spoke periodically, confirming the continued interest of each party in a negotiated transaction.

On January 5, 2017, representatives of Tronox and Cristal, together with Kirkland and Clifford Chance, met at the offices of Kirkland to discuss the structure of the transaction and the proposed terms of the draft transaction agreement.

On January 6, 2017, Kirkland distributed a proposed draft of a shareholders agreement to Clifford Chance.

On January 13, 2017, representatives of Tronox and Cristal, together with their respective tax advisors, Kirkland and Clifford Chance, met at the offices of Clifford Chance to discuss the transaction structure and various tax matters.

On January 18, 2017, representatives of Tronox and Cristal, together with Kirkland and Clifford Chance, met at the offices of Kirkland to discuss and negotiate the draft transaction documents.

On February 7, 2017, representatives of Tronox and Cristal, together with Kirkland and Clifford Chance, met at the offices of Clifford Chance to further discuss and negotiate the draft transaction documents.

On February 14, 2017, the Tronox board of directors met and received an update on the discussions with Cristal. Representatives of Kirkland discussed with the Tronox board of directors its duties with respect to its evaluation of the transaction proposal and reviewed with the Tronox board of directors the terms and conditions of the draft transaction agreement and draft shareholders agreement. Also at this meeting, Credit Suisse reviewed with the Tronox board of directors its financial analysis of the consideration to be paid by Tronox pursuant to the draft transaction agreement. Following discussion, the Tronox board of directors unanimously determined that the proposed terms and conditions of the transaction agreement were advisable to and in the best interests of Tronox and its shareholders, and authorized

Tronox management to finalize the transaction agreement and related documentation on such proposed terms and conditions, subject to completion of due diligence. Over the following week, Tronox and its advisors completed their due diligence review of Cristal's TiO<sub>2</sub> business.

On February 20, 2017, the Tronox board of directors met and received an update on the discussions with Cristal. Representatives of Kirkland participated by telephone and reviewed with the Tronox board of directors the final terms and conditions of the transaction agreement and shareholders agreement and confirmed the findings of the due diligence investigation. Also at this meeting, representatives of Credit Suisse confirmed to the Tronox board of directors that its financial analysis of the consideration to be paid by Tronox pursuant to the transaction agreement had not changed in any material respect since the meeting of the Tronox board of directors on February 14, 2017 and delivered to the Tronox board of directors an oral opinion, which was confirmed by delivery of a written opinion dated February 20, 2017, to the effect that, as of such date and subject to the assumptions, qualifications and

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limitations set forth in its opinion, the consideration to be paid by Tronox pursuant to the transaction agreement, comprised of \$1.673 billion in cash, subject to certain adjustments, and 37,580,000 Tronox Class A shares, was fair, from a financial point of view, to Tronox. Following discussion, the Tronox board of directors unanimously (1) determined that the proposed transaction agreement and the transactions contemplated thereby, including the issuance of Tronox Class A shares in connection with the transaction, were advisable to and in the best interests of Tronox and its shareholders, (2) adopted resolutions approving the proposed transaction agreement and the transactions contemplated thereby and (3) recommended, subject to the terms and conditions in the proposed transaction agreement, that Tronox's shareholders approve the issuance of Class A shares in connection with the transaction and the resulting acquisition of interests in the Class A shares by Cristal Netherlands and certain other persons and entities in the transaction for the purposes of Australia's takeover laws. The Tronox board of directors authorized the appropriate officers of Tronox to finalize, execute and deliver the transaction agreement and related documentation.

The transaction agreement was finalized and executed in the early morning of February 21, 2017, and the transaction was announced before the opening of trading on the NYSE that morning in a press release issued by Tronox.

**Reasons for the Transaction; Recommendation of the Tronox Board of Directors to Approve the Issuance of Class A Shares in the Transaction**

In reaching its decision to approve the transaction agreement and recommend the approval of the issuance of Class A Shares in connection with the transaction, the Tronox board of directors consulted with Tronox's management, as well as with Tronox's legal and financial advisors, and considered a number of factors, including, but not limited to, the following factors as generally supporting its determination and recommendation:

- its understanding of Cristal's TiQ business, and the operations, financial condition, earnings and prospects of its TiO<sub>2</sub> business (including its financial projections described under the section entitled "Financial Projections" beginning on page 46), taking into account the results of Tronox's due diligence review of Cristal's TiQ business;
- the anticipated substantial accretion and the resulting new shareholder value;
- the fact that the transaction will create the world's largest TiQ producer with nameplate production capacity representing approximately 15% of the world's TiQ capacity;
- the complimentary nature of Cristal's TiQ assets;
- the fact that increased benefits of scale and integration will allow Tronox to be fully integrated, consuming all of its high-grade feedstock internally and allowing mining and feedstock assets to be run at full utilization minimizing Tronox's costs per ton while maximizing margins;
- the fact that the transaction is expected to be substantially accretive within the first year after consummation of the transaction;
- the expected synergies of the transaction, including expected pre-tax run-rate synergies of more than \$100 million in year 1 and more than \$200 million in year 3;
- the fact that Tronox will have a more geographically balanced sales mix and increased participation in higher growth emerging markets and specialty anatase and ultra-fine markets;
- the financial presentation of Credit Suisse, including the oral and written opinion of Credit Suisse that, as of the date of February 20, 2017, and based on and subject to various assumptions made, matters considered and limitations set forth in the opinion, the consideration to be paid by Tronox pursuant to the transaction agreement is fair, from a financial point of view, to Tronox;
- the belief that the extensive arms-length negotiations and discussions with Cristal resulted in the most favorable terms to Tronox and its shareholders to which Cristal was willing to agree;
- the fact that the share portion of the transaction consideration is a fixed number and thus avoids fluctuation in the number of Class A Shares payable as consideration in the merger;
- the results of financial, legal, environmental and operations due diligence on Cristal performed by Tronox's senior management and its financial and environmental advisors and legal counsel; and



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the terms of the transaction agreement regarding the interim operating covenants of Cristal and the potential restrictions placed on Cristal during such period.

Tronox's board of directors weighed the foregoing advantages and benefits against a variety of potentially negative factors, including, but not limited to:

the terms of the transaction agreement regarding the circumstances under which Tronox may be obligated to pay a termination fee of \$100 million (including due to an inability to sell its Alkali business or otherwise raise the financing necessary to pay the purchase price to Cristal) and/or reimburse Cristal for certain of its fees and expenses incurred in connection with the transaction, not to exceed \$15 million;

the likelihood and anticipated timing of the receipt of required regulatory approvals for the transaction and the completion of the transaction;

the fact that following the completion of the transaction, Cristal Netherlands will hold approximately 24% of Tronox ordinary shares outstanding;

the terms of the transaction agreement regarding the obligation of the Tronox board of directors to vote any Class A Shares or Class B Shares held by such directors in favor of the proposal, subject to no superior proposal emerging;

the risk that the negotiated value assigned to Cristal's TiO<sub>2</sub> business might be different than the value assigned by the public markets given Cristal is a privately held corporation and, accordingly, there is no public equity market valuation for Cristal or Cristal's TiO<sub>2</sub> business;

the need to obtain shareholder approval of the issuance of Class A Shares and regulatory approvals to complete the transaction;

the challenges of integrating the Tronox business and Cristal's TiO<sub>2</sub> business, operations and workforces, and the risks associated with achieving anticipated cost savings and other synergies;

the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working on the implementation of the transaction;

the fact that certain provisions of the transaction agreement may have the effect of discouraging proposals for alternative acquisition transactions;

the substantial costs to be incurred in connection with the transaction, including the costs of integrating our businesses with the TiO<sub>2</sub> business of Cristal and the transaction expenses arising from the transaction;

the fact that the share portion of the transaction consideration is a fixed number and thus the number of Class A Shares payable will not change based on any potential increases in value of Class A Shares prior to the closing of the transaction;

the possibility that the transaction may result in Tronox assuming unexpected liabilities;

the potential downward pressure on the share price of Tronox after the closing of the transaction that may result if Cristal Netherlands seeks to sell up to 4% of the Class A Shares, as permitted by the Shareholders Agreement;

the terms of the transaction agreement regarding the interim operating covenants of Tronox and the potential restrictions placed on Tronox during such period;

the possibility that the combined company may not achieve its projected financial results;

the restrictions within the shareholders agreement;

the risks of the type and nature described under the section entitled "Risk Factors" beginning on page 21; and

the fact that some of Tronox's directors and executive officers have interests in the transaction that are in addition to their interests as Tronox shareholders (see the section entitled "Interests of Directors and Officers in the Transaction" beginning on page 47).

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**Opinion of Tronox's Financial Advisor**

Tronox retained Credit Suisse to act as its financial advisor in connection with the transaction. On February 20, 2017, at a meeting of the Tronox board of directors held to evaluate the transaction, Credit Suisse rendered to the Tronox board of directors an oral opinion, confirmed by delivery of a written opinion dated February 20, 2017, to the effect that, as of that date and based on and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in such written opinion, the consideration to be paid by Tronox pursuant to the transaction agreement was fair, from a financial point of view, to Tronox.

**The full text of Credit Suisse's written opinion, dated February 20, 2017, to the Tronox board of directors, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Credit Suisse in connection with such opinion, is attached to this proxy statement as Annex C and is incorporated into this proxy statement by reference in its entirety. The description of Credit Suisse's opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the Tronox board of directors (in its capacity as such) for its information in connection with its evaluation of the consideration to be paid by Tronox pursuant to the transaction agreement from a financial point of view to Tronox and did not address any other aspect of the transaction, including the relative merits of the transaction as compared to alternative transactions or strategies that might be available to Tronox or the underlying business decision of Tronox to proceed with the transaction. Credit Suisse's opinion does not constitute advice or a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the transaction or otherwise.**

In arriving at its opinion, Credit Suisse reviewed a draft of the transaction agreement dated February 19, 2017 and certain publicly available business and financial information relating to the TiO<sub>2</sub> business and Tronox. Credit Suisse also reviewed certain other information relating to the TiO<sub>2</sub> business and Tronox provided to Credit Suisse by Cristal and Tronox, including financial forecasts relating to the TiO<sub>2</sub> business and Tronox, which were provided to or discussed with Credit Suisse by Tronox. Credit Suisse also discussed with the management of each of Cristal and Tronox the businesses and prospects of the TiO<sub>2</sub> business and Tronox. Credit Suisse also reviewed estimates of the cost savings and other synergies anticipated by the management of Tronox to result from the transaction. Credit Suisse also considered certain financial and stock market data of Tronox and financial data of the TiO<sub>2</sub> business, and Credit Suisse compared that data with similar data for publicly held companies in businesses it deemed similar to those of the TiO<sub>2</sub> business and Tronox, respectively, and Credit Suisse considered, to the extent publicly available, the financial terms of certain other completed business combinations and other transactions which have been effected. Credit Suisse also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information and Credit Suisse assumed and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts and estimates for the TiO<sub>2</sub> business and Tronox that were provided to Credit Suisse by the management of Tronox and that Credit Suisse used and relied upon at the direction of Tronox for purposes of its analyses, including estimates as to potential net operating loss carryforwards and other potential tax attributes of Tronox, Credit Suisse was advised, and assumed, with the consent of Tronox, that such forecasts and estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Tronox as to the future financial performance of the TiO<sub>2</sub> business and Tronox, respectively, and the other matters covered thereby. With respect to the estimates provided to Credit Suisse by the management of Tronox with respect to the cost savings and synergies anticipated to result from the transaction, Credit Suisse was advised by the management of Tronox, and Credit Suisse assumed, that such estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Tronox as to such cost savings and synergies and



that they would be realized in the amounts and the times indicated thereby. Credit Suisse assumed, with the consent of Tronox, that the potential net operating loss carryforwards and other potential tax attributes of Tronox would be used or realized in the amounts and at the times projected by the management of Tronox. Credit Suisse also assumed, with the consent of Tronox, that, in the course of obtaining any regulatory or third-party consents, approvals or agreements in connection with the transaction, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on the TiO<sub>2</sub> business, Tronox or the contemplated benefits of the transaction and that the transaction would be consummated in accordance with the terms of the transaction agreement without waiver, modification or amendment of any material term, condition or agreement thereof. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent

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or otherwise) of the TiO<sub>2</sub> business or Tronox (including, without limitation, the assets being transferred to Tronox in connection with the transaction), nor was Credit Suisse furnished with any such evaluations or appraisals. Credit Suisse expressed no view or opinion with respect to the forecasts and estimates for the TiO<sub>2</sub> business or Tronox, or the estimates of the cost savings or synergies anticipated to result from the transaction or the assumptions upon which they were based. At the direction of the management of Tronox, Credit Suisse further assumed that such forecasts and estimates were a reasonable basis upon which to evaluate the TiO<sub>2</sub> business, Tronox and the transaction. Credit Suisse also assumed that the final form of the transaction agreement, when executed by the parties thereto, would conform to the draft reviewed by Credit Suisse in all respects material to its analyses.

Credit Suisse's opinion addressed only the fairness, from a financial point of view, to Tronox of the consideration to be paid by Tronox pursuant to the transaction agreement and did not address any other aspect or implication of the transaction or any other agreement, arrangement or understanding entered into in connection with the transaction or otherwise including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation payable to any officers, directors or employees of any party to the transaction, or class of such persons, relative to the consideration to be paid by Tronox pursuant to the transaction agreement or otherwise. The issuance of Credit Suisse's opinion was approved by its authorized internal committee.

Credit Suisse's opinion was necessarily based on information made available to it as of the date of its opinion and upon financial, economic, market and other conditions as they existed and could be evaluated on that date. Credit Suisse did not express any opinion as to what the value of the Class A Shares actually will be when issued to Cristal Netherlands pursuant to the transaction or the prices at which shares of Tronox stock will trade at any time. Credit Suisse also did not express any opinion as to the value of Tronox's Alkali business on a standalone basis or the value that Tronox may receive from any potential divestiture of its Alkali business. Credit Suisse's opinion did not address the relative merits of the transaction as compared to alternative transactions or strategies that might be available to Tronox, nor did it address the underlying business decision of Tronox to proceed with the transaction. Furthermore, Credit Suisse did not express any advice or opinion regarding matters that require legal, regulatory, accounting, insurance, intellectual property, tax, environmental, executive compensation or other similar professional advice. Credit Suisse assumed that Tronox obtained such advice or opinions from the appropriate professional sources.

In preparing its opinion to the Tronox board of directors, Credit Suisse performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse's analyses described below is not a complete description of the analyses underlying Credit Suisse's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Credit Suisse arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Tronox. No company, business or transaction used for comparative purposes in Credit Suisse's analyses is identical to Tronox, the TiO<sub>2</sub> business or the transaction, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable

than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, Credit Suisse's analyses are inherently subject to substantial uncertainty.

Credit Suisse was not requested to, and it did not, recommend the specific consideration payable in the transaction, which consideration was determined through negotiations between Tronox and Cristal, and the decision to enter into the transaction agreement was solely that of the Tronox board of directors. Credit Suisse's opinion and

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financial analyses were only one of many factors considered by the Tronox board of directors in its evaluation of the transaction and should not be viewed as determinative of the views of the Tronox board of directors or management with respect to the transaction or the consideration to be paid by Tronox pursuant to the transaction agreement.

*Summary of the Financial Analyses of Credit Suisse*

The following is a summary of the material financial analyses reviewed with the Tronox board of directors on February 20, 2017 in connection with Credit Suisse's opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse's financial analyses.** For the purposes of the summary below, the term "implied transaction consideration" refers to the total implied value of the consideration to be paid by Tronox pursuant to the transaction agreement of \$2,193 million, calculated as the sum of (i) the \$520 million implied value of the share portion of the transaction consideration, based on the 37.58 million Class A Shares to be issued by Tronox pursuant to the transaction agreement and the closing price of Class A Shares as of February 9, 2017 of \$13.84 per share, and (ii) \$1,673 million of cash consideration to be paid by Tronox pursuant to the transaction agreement.

*Cristal Financial Analyses*

*Cristal Selected Companies Analysis*

Credit Suisse reviewed financial information of the TiO<sub>2</sub> business and financial and stock market information of Tronox and the following six selected publicly traded companies with operations in whole or in part in the TiO<sub>2</sub> and/or mineral sands industries which Credit Suisse in its professional judgment considered generally relevant for comparative purposes to the TiO<sub>2</sub> business and Tronox, and which we refer to as the "selected companies":

- ¶ The Chemours Company
- ¶ Huntsman Corporation
- ¶ Henan Billions Chemicals Co., Ltd.
- ¶ Kronos Worldwide, Inc.
- ¶ Iluka Resources Limited
- ¶ Kenmare Resources plc

Credit Suisse reviewed, among other things, enterprise values of Tronox and the selected companies, calculated as equity values based on closing stock prices on February 9, 2017, plus debt, non-controlling interests and other adjustments, and less cash and other adjustments, as a multiple of the average earnings before interest, taxes, depreciation and amortization, or EBITDA, for calendar years 2011 through 2016 and the estimated EBITDA for each of calendar years 2017 and 2018. Credit Suisse then applied a selected range of multiples of the average EBITDA for calendar years 2011 through 2016 and multiples of the estimated EBITDA for each of calendar years 2017 and 2018 of 7.0x to 8.0x, 7.0x to 9.0x and 6.0x to 8.0x, respectively, to corresponding data of the TiO<sub>2</sub> business. Financial data of the selected companies were based on publicly available research analysts' consensus estimates, public filings and other publicly available information. Financial data of the TiO<sub>2</sub> business and Tronox were based on public filings and estimates made by Tronox's management.

The foregoing analysis indicated the following approximate implied enterprise value reference range for the TiO<sub>2</sub> business, as adjusted for assumed Cristal debt and non-controlling interests, as compared to the implied transaction consideration:

<b>Implied Enterprise Value Reference Range</b> (\$ in millions)	<b>Implied Transaction Consideration</b> (\$ in millions)
\$2,293 - \$3,199	\$2,193

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Credit Suisse reviewed and considered publicly available financial information of the following nine selected transactions involving companies with operations in whole or in part in the TiO<sub>2</sub> and mineral sands industry, which Credit Suisse in its professional judgment considered generally relevant for comparative purposes in connection with the proposed transaction:

<b>Acquiror</b>	<b>Seller</b>	<b>Business Acquired</b>
Henan Billions Chemicals Co., Ltd.	Sichuan Lomon Titanium Industry Co., Ltd.	Lomon Titanium in China
Huntsman Corporation	Rockwood Holdings, Inc.	Rockwood TiO <sub>2</sub> and Performance Additives
Rockwood Holdings, Inc.	Kemira Oyj	Remaining 39% of TiO <sub>2</sub> joint venture
Rockwood Holdings, Inc.	Kemira Oyj	TiO <sub>2</sub> joint venture (Rockwood 61%, Kemira 39%)
Cristal	LyondellBasell N.V.	Inorganic chemicals business, TiO <sub>2</sub>
Kerr-McGee Corporation	Kemira Oyj	Savannah, GA Botlek, Netherlands
Huntsman Corporation	Imperial Chemical Industries	Tioxide
Millennium Chemicals, Inc.	Bayer S.A. and Constructora Andrade Guttierrez S.A.	72% of Titanio do Brazil (Tibras) TiO <sub>2</sub> mineral sands mine and 16,000 mt zircon operation
Millennium Chemicals, Inc.	Rhône-Poulenc	Thann and Mulhouse TiO <sub>2</sub> and intermediate chemicals

Credit Suisse reviewed, among other things, transaction values, calculated as the purchase prices paid for each target company in the selected transaction, plus debt, non-controlling interests and other adjustments, and less cash and other adjustments, as a multiple of the TiO<sub>2</sub> production capacity in metric tons of each of the businesses acquired. Credit Suisse then applied a selected range of TiO<sub>2</sub> production capacity multiples derived from the selected transactions of \$1,750 and \$4,000 per metric ton to the TiO<sub>2</sub> production capacity of the TiO<sub>2</sub> business of 858 metric tons.

The foregoing analysis indicated the following approximate implied enterprise value reference range for the TiO<sub>2</sub> business, as adjusted for assumed Cristal debt and non-controlling interests, as compared to the implied transaction consideration:

<b>Implied Enterprise Value Reference Range</b> (\$ in millions)	<b>Implied Transaction Consideration</b> (\$ in millions)
\$1,428 - \$3,359	\$2,193

*Cristal Discounted Cash Flow Analysis (excluding synergies)*

Credit Suisse performed a discounted cash flow analysis of the TiO<sub>2</sub> business to calculate the estimated present value of the standalone (excluding synergies) unlevered, after-tax free cash flows that the TiO<sub>2</sub> business was forecasted to generate during the fiscal year ending December 31, 2017 through the fiscal year ending December 31, 2021 based on forecasts provided by Tronox's management. Credit Suisse calculated estimated terminal values of the TiO<sub>2</sub> business by multiplying the terminal year EBITDA of the TiO<sub>2</sub> business (calculated as the five-year average of estimated

EBITDA for calendar years 2017 through 2021) by a range of selected terminal EBITDA multiples of 6.0x to 8.0x. The present value (as of December 31, 2016) of the cash flows and terminal values were then calculated using discount rates ranging from 8.5% to 10.5%.

The foregoing analysis indicated the following approximate implied enterprise value reference range for the TiO<sub>2</sub> business, as adjusted for assumed Cristal debt and non-controlling interests, as compared to the implied transaction consideration:

<b>Implied Enterprise Value Reference Range</b>	<b>Implied Transaction Consideration</b>
(\$ in millions)	(\$ in millions)
\$2,063 - \$2,795	\$2,193

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Credit Suisse calculated the estimated present value of the potential synergies and integration costs anticipated by Tronox's management to result from the transaction (which we refer to as the synergies) for (i) the fourth quarter of the fiscal year ending December 31, 2017 and (ii) each full fiscal year ending December 31, 2018 through the fiscal year ending December 31, 2021, based on Tronox management's financial forecasts for the cost to Tronox to achieve the synergies and the projected savings to Tronox resulting from the synergies. Credit Suisse calculated estimated terminal values of the synergies by multiplying the terminal year value of the synergies (using the estimated 2021 value of the synergies as the terminal year value) by a range of selected multiples of 6.0x to 8.0x. The present value (as of December 31, 2016) of the cash flows and terminal values of the synergies were then calculated using discount rates ranging from 8.5% to 10.5%.

The foregoing analysis indicated the following approximate total value reference ranges for the synergies:

**Synergies Total Value Reference Range**  
**(\$ in millions)**  
 \$1,159 - \$1,577

*Tronox Financial Analyses*

Because a portion of the consideration to be paid by Tronox pursuant to the transaction agreement will consist of Class A Shares, Credit Suisse performed the financial analyses summarized below in order to derive implied Class A Share equity value per share reference ranges for Class A Shares, against which Credit Suisse compared the per share closing price of Class A Shares as of February 9, 2017.

*Tronox Selected Companies Analysis*

Credit Suisse reviewed financial information of the TiO<sub>2</sub> business and financial and stock market information of Tronox and the selected companies. Credit Suisse reviewed, among other things, enterprise values of Tronox and the selected companies, calculated as equity values based on closing stock prices on February 9, 2017, plus debt, non-controlling interests and other adjustments, and less cash and other adjustments, as a multiple of the average EBITDA for calendar years 2011 through 2016 and the estimated EBITDA for each of calendar years 2017 and 2018. Credit Suisse then applied a selected range of multiples of the average EBITDA for calendar years 2011 through 2016 and multiples of the estimated EBITDA for each of calendar years 2017 and 2018 of 7.5x to 8.5x, 7.5x to 9.5x and 6.5x to 8.5x, respectively, to corresponding data of Tronox. Financial data of the selected companies were based on publicly available research analysts' consensus estimates, public filings and other publicly available information. Financial data of the TiO<sub>2</sub> business and Tronox were based on public filings and estimates of Tronox's management.

The foregoing analysis indicated the following approximate implied equity value per share reference range for Tronox, as adjusted for Tronox debt, cash and equivalents and non-controlling interests, as compared to the closing price of Class A Shares as of February 9, 2017:

<b>Implied Equity Value Per Share Reference Range</b>	<b>Closing Price of Class A Shares as of February 9, 2017</b>
\$3.64 - \$16.95	\$13.84

*Tronox Discounted Cash Flow Analysis*

Credit Suisse performed a discounted cash flow analysis of Tronox to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Tronox was forecasted to generate during the fiscal year ending



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December 31, 2017 through the fiscal year ending December 31, 2021, based on estimates made by Tronox's management. Credit Suisse calculated estimated terminal values of Tronox by multiplying the terminal year EBITDA of Tronox (calculated using the five-year average  $\text{TiO}_2$  EBITDA and estimated 2021 EBITDA for the Alkali business) by a range of selected terminal EBITDA multiples of 6.5x to 8.5x. The present value (as of December 31, 2016) of the cash flows and terminal values was then calculated using discount rates ranging from 8.5% to 10.5%.

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The foregoing analysis indicated the following approximate implied equity value per share reference range for Tronox, as adjusted for Tronox debt, cash and equivalents and non-controlling interests, as compared to the closing price of Class A Shares as of February 9, 2017:

**Implied Equity Value Per Share Reference****Range**

\$9.26 - \$19.12

**Closing Price of Class A Shares as of February 9, 2017**

\$13.84

***Other Factors***

Credit Suisse also noted for the Tronox board of directors certain additional factors that were not considered in its financial analysis with respect to its opinion, but that were referenced for informational purposes, including, among other things, the following:

an illustrative valuation of the estimated net present value per share of Tronox's net operating loss carryforwards and other potential tax attributes expected by the management of Tronox to be utilized by Tronox for fiscal years ending December 31, 2017 through December 31, 2045;

an illustrative analysis of the implied per share equity value of Tronox on a pro forma basis, taking into account the effect of the transaction, including the synergies, Tronox tax assets, any financing requirement (if necessary) relating to the cash consideration and other costs relating to the transaction; and

the historical trading prices for Tronox common stock from February 9, 2012 through February 9, 2017.

***Miscellaneous***

Tronox selected Credit Suisse to act as its financial advisor in connection with the transaction based on Credit Suisse's qualifications, experience, reputation and familiarity with Tronox and its business. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and transactions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Tronox has agreed to pay Credit Suisse for its financial advisory services to Tronox in connection with the proposed transaction an aggregate fee of up to \$13 million, of which \$2 million was payable upon the delivery of Credit Suisse's opinion and the remainder is contingent upon completion of the transaction. Credit Suisse and certain of its affiliates expect to provide or arrange financing for the transaction if necessary, for which services Credit Suisse and certain of its affiliates would expect to receive additional compensation that is customary for transactions of this nature in connection with such financing. In addition, Tronox has agreed to reimburse Credit Suisse for certain expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse and certain related parties for certain liabilities and other items arising out of or related to its engagement. Credit Suisse and its affiliates in the past have provided, currently are providing and may in the future provide investment banking and other financial services to Tronox and its affiliates, for which services Credit Suisse and its affiliates have received and will receive compensation, including acting as (i) financial advisor to Tronox in connection with the pending divestiture of its Alkali business, (ii) financial advisor (and a financing source) to Tronox in connection with its acquisition of FMC Corporation's Alkali business in 2015 and (iii) joint book-running manager in connection with Tronox's offering of its 7.5% Senior Notes in 2015. During the past two years, Credit Suisse was paid \$12.5 million in the aggregate by Tronox and its affiliates for investment banking services. Credit Suisse and its affiliates may also have provided investment banking and other financial advice and services, and may in the future provide investment banking and financial advice and services, to Cristal and its affiliates for which Credit Suisse and its affiliates have received, and would expect to receive, compensation, including Credit Suisse's Asset Management Division having provided certain financial services to Gulf Investment Corporation, a shareholder of Cristal, in 2015 and 2016. Credit Suisse is a

full-service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Cristal, Tronox and any other company that may be involved in the transaction, as well as provide investment banking and other financial services to such companies.

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**Financial Projections**

Tronox does not as a matter of course make public projections concerning expected financial performance of Tronox's business. However, in the course of due diligence in connection with the negotiation of the transaction, Tronox's management prepared certain non-public financial forecasts with respect to Cristal's TiO<sub>2</sub> business, Tronox's business, certain expected synergies and one-time costs for the years ending December 31, 2017, 2018, 2019, 2020 and 2021, which we refer to as the transaction forecasts, and provided such transaction forecasts to its financial advisors. The transaction forecasts include Tronox's Alkali business and were prepared by Tronox's management based upon certain internal financial forecasts that are based on reasonable expectations, beliefs, opinions and assumptions of Tronox's management at the time they were made and are subjective. While the transaction forecasts are being included in this proxy statement, the transaction forecasts were not prepared with a view toward complying with published guidelines established by the U.S. Securities and Exchange Commission (SEC) or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In the view of Tronox's management, the transaction forecasts were prepared in a manner representative of U.S. GAAP and on a reasonable basis and reflected the best then-currently available estimates and judgments of Tronox's management. The inclusion of the transaction forecasts in this proxy statement should not be regarded as an indication that Tronox or any other recipient of this information considered, or now considers, this information to be necessarily predictive of actual future results, and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions and assumptions that underlie such transaction forecasts remain the same as of the day of this proxy statement, and readers are cautioned not to place undue reliance on the prospective financial information.

The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, Tronox's management. PricewaterhouseCoopers LLP (PwC) has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, PwC does not express an opinion or any other form of assurance on such information or its achievability. PwC assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this proxy statement.

The PwC report included in this proxy statement refers exclusively to the Company's historical financial information. The PwC report does not cover any other information referred to in this proxy statement and should not be read to do so.

The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, Tronox's management. Neither Tronox's auditors, nor any other independent accountants have examined, compiled or performed any procedures with respect to the prospective financial information contained herein and, accordingly, they do not express an opinion or any other form of assurance on such information or its achievability and assume no responsibility for and deny any association with the prospective financial information and any other information derived therefrom included elsewhere in this proxy statement.

The auditors' reports included in this proxy statement refer exclusively to the historical financial information included or incorporated herein. The auditors' reports do not cover any other information referred to in this proxy statement and should not be read to do so.

All of the financial information contained in this section entitled "Financial Projections" is forward-looking in nature. This information relates to multiple future years and such information by its nature becomes less predictive with each succeeding year. Actual future financial results may materially vary from the forward-looking information presented herein. The following Tronox and Cristal financial information was prepared by Tronox's management on a U.S. GAAP basis and is based on assumptions, beliefs and opinions at the time made, which Tronox's management believed

to be reasonable at the time, including the following key assumptions:

- Annual  $\text{TiO}_2$  sales volume growth in line with the industry's long-term historical average of 3%;
- $\text{TiCl}_4$  sales volume growth to accelerate in 2018, resulting from new sales of  $\text{TiCl}_4$  to a new titanium sponge plant, being developed by a joint venture between AMIC and Toho, adjacent to the Cristal Yanbu plant;
- $\text{TiO}_2$  selling prices to grow at an equivalent rate to the  $\text{TiO}_2$  price assumptions used for Tronox;
- Ilmenite and zircon selling price assumptions consistent with industry forecasts developed by TZ Minerals International Pty Ltd ( TZMI ), an independent consulting company;

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titanium feedstock costs consistent with industry forecasts developed by TZMI; and foreign exchange rates and fixed cost inflation assumptions consistent with forecasts developed by IHS, a global information company.

The transaction forecasts reflect numerous estimates and assumptions made with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to Tronox's business and Cristal's TiO<sub>2</sub> business, all of which are difficult to predict and many of which are beyond Tronox's and Cristal's control. These financial forecasts are subject in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, these financial forecasts constitute forward-looking statements and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such financial forecasts. For additional information on factors which may cause actual future financial results to materially vary from the information presented, see the sections entitled Cautionary Note Regarding Forward-Looking Statements and Risk Factors beginning on pages 19 and 21, respectively.

The following information was included in the transaction forecasts:

in USD \$millions	Forecast				
	2017	2018	2019	2020	2021
<b>Cristal</b>					
Revenue	\$ 1,959	\$ 2,149	\$ 2,205	\$ 2,354	\$ 2,526
Adj EBITDA	338	409	376	452	510
Capital expenditures	109	131	155	143	71
Change in working capital	(102 )	(28 )	(70 )	(72 )	(46 )
<b>Tronox<sup>(a)</sup></b>					
Revenue	\$ 2,261	\$ 2,359	\$ 2,476	\$ 2,666	\$ 2,758
Adj EBITDA	452	586	678	783	808
Capital expenditures	150	179	176	168	140
Change in working capital	4	15	(33 )	(30 )	9
<b>Synergies</b>					
Adj EBITDA synergies	\$ 5 (b)	\$ 101	\$ 164	\$ 206	\$ 237
Capital expenditure synergies	4	8	—	—	—
Working capital synergies	—	7	4	5	1
<b>One-time cost to achieve</b>					
Adj EBITDA	\$ 25	\$ 36	\$ 5	\$ 2	\$ 2
Capital expenditures	3	22	15	21	—

(a) Consolidated Tronox including the Alkali business

*(b) Represents synergies for the fourth quarter only for 2017.*

These financial forecasts do not take into account any circumstances or events occurring after the date they were prepared, including the announcement of the transaction on February 21, 2017. Further, the financial forecasts do not take into account the effect of any failure to transaction to be consummated and should not be viewed as accurate or continuing in that context.

These financial forecasts are not being included in this proxy statement to influence your decision on how to vote your shares with respect to the proposal, but because these financial forecasts were made available by Tronox's management to the Tronox board of directors and its financial advisor. The information from these financial forecasts should be evaluated, if at all, together with the historical financial statements and other information regarding Cristal's TiQ business and the transaction contained elsewhere in this proxy statement. **In light of the foregoing factors and the uncertainties inherent in the transaction forecasts, you are cautioned not to place undue, if any, reliance on the forecasts included in this proxy statement.**

### **Interests of Directors and Officers in the Transaction**

In considering the recommendation of the Tronox board of directors that you vote FOR the proposal (subject to no superior proposal emerging), you should be aware that some of Tronox's executive officers and directors may have financial interests in the transaction that are different from, or in addition to, those of Tronox's shareholders generally. The independent members of the Tronox board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the transaction agreement and the transaction, and in recommending to the shareholders that the proposal be approved.

TABLE OF CONTENTS***Integration Incentive Award Program***

In connection with the transaction, the Human Resources and Compensation Committee (the committee) of the Tronox board of directors created an Integration Incentive Award program which is expected to cover approximately thirty employees who will be designated in advance with specific integration tasks. As part of this program, the committee approved certain grants pursuant to Tronox's Management Equity Incentive Plan in order to incentivize six executive employees to achieve synergies following the transaction, and to further align the compensation of these employees to the value created for Tronox's shareholders in the transaction. Pursuant to the awards program, six executive employees were granted performance-based restricted share units (award RSUs) using a share price of \$18.675 per share, which was the average of the opening and closing trading prices for Class A Shares on February 21, 2017. The award RSUs are subject to vesting terms based upon the achievement of at least 80% of the publicly announced synergies from the transaction by the date that is two years following the closing of the transaction (the vesting date). The award RSUs will vest as follows: upon the achievement of at least 80% of the publicly announced synergies from the transaction by the vesting date, 50% of the award RSUs granted will vest, with pro rata additional vesting up to 100% upon the achievement of 100% of the publicly announced synergies from the transaction by the vesting date. In the event 100% of the publicly announced synergies from the transaction are achieved within the two-year period, the award RSUs granted to the six executive employees would have an aggregate value of \$13.5 million based on the grant price of \$18.675. If the transaction is not closed by July 1, 2018, then the award RSUs granted will be forfeited.

The following table shows a summary of the terms of the award RSUs granted to Tronox's named executive officers pursuant to the Management Equity Incentive Plan:

<b>Name</b>	<b>Position</b>	<b>Number of Award RSUs Granted</b>
Jean-François Turgeon	Executive Vice President	160,643
Timothy C. Carlson	Senior Vice President and Chief Financial Officer	107,096
Willem Van Niekerk	Senior Vice President, Strategic Planning & Business Development	107,096
John Romano	Chief Commercial Officer	80,322

**Board of Directors and Management Following the Transaction**

As required by the shareholders agreement that we will enter into at the consummation of the transaction, Tronox will use reasonable best efforts to cause the two directors designated by the Cristal shareholder parties (to be mutually agreed by Tronox and the Cristal shareholder parties) to be elected as Class A Directors. In considering whether the Nominating Committee of Tronox's board of directors will recommend for nomination the individuals to be named as the Cristal shareholder parties' nominees, any such nominees may be rejected if such nominee fails to meet the director qualification requirements expressly set forth in Tronox's constitution or such recommendation would otherwise breach the fiduciary duties of the members of Nominating Committee of Tronox's board of directors. The Tronox board of directors will remain its current size with nine directors and will not be increased following the closing of the transaction. Therefore, two of Tronox's Class A directors (to be determined by Tronox prior to the closing of the transaction) will be designated to resign from the Tronox board of directors. Exxaro Mineral Resources will retain its right to nominate members of the Tronox board of directors in accordance with its rights under Tronox's constitution and Tronox's shareholders deed. On March 8, 2017, Exxaro announced its intention to begin pursuing a path to monetize its ownership stake in Tronox over time. According to Exxaro's announcement, any such monetization is expected to proceed in stages and would likely not begin until the second half of 2017.



The current executive officers of Tronox are expected to remain unchanged. Please see the section entitled "The Shareholders Agreement—Board Representation" beginning on page 66 for additional details on board representation rights under the shareholders agreement.

### **Regulatory Approvals Required for the Transaction**

#### *United States Antitrust Laws*

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and the rules promulgated under that act by the Federal Trade Commission (the "FTC"), the transaction may not be completed until notifications have been given and information furnished to the FTC and to the Antitrust Division of the U.S.

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Department of Justice (the Antitrust Division), and the specified waiting period has been terminated or has expired without the commencement of a lawsuit. Tronox and Cristal each filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on March 14, 2017. On April 13, 2017, Tronox and Cristal received a Request for Additional Information, which we refer to as the Second Request, from the FTC. The effect of the Second Request is to extend the waiting period imposed by the HSR Act until 30 days after Tronox and Cristal have substantially complied with the Second Request, unless that period is extended voluntarily by the parties or terminated sooner by the FTC.

We cannot assure you that the FTC or other government agencies, including state attorneys general, or another private party, will not initiate action to challenge the transaction before or after it is completed. Any such challenge to the transaction could result in a court order enjoining the transaction or in restrictions or conditions that would have a material adverse effect on the combined company if the transaction is completed. Such restrictions and conditions could include the divestiture or spinoff of assets or businesses.

### ***Australian Regulatory Approvals***

*Australian Foreign Investment Approval.* With respect to Australian regulatory approval, the transaction is conditioned on:

Cristal obtaining clearance from the Treasurer of the Commonwealth of Australia under the FATA to acquire the Class A Shares issued in connection with the transaction, and to enter into the shareholders agreement and certain ancillary documents, in accordance with the transaction agreement; and

Tronox obtaining clearance from the Treasurer in accordance with the FATA to acquire Cristal's TiQ business under the transaction agreement.

These approvals are being sought because each of Cristal and Tronox is a foreign person for the purposes of the FATA. The Treasurer has power under the FATA to block the transaction if he believes that the result of the transaction will be contrary to Australia's national interest. The parties intend to file the applications for the necessary approvals. Tronox believes that the transaction is consistent with Australia's foreign investment policy and expects clearance to be given in due course.

*Australian Competition Clearance.* Australia's *Competition and Consumer Act 2010* (the CCA) prohibits acquisitions of shares or assets that have the effect or are likely to have the effect of substantially lessening competition in any market in Australia. The Australian Competition and Consumer Commission (the ACCC) administers an informal merger clearance process by which parties to a transaction can obtain comfort that the ACCC does not intend to intervene in that transaction pursuant to the CCA.

The transaction is conditioned on the ACCC deciding not to oppose the transaction, and there being no injunction, order or other legal restraint prohibiting the consummation of the transaction.

Tronox and Cristal have approached the ACCC seeking informal clearance in relation to the transaction, and have provided the ACCC with a detailed submission. Tronox believes that ACCC clearance will be given in due course.

### ***Other International Antitrust Approvals***

In addition to the U.S. and Australian approvals described above, the following antitrust law clearances are required to close the transaction:

China: approval of the transaction by the Ministry of Commerce, pursuant to the Chinese Antimonopoly Law (as amended from time to time);

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Colombia: approval of the transaction by the Superintendence of Industry and Commerce pursuant to Law 1340 of 2009 (as amended from time to time) and any applicable secondary legislation;

European Union: approval of the transaction by the Directorate General for Competition of the European Commission pursuant to Council Regulation (EC) No. 139/2004 (as amended from time to time);

New Zealand: approval of the transaction by the Commerce Commission pursuant to the Commerce Act 1986 (as amended from time to time);

Turkey: approval of the transaction by the Turkish Competition Authority pursuant to the Law No. 4054 on Protection of Competition (as amended from time to time) and any applicable secondary legislation;

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South Korea: approval of the transaction by the Korea Fair Trade Commission pursuant to the Monopoly Regulation and Fair Trade Act (as amended from time to time) and any applicable secondary legislation; and

Saudi Arabia: approval of the transaction by the Competition Council pursuant to the Competition Law, issued under Royal Decree No. M/25 dated 4/5/1425H (22 June 2004) (as amended from time to time), and any applicable secondary legislation.

### **Listing of Class A Shares**

It is a condition to the completion of the transaction that the Class A Shares issuable in the transaction be approved for listing on the NYSE, subject to official notice of issuance.

### **Financing**

On August 2, 2017, Tronox announced its intention to refinance a portion of its capital structure by mid-October 2017 and also its entry into a stock purchase agreement with Genesis Energy, L.P. providing for the sale of the Alkali business for \$1.325 billion in cash. The majority of the cash portion of the Cristal transaction consideration is expected to be funded through proceeds from the closing of the sale of Tronox's Alkali business, with the remainder funded through proceeds from additional indebtedness and/or cash on hand, as determined by Tronox as circumstances warrant. As described more fully in the section entitled The Transaction Agreement—Conditions to Consummate the Closing beginning on page 61, the receipt of financing sufficient to support the cash portion of the transaction consideration is a condition to closing.

Tronox has agreed to use its reasonable best efforts to obtain a commitment letter providing for debt financing sufficient, together with all available cash and other proceeds, to fund the cash portion of the transaction consideration at the closing of the transaction. Cristal has agreed to, and will cause each of its subsidiaries to, use its reasonable best efforts to provide to Tronox and its affiliates reasonable cooperation in connection with obtaining financing in connection with the transaction; provided, however, that neither Cristal nor any of its subsidiaries will be required to incur any liability with respect to such financing prior to the closing of the transaction. These financing covenants are more fully described in the section entitled The Transaction Agreement—Financing; Cristal's Cooperation in Arranging Financing beginning on page 61.

In addition, Tronox intends to seek the requisite consent of the lenders under its existing credit facilities to consummate the transaction.

### **Impact of the Share Issuance on Existing Tronox Shareholders**

The issuance of Class A Shares in connection with the share portion of the transaction consideration will dilute the ownership and voting interests of existing Tronox shareholders. Based on the 67,893,737 Class A Shares and 51,154,280 Class B Shares issued and outstanding as of May 31, 2017, and assuming the issuance of 37,580,000 Class A Shares in connection with the transaction and no other issuances of Class A Shares or Class B Shares after May 31, 2017, Cristal Netherlands would own 24% of the outstanding Class A Shares and Class B Shares immediately after the consummation of the transaction and the related issuance of Class A Shares. Therefore, the ownership and voting interests of Tronox's existing shareholders will be proportionately reduced.

### **No Appraisal Rights**

Under Australian law, holders of Tronox ordinary shares do not have rights to an appraisal of the fair value of their shares in connection with the transaction.

### **Material United States Federal Income Tax Consequences to Existing Tronox Shareholders**

The existing Tronox shareholders generally should not be subject to any material United States federal income tax consequences solely as a result of the transaction.

**Accounting Treatment**

Tronox prepares its financial statements in accordance with U.S. GAAP. The transaction will be accounted for using the acquisition method of accounting, which requires determination of the accounting acquirer. The accounting guidance for business combinations, referred to as ASC 805, provides that in identifying the acquiring entity in a

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combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including: which entity will issue equity interests to effect the combination, the relative voting rights of the shareholders of the constituent companies in the combined company, the existence of a large minority voting interest in the combined entity if no other owner or organized group of owners has a significant voting interest, the composition of the board of directors and senior management of the combined company, the relative size of each company and the terms of the exchange of equity securities in the business combination, including payment of any premium.

Based on the foregoing factors, Tronox has been determined to be the acquirer for accounting purposes. Tronox will allocate the total transaction consideration to the tangible and intangible assets of Cristal's TiO<sub>2</sub> business acquired and liabilities assumed based on their fair values at the date of the completion of the transaction. Any excess purchase price after this allocation will be assigned to goodwill.

**TABLE OF CONTENTS****THE TRANSACTION AGREEMENT**

*This section of the proxy statement describes the material provisions of the transaction agreement but does not purport to describe all of the terms of the transaction agreement. The following summary is qualified in its entirety by reference to the complete text of the transaction agreement, which is attached as Annex A to this proxy statement and incorporated into this proxy statement by reference. We urge you to read the full text of the transaction agreement because it is the legal document that governs the transaction. The transaction agreement is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled *Where You Can Find More Information* beginning on page 110.*

*The transaction agreement contains customary representations and warranties made by Tronox and Cristal to each other. The assertions embodied in those representations and warranties were made solely for purposes of the contract among Tronox, Cristal and Cristal Netherlands and may be subject to important qualifications and limitations agreed to by Tronox and Cristal in connection with negotiating the terms of the transaction agreement. Additionally, subject to certain exceptions, the representations and warranties made by Tronox in the transaction agreement are qualified by information disclosed by Tronox with the SEC at least five business days prior to the date of the transaction agreement, excluding any risk factor disclosures, disclosures in any section related to forward-looking statements and other disclosures that are predictive or forward-looking in nature. In addition, the representations and warranties are qualified by a contractual standard of materiality (including, in many cases, “material adverse effect”) different than those generally applicable to shareholders and in some cases may be qualified by disclosures made by one party to the other in disclosure letters delivered by such party to the other, which are not necessarily reflected in the transaction agreement or were used for the purpose of allocating risk between Tronox and Cristal rather than establishing matters as facts. Accordingly, you should not rely on the representations and warranties as current characterizations of factual information about Tronox or Cristal, because they were made as of specific dates, may be intended merely as a risk allocation mechanism between Tronox and Cristal, and are modified by the disclosure schedules. Tronox will provide additional disclosure in its public reports to the extent it is aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the transaction agreement, and will update such disclosure as required by federal securities laws.*

**Structure of the Transaction; Consideration**

On February 21, 2017, Tronox entered into the transaction agreement with Cristal and Cristal Netherlands. Pursuant to the terms and subject to the conditions set forth in the transaction agreement, Cristal and Cristal Netherlands will effect a restructuring under which the assets and operations relating to the TiO<sub>2</sub> business of Cristal will be reorganized under one or more entities owned by Cristal BV, and Cristal will separately establish a new entity in the Kingdom of Saudi Arabia to hold certain assets and operations in the Kingdom of Saudi Arabia. At the closing of the transaction, Tronox will acquire the TiO<sub>2</sub> business of Cristal through (i) the purchase from Cristal of certain intangible assets and the newly established Kingdom of Saudi Arabia entity, and (ii) the purchase from Cristal Netherlands of all of the outstanding equity of Cristal BV.

In consideration of the foregoing, Tronox (i) will make an aggregate cash payment equal to \$1,673 million, subject to certain adjustments, to Cristal and Cristal Netherlands, and (ii) will issue and deliver to Cristal Netherlands 37,580,000 Class A Shares. The transaction agreement provides that Tronox will make a cash payment to Cristal and Cristal Netherlands at the closing equal to \$1,673 million, with an adjustment made for the amount of working capital, non-current liabilities, and cash and cash equivalents actually held or owed by Cristal and its subsidiaries at the closing date. At least three business days prior to the expected closing date (but no more than 10 business days prior to the actual closing date), the parties will determine the estimated adjustment amount. As

promptly as practicable (but no later than 90 days) after the closing, Tronox will prepare and deliver to Cristal a statement consisting of the calculation of the actual adjustment amount that should have been paid at closing.

**Cash Consideration Closing Adjustments**

At the closing of the transaction, the cash consideration paid by Tronox will be adjusted as follows:

Working Capital: The cash consideration will be increased to the extent the net working capital of Cristal's TiO<sub>2</sub> business at the closing of the transaction exceeds 38.7% of Cristal's reported net sales for twelve-month period then ended. The cash consideration will be decreased to the extent the net working capital of Cristal's TiO<sub>2</sub> business at



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the closing of the transaction is less than 37.7% of Cristal's reported net sales for the twelve-month period then ended. To the extent the net working capital of Cristal's TiQbusiness at the closing of the transaction is neither greater than 38.7% nor less than 37.7% of Cristal's reported net sales for the twelve-month period then ended, no adjustment for net working capital will be made to the cash consideration.

**Non-Current Liabilities:** The cash consideration will be decreased to the extent the amount of certain non-current liabilities of Cristal's TiQbusiness exceeds \$280 million and will be increased to the extent the amount of certain non-current liabilities of Cristal's TiQbusiness is less than \$266 million. To the extent the amount of certain non-current liabilities of Cristal's TiQbusiness neither exceeds \$280 million nor is less than \$266 million, no adjustment for non-current liabilities will be made to the cash consideration.

**Cash and Cash Equivalents:** The cash consideration will be increased dollar-for-dollar by the amount of cash and cash equivalents Cristal's TiQbusiness has on hand at the closing of the transaction.

### **Completion of the Transaction; Closing**

Unless otherwise agreed by the parties to the transaction agreement, the closing of the transaction will take place on the first business day of the calendar month immediately following the calendar month during which all conditions to completion have been, on or prior to the 25th day of such month, satisfied or, to the extent applicable under law or by the party entitled to the benefits of the condition, waived (other than those conditions that by their terms are to be satisfied at the closing). These conditions are more fully described in the section entitled "The Transaction Agreement—Conditions to Consummate the Closing" beginning on page 61.

The parties expect that the conditions to the transaction will be satisfied or, if allowed by applicable law, waived, and that the transaction will be completed by the end of first quarter 2018. However, the parties cannot be certain when, or if, the conditions to the transaction will be satisfied or so waived, or that the transaction will be completed.

### **Representations and Warranties**

Each of Tronox and Cristal has made representations and warranties regarding, among other things:

- organization, standing, corporate power and organizational documents;
- capital structure and ownership of subsidiaries;
- corporate authority to enter into and perform the transaction agreement, enforceability of the transaction agreement, approval of the transaction agreement by the parties' boards of directors and voting requirements to consummate the transaction and the other transactions contemplated by the transaction agreement;
- required governmental consents and approvals;
- the absence of conflicts with, or violations of, organizational documents and other agreements or obligations and required consents;
- that there has been no material adverse effect on any party and the parties have conducted their respective businesses in the ordinary course in all material respects between January 1, 2016 and the date of the transaction agreement;
- the absence of certain undisclosed liabilities;
- tax matters;
- the absence of certain litigation;
- compliance with applicable laws and validity of permits;
- environmental matters;
- intellectual property matters;
- affiliate transactions;
- the absence of undisclosed brokers' fees and expenses;

insurance matters;

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ERISA compliance and employee benefits matters; and  
labor matters.

In addition, Cristal has made other representations and warranties about itself to Tronox as to the accuracy of selected financial statements, matters with respect to material contracts; identification of significant customers and suppliers; owned and leased real properties; compliance with the Foreign Corrupt Practices Act; compliance with applicable trade laws; sufficiency of assets and title to assets; and credit support.

For Tronox, the transaction agreement also contains certain representations and warranties with respect to the accuracy and completeness of Tronox's SEC filings since June 15, 2012, as well as the compliance of such filings with applicable federal securities law requirements and the Sarbanes-Oxley Act of 2002.

Many of the representations and warranties in the transaction agreement are qualified by the knowledge of certain specified officers and senior management employees, a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect), disclosures set forth in disclosure letters delivered at the time the transaction agreement was signed and/or in the case of Tronox, references to its filings with the SEC. For purposes of the transaction agreement, a material adverse effect means any fact, circumstance, change, event or development that (i) prevents or materially impedes Tronox or Cristal from consummating the transaction or (ii) has a material adverse effect on the business, properties, financial condition or results of operations of Tronox business or Cristal's TiQ business, taken as a whole, except that the definition of material adverse effect excludes from clause (ii):

- changes or conditions generally affecting the industries in which Cristal's TiQ business or Tronox and any of their respective subsidiaries operate;
- general economic or regulatory, legislative or political conditions or securities credit, financial or other capital markets conditions, in each case in the U.S. or any other jurisdiction where Tronox or Cristal's TiQ business operates;
- any change in applicable law, regulation or U.S. GAAP, International Financial Reporting Standards ( IFRS ) or Saudi GAAP, as applicable;
- geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or the escalation or worsening of such acts of war, sabotage or terrorism;
- any hurricane, tornado, flood, earthquake, or other natural disaster;
- any failure by Tronox or Cristal's TiQ business, as applicable, or their respective subsidiaries, to meet any internal or published projections, forecasts, estimates or predictions of revenues, earnings or other financial or operating metrics for any period (but not the underlying cause of such failure);
- the execution and delivery of the transaction agreement or other public announcement of the closing or any of the transactions;
  - any change in the market price or trading volume of Cristal's or Tronox's securities or the credit rating of Tronox, Cristal, or Cristal's TiQ business's, as applicable (but not the underlying cause of such change);
- any litigation relating to the transaction agreement or the contemplated transactions; or
- any action taken that is required by the transaction agreement or taken at the written request of the other party; except, in the case of the first five bullets above, to the extent that the effect of such fact, circumstance, effect, change, event or development is disproportionately adverse to the applicable party and its subsidiaries, taken as whole, compared with other companies operating in the same industries.

### **Conduct of Business Prior to Closing**

Each of Tronox and Cristal has undertaken certain covenants in the transaction agreement restricting the conduct of its respective businesses, and the businesses of its respective subsidiaries, between the date of the transaction agreement and closing of the transaction. In general, each of Tronox and Cristal has agreed to conduct its business in the ordinary

course in all material respects and use reasonable best efforts to maintain and preserve intact in all

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material respects its current business organization and current relationships and goodwill with its current officers, key employees and other parties having business dealings with it.

Cristal further agrees that, with certain exceptions and except with Tronox's prior written consent, which may not be unreasonably withheld, conditioned or delayed, Cristal will not, and will not permit Cristal Netherlands or any of the transferred Cristal entities to, among other things, take the following actions:

- declare, set aside or pay any dividends on, or make any other distributions in respect of any capital stock, other equity interests or voting securities, with a record or payment date after closing;
- split, combine, subdivide or reclassify any equity of a transferred Cristal entity;
- repurchase, redeem or otherwise acquire, or offer to repurchase, redeem, or otherwise acquire any equity of any transferred Cristal entity;
- issue, transfer, dispose of, redeem or create any encumbrance on the shares of its capital stock, any other equity of the transferred Cristal entities, or any voting debt of the transferred Cristal entities;
- amend Cristal Netherland's organizational documents or make a material amendment to the organizational documents of any of the transferred Cristal entities;
- grant, amend or increase certain director and employee compensation and benefits, except in the ordinary course of business or to the extent required under an employee benefit plan as in effect as of the date of the transaction agreement and that has been disclosed to Tronox;
- grant any severance, retention or change of control compensation, except with respect to new hires (with annual compensation of less than \$200,000) or to employees in the ordinary course of promotions, except to the extent required under any employee benefit plan or collective bargaining agreement that has been disclosed to Tronox;
- enter into, adopt or amend any employee benefit plan that provides severance, change in control, retention or similar benefits except in the ordinary course of business;
- make any material change in financial accounting principles or practices, except as required by a change in Saudi GAAP;
- acquire any equity interest in or business of another entity, or any properties or assets (other than purchases of supplies and inventory in the ordinary course of business);
- sell, lease, license, encumber, dispose of or permit to lapse any properties or assets of its TiO<sub>2</sub> business (subject to certain exceptions, including intercompany transfers and disposals of worthless equipment no longer used by the TiO<sub>2</sub> business);
- incur any indebtedness, except for indebtedness that will be paid off or assumed by Cristal or a Cristal subsidiary at or prior to closing or is incurred in the ordinary course of business at levels consistent with recent past practices;
- make any capital expenditures other than in accordance with the budget disclosed to Tronox or expressly required by contracts in force on the date of the transaction agreement, or fail to make any capital expenditures in accordance with the budget disclosed to Tronox;
- enter into or amend any contract or take any action that would reasonably be expected to prevent, materially impede, or delay the consummation of the transaction or adversely affect in a material respect the expected benefits of the transaction, taken as a whole;
- implement certain employee layoffs, reduction in force, early retirement program, buyout or other employment termination program other than in the ordinary course of business consistent with past practice;
- waive, release, assign, settle or compromise any claim or proceeding, other than those disclosed to Tronox or that involve only payment of monetary damages (i) paid in full prior to the closing, involving no admission of fault or wrongdoing, and less than \$5 million in the aggregate or (ii) less than \$2.5 million individually;

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modify, terminate or expressly waive any rights under any material contract of its TiO<sub>2</sub> business in a manner that is materially adverse to Cristal's TiO<sub>2</sub> business, or enter into (i) certain new material contracts or (ii) contracts that contain a change of control or similar provision in favor of the other party that would require material payment or grant any material right to such other party in connection with the transaction;

make, change or revoke any material tax election; adopt or change any material tax accounting method, except as required by law; settle any material tax liability or refund, other than in the ordinary course of business; enter into a tax sharing, allocation or similar agreement with respect to taxes; consent to an extension or waiver of the limitation period applicable under any material tax claim or assessment other than in the ordinary course of business; or apply for or obtain any material tax ruling;

merge Cristal BV or any of the transferred Cristal entities with any other entity, other than mergers between transferred Cristal entities;

make any material capital contributions or investments in any entity (other than Cristal BV or any of the transferred Cristal entities), except for the management of the cash of Cristal BV or any of the transferred Cristal entities in the ordinary course of business;

adopt a plan of complete or partial liquidation or dissolution of Cristal BV or any of the transferred Cristal entities; or

authorize, or commit, resolve or agree to take, or participate in any negotiations or discussions regarding, any of the foregoing actions.

Tronox further agrees that, with certain exceptions, except with Cristal's prior written consent, which may not be unreasonably withheld, conditioned or delayed, Tronox will not, and will not permit any of its subsidiaries to, among other things, take the following actions:

declare, set aside or pay any dividends on, or make any other distributions (whether in cash, shares, property or any combination thereof) in respect of any of its shares, equity interests or voting securities, other than dividends and distributions by a direct or indirect wholly owned Tronox subsidiary to its parent or quarterly cash dividends with a record date of December 31, 2016 in an amount less than or equal to the most-recent quarterly dividend paid by Tronox;

split, combine, subdivide or reclassify any Tronox equity;

repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire Tronox equity, except (i) as expressly permitted or contemplated by the 2012 Tronox Limited Management Equity Incentive Plan or (ii) for acquisitions of Class A Shares or other Tronox equity securities in connection with (a) payment of the exercise price of the Tronox share options with Tronox ordinary shares, (b) required tax withholding in connection with the exercise of Tronox share options, vesting and/or settlement of Tronox restricted share units or restricted ordinary shares, and (c) forfeitures of Tronox share options, restricted share units, and restricted ordinary shares;

issue, sell, transfer, or dispose of, redeem, or encumber any shares of Tronox or any Tronox subsidiary, any other Tronox equity, or Tronox voting debt, other than as expressly permitted or contemplated by the 2012 Tronox Limited Management Equity Incentive Plan or the issuance of Tronox shares upon the exercise of Tronox share options or settlement of Tronox share units;

amend the Tronox constitution, except as required by the rules and regulations of the SEC or NYSE or pursuant to an unsolicited shareholder proposal approved at a general meeting of Tronox's shareholders;

make any material change in financial accounting, principles or practices, except as may be required by a change in U.S. GAAP;

acquire or agree to acquire in any transaction (including by merger) any equity interest in or business of any entity, or any properties or assets if such acquisition would be expected to delay, hinder or prohibit the consummation of the transaction;

sell, lease, license, dispose of or permit to lapse any material portion of the properties or assets of Tronox and its subsidiaries (taken as a whole) other than in the ordinary course of business and if such transaction

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would not be likely to delay closing the transaction in any material respect and, in any case beyond May 21, 2018, adversely affect in any material respect the expected benefits of the transaction (taken as whole), provide any person rights in connection with the transaction or adversely affect the business of Tronox and its subsidiaries (taken as a whole);

- merge or consolidate Tronox with any other entity; or
- authorize, or commit, resolve or agree to take, or participate in any negotiations or discussions regarding, any of the foregoing actions.

Notwithstanding the restrictions above, the Tronox board of directors will not be prevented from taking any actions to respond to any approaches by a third party in respect of an actual, proposed or potential merger or consolidation proposal if failure to do so would, in the reasonable opinion of the Tronox board of directors, be likely to involve a breach of its duties, provided that: (i) neither Tronox nor any of its directors directly or indirectly solicited such proposal; (ii) Tronox has provided Cristal with the material terms and conditions of such proposal, including the price and identity of the third party (except to the extent the Tronox board of directors considers that doing so would be likely to be inconsistent with its duties as directors of Tronox); (iii) Tronox has given Cristal at least three business days after providing the information in clause (ii) to provide a matching or superior proposal; and (iv) Cristal has not provided such a proposal that the Tronox board of directors reasonably believes matches or is superior to the competing proposal.

Tronox and Cristal agree to promptly advise the other orally and in writing of any change or event that individually or in the aggregate has or would reasonably be expected (i) to have a material adverse effect, (ii) to cause any of the closing conditions to not be satisfied, or (iii) to materially delay or impede the ability of the applicable party to consummate the closing.

### **No Solicitation of Alternative Transactions by Cristal**

Cristal has agreed that neither it nor its board or subsidiaries will, or will authorize or permit any of their representatives or advisors to, directly or indirectly, (i) solicit, initiate, induce, explore or knowingly take any action to facilitate or encourage the submission or announcement of any acquisition proposal, or any inquiries that may reasonably be expected to lead to an acquisition proposal, (ii) participate in any discussions with any party that may reasonably be expected to lead to an acquisition proposal, (iii) furnish any information relating to its TiO<sub>2</sub> business or afford access to the business, properties, assets, books or records of its TiO<sub>2</sub> business to, or otherwise cooperate with any person (whether or not a person making an acquisition proposal) in connection with or in response to any proposal or inquiry that may reasonably be expected to lead to, an acquisition proposal, (iv) approve, recommend or declare advisable, or propose to approve, recommend or declare advisable, or allow Cristal or any of its affiliates to execute any agreement that is intended to or would reasonably be expected to lead to any acquisition proposal or require Cristal to abandon, terminate, delay or fail to consummate, or that would otherwise impede or be inconsistent with, the transaction or (v) resolve, propose or agree to do any of the foregoing.

Cristal will, and Cristal will cause its affiliates to, immediately cease and terminate all existing discussions or negotiations with any entity regarding any acquisition proposal or any inquiry or proposal that may reasonably be expected to lead to an acquisition proposal. Cristal also will, and Cristal will cause its affiliates to, immediately terminate all physical and electronic data room access previously granted to any such entity or person or its representatives.

### **Preparation of Proxy Materials and Shareholder Approval**

Tronox has agreed to hold a meeting of its shareholders as soon as is reasonably practicable after the date of the transaction agreement, for the purpose of obtaining shareholder approval of (i) the acquisition of Class A Shares as consideration for the transaction by Cristal Netherlands and any acquisition by Tronox of a relevant interest in such shares in accordance with the terms of the shareholder's agreement (as further described in the section entitled "The Shareholders Agreement" beginning on page 66) and (ii) the issuance of Class A Shares to Cristal Netherlands in connection with the transaction. Subject to no superior proposals emerging and the satisfaction of the Tronox board of directors' fiduciary and statutory duties, Tronox has agreed to cause the proxy materials to state that all of the Tronox directors recommend voting in favor of the transaction and that each Tronox director will vote their shares in favor of the transaction.

Tronox has agreed to cause the proxy materials to be filed with the SEC as early as practicable and use its reasonable best efforts to resolve any comments received and have the proxy materials mailed to its shareholders at



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the earliest practicable time after such filing. Cristal has agreed to cooperate with Tronox in connection with the preparation and filing of the proxy statement, including furnishing upon Tronox's reasonable request information regarding Cristal or its affiliates as may be required to be included in the proxy statement under Tronox's constitution and applicable laws and rules. Cristal will use its reasonable best efforts to provide the information in a form that is suitable for inclusion in the proxy materials. Tronox has agreed to provide Cristal a reasonable opportunity to review and comment on the proxy statement, any amendments or supplements, or any SEC comments, prior to filing each such document or response with the SEC.

Tronox agrees not to delay or adjourn the Tronox general meeting without Cristal's prior written consent. However, Tronox has the right to delay or adjourn the meeting without Cristal's prior written consent (1) to allow reasonable additional time for filing and mailing any supplemental or amended disclosure which the Tronox board of directors determines in good faith after consultation with outside legal counsel is necessary under applicable law, (2) if required by applicable regulatory requirements, (3) if Tronox has not received proxies representing a sufficient number of Tronox ordinary shares to obtain shareholder approval on the date of the general meeting, or (4) if there are insufficient Tronox ordinary shares represented (in person or by proxy) to constitute a quorum to conduct the special meeting. In the case of clauses (3) and (4), Tronox has the right to delay the meeting without Cristal's prior written consent only if the special meeting is scheduled to reconvene 30 or fewer days after the date the Tronox special meeting was originally scheduled and 10 or fewer business days prior to May 21, 2018.

### **Regulatory Filings**

Tronox and Cristal have agreed cooperate with each other and use their reasonable best efforts to take, or cause to be taken, all actions reasonably necessary or reasonably appropriate to consummate the transaction as soon as reasonably possible, including:

- obtaining the necessary or advisable waivers and consents from any governmental entity;
- making all necessary registrations, declarations and filings with any governmental entity;

• taking all reasonable steps as may be necessary to avoid a proceeding by any governmental entity with respect to the transaction; and

• executing any additional instruments necessary to consummate the transaction.

In connection with the above, Tronox and Cristal agree to:

furnish to the other party necessary information and reasonable assistance as the other party may request in connection with the preparation of any necessary or advisable filings under antitrust law, the FATA, or other applicable law;

file (i) within 15 business days after the date of the transaction agreement the notification and report form under the HSR Act, and (ii) promptly as reasonably practicable all filings required under any other antitrust law and the FATA and supply as promptly as reasonable practicable any additional information or material requested by the applicable governmental entity in connection with the filing;

- promptly notify each other of any substantive communication it receives from a governmental entity;

• permit the other party to review reasonably in advance any proposed substantive communication to the governmental authority; and

• promptly provide each other with copies of all substantive filings or communication with a governmental entity to the extent relating to the transaction.

Notwithstanding the foregoing, Tronox and Cristal are not required to (i) sell, dispose of or otherwise take any actions that could reasonably limit the parties' respective freedom of action with respect to one or more businesses, products or

assets, (ii) terminate, modify or extend any existing relationships or contractual rights and obligations, (iii) establish or create any relationship or contractual rights and obligations, (iv) terminate any relevant venture or other arrangement, or (v) effectuate any other change or restructuring, except in each case as would not be detrimental to Cristal Netherlands or any of the transferred Cristal entities, taken as a whole, or Tronox and its subsidiaries, taken as a whole. However, if any governmental entity requests any remedy described in the preceding sentence, the party to which such request is made will consult the other party prior to entering into a binding agreement with respect to such request.

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In connection with their efforts to obtain regulatory approvals under the HSR Act and other antitrust laws, Tronox and Cristal agree to:

- cooperate and consult with the other in connection with all matters relating to regulatory approvals;
- use its reasonable best efforts to take all actions necessary to cause the clearance or termination of any applicable review or waiting period as soon as practicable;
- cooperate in good faith to jointly develop a strategy for obtaining all regulatory approvals;
- refrain from extending or tolling any such review or waiting period or entering into any agreement with any governmental entity not to consummate the closing without the prior written consent of the other party; and not participate in any meeting or conference, whether in person or by telephone, with any governmental entity relating to the transaction unless it consults with the other party in advance and, to the extent permitted by the governmental entity, gives the other party the reasonable opportunity to attend and participate in the meeting.

Tronox and Cristal will give each other prompt written notice (i) of any substantive notice or other communication received from any governmental entity in connection with the transaction or from any person or entity alleging that consent of such person or entity is or may be required in connection with the transaction, if the communication or failure to obtain such consent could be material, (ii) of any actions, claims, investigations or proceedings commenced or threatened relating to or otherwise affecting such party or any of its subsidiaries which relate to the transaction, and (iii) if such party becomes aware of any facts that it believes constitute a material breach or with the passage of time are reasonably likely to constitute a material breach of the transaction agreement by the other party.

### **Director and Officer Indemnification**

For a period of six years after the closing of the transaction Tronox will not permit Cristal BV or any of the transferred Cristal entities to repeal or modify any provisions in its governing documents relating to the exculpation and indemnification of Cristal BV's or any of the transferred Cristal entities' officers, directors and managers existing as of the date of the transaction agreement (unless required by law). Additionally, Tronox has agreed to cause Cristal BV or the transferred Cristal entities to maintain director and officer liability insurance or purchase a tail directors and officers' liability insurance policy for all officers, directors and managers of Cristal BV or the transferred Cristal entities prior to the closing comparable to coverage provided as of the date of the transaction agreement for a period of six years following the closing.

### **Employee Matters**

For at least two years (with respect to severance) or one year (with respect to other compensation and employee benefits), Tronox will, and will cause its subsidiaries to, provide any continuing employees of Cristal BV and the transferred Cristal entities with compensation and employee benefits (other than equity compensation) that are equal to the greater of (i) compensation and benefits that are substantially comparable in the aggregate to their currently provided by Cristal or (ii) compensation or benefits provided to similarly situated employees of Tronox and its subsidiaries. For continuing employees of Cristal BV and the transferred Cristal entities covered by a collective bargaining agreement, Tronox will provide compensation, benefits and other terms of employment in compliance with the terms of the collective bargaining agreement.

In addition, each continuing employee of Cristal BV and the transferred Cristal entities will receive service credit under any Tronox benefit plans to the extent credited under Cristal's existing benefits plans for determining eligibility to participate, levels of benefits, vesting and for deductibles paid prior to closing.

No provision of the transaction agreement will prohibit Tronox from changing the terms and conditions of the employment of any employee or limit the ability of Tronox, Cristal or any applicable subsidiaries from amending or terminating benefit plans or terminating any continuing employee of Cristal BV and the transferred Cristal entities.

Nor will any provision of the transaction agreement obligate Tronox to replicate, replace or cash out any equity award of Cristal held by a continuing employee of Cristal.

Tronox and Cristal also agree that there will be appropriate integration committees, including to consider certain employee related matters, and such committees will include representatives designated by Cristal.

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### **Intellectual Property**

Tronox has agreed neither it nor its affiliates will have any rights in the Cristal mark or any other marks comprising the foregoing, and it will not, subject to certain exceptions for six months after the closing of the transaction, market or offer for sale any products or goods using any Cristal marks or hold itself out as having any affiliation with Cristal. Tronox will promptly after the closing of the transaction make initial filings required to cause Cristal BV and the transferred Cristal entities whose names include the name Cristal to change such names so as to not include Cristal. Cristal has also agreed that it will not have any rights in, and will not utilize, any marks belonging to Cristal BV or any transferred Cristal entities, and neither Cristal nor its affiliates will hold itself out as having an affiliation with Tronox, Cristal BV or any of the transferred Cristal entities.

### **Restrictive Covenants**

*Non-competition.* For the two year period after the closing of transaction agreement, Cristal may not, directly or indirectly, own, manage, operate or otherwise participate or engage in the TiO<sub>2</sub> business anywhere in the world. This prohibition does not apply to (i) having beneficial ownership of any voting securities of up to 4.9% of any class of outstanding securities, (ii) conducting the businesses conducted by Cristal prior to the closing of the transaction other than the TiO<sub>2</sub> business or (iii) acquiring any entities or businesses that include a competing business if such competing business comprises (a) less than 20% of the revenues of the acquired business (but not more than \$200 million of the aggregate revenues) or (b) \$50 million of the revenues of such acquired business.

*Non-solicitation.* For the two year period after the closing of transaction agreement, Cristal may not, directly or indirectly, solicit any employee transferred to Tronox in connection with the transaction or encourage any such employee to terminate his or her employment with Tronox without the prior written consent of Tronox, and Tronox may not, directly or indirectly, solicit any employee of Cristal or its affiliates that (i) are management-level employees or (ii) employees that were significantly involved in the negotiations and/or the due diligence process in connection with the transaction or encourage any such employee to terminate his or her employment with Cristal or its affiliates without the prior written consent of Cristal.

### **Other Covenants and Agreements**

The transaction agreement contains certain other covenants and agreements relating to, among other things:

- affording the other party and its representatives reasonable access to its properties, books, personnel, and records related to the transaction both prior to the closing of the transaction and for six years after the closing of the transaction;
- furnishing promptly to the other party a copy of each document filed by it prior to closing pursuant to federal and state security law requirements and all other information concerning its business, properties and personal as the other party reasonably requests;
- cooperating in connection with any public announcements;
- cooperating to obtain any necessary consents not obtained prior to the closing of the transaction for a period of two years after the closing of the transaction;
- delivering to the other party any monies or checks sent after the closing by customers, suppliers or other contracting parties to the extent that they are due to the other party;
- using reasonable best efforts to replace certain contracts prior to the closing of the transaction that are not being acquired by Tronox and are currently shared between Cristal's TiO<sub>2</sub> business and other Cristal businesses;
- terminating or amending to remove the applicable Cristal entities from all intercompany agreements between Cristal and its affiliates, on the one hand, and Cristal BV and the transferred Cristal entities, on the other hand;
- maintenance by Cristal of certain credit support to Cristal's TiO<sub>2</sub> business;

- cooperating in any proceedings related to the transaction, Cristal's TiO<sub>2</sub> business, Cristal BV or the transferred Cristal entities;
- developing transition arrangements, including entering into a transition services agreement at or prior to the closing of the transaction;

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entering into a feedstock agreement providing for the supply of chloride slag, sulphite slag and rutile feedstock from Tronox to Cristal;

provision of financial statements and other financial information of the Cristal TiO<sub>2</sub> business as are required by the SEC to be included, or otherwise filed with the SEC, in connection with the preparation of the proxy materials and the current report on Form 8-K disclosing the transaction and transaction agreement;

Cristal BV and the Cristal transferred entities maintaining sufficient cash amounts at the closing of the transaction; and

obtaining a representations and warranties insurance policy.

### **Financing; Cristal's Cooperation in Arranging Financing**

*Financing.* Tronox has agreed to use its reasonable best efforts to obtain a commitment letter providing for debt financing sufficient, together with all available cash and other proceeds, to fund the cash portion of the transaction consideration at the closing of the transaction. The majority of the cash portion of the transaction consideration is expected to be funded through proceeds from the closing of the sale of Tronox's Alkali business, with the remainder funded through proceeds from additional indebtedness and/or cash on hand, as determined by Tronox as circumstances warrant. To the extent permitted by law, at the closing of the transaction, Tronox, Cristal BV and the transferred Cristal entities will execute indentures and joinders to certain documents governing indebtedness of Tronox at such time.

*Financing Cooperation.* Cristal has agreed to, and will cause each of its subsidiaries to, use its reasonable best efforts to provide reasonable cooperation in connection with obtaining debt financing, including (among other things):

assisting Tronox with the preparation of appropriate and customary materials required in connection with the syndication of the financing, including any confidential information memoranda, marketing materials, offering documents, lender presentations and materials for rating agency presentations;

causing members of senior management to participate in marketing activities;

assisting in the preparation of, and executing, credit agreements, guarantees, pledge and security documents, indentures, currency or interest rate hedging agreements, other definitive financing documents or certificates (including solvency certificates);

furnishing to Tronox financial information regarding Cristal, Cristal BV and the Cristal transferred entities;

assisting with the establishment of bank accounts;

providing all documentation and other information required by regulatory authorities under applicable know your customer and anti-money laundering rules and regulations, including the USA PATRIOT Act; and

requesting that its independent auditors cooperate with the debt financing and provide customary comfort letters. The parties have further agreed that neither Cristal nor any of its subsidiaries, or any of their respective advisors or representatives, will be required to incur any liability with respect to the financing prior to consummation of the transaction.

### **Conditions to Consummate the Closing**

*Conditions to Each Party's Obligations.* The respective obligations of each of Tronox and Cristal to consummate the Closing are subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

the required Tronox shareholder approvals shall have been obtained;

the Class A Shares to be issued in connection with the transaction shall have been approved for listing on the NYSE, subject to official notice of issuance;

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the termination or expiration of any waiting periods (and any extensions thereof) under the HSR Act and the approval or clearance of the transaction by the applicable governmental agency in Australia, the People's Republic of China, Colombia, the European Union, New Zealand, Turkey, South Korea, and the Kingdom of Saudi Arabia or the expiration or termination of any applicable waiting periods related to such approvals;

Tronox will have obtained financing in connection with the transaction sufficient to fund the cash consideration; and no statute, law, rule, or regulation will have been adopted by any governmental entity, and no suit, action, or other proceeding instituted by any governmental entity or outstanding judgment, injunction or decree of a governmental entity prohibiting, enjoining or making illegal the consummation of the transaction will be in effect.

*Conditions to Obligations of Cristal.* The obligations of Cristal to consummate the closing are further subject to the following conditions:

Cristal shall have given the Treasurer of the Commonwealth of Australia notice in accordance with the FATA that Cristal Netherlands proposes to acquire the shares issued as consideration and enter into the shareholders agreement with Tronox and the ancillary agreements under the transaction agreement and pays any applicable fee, and in relation to the foregoing actions any applicable waiting periods shall have expired or been terminated or a no objection notice shall have been received (as applicable);

all representations and warranties of Tronox shall be true and correct, as of the date of the transaction agreement and as of the closing of the transaction, subject to certain de minimis, materiality, and material adverse effect qualifiers, and Cristal shall have received a certificate signed on behalf of Tronox by an executive officer to such effect;

Tronox shall have performed in all material respects its obligations under the transaction agreement at or prior to the closing of the transaction, and Cristal having received a certificate signed on behalf of Tronox by an executive officer to such effect;

two Class A Directors shall have been designated by Cristal; and

receipt by Cristal of all ancillary agreements executed by Tronox and its applicable affiliates.

*Conditions to Obligations of Tronox.* The obligations of Tronox to consummate the closing are further subject to the following conditions:

Tronox and each relevant affiliate shall have given the Treasurer of the Commonwealth of Australia notice in accordance with the FATA that the the relevant Tronox acquirer proposes to acquire the shares of Cristal BV and Cristal Australia Party Ltd or Transferred Assets under this Agreement and pays any applicable fee, and in relation to each such Tronox action any applicable waiting periods shall have expired or been terminated or a no objection notice shall have been received (as applicable);

all representations and warranties of Cristal shall be true and correct, as of the date of the transaction agreement and as of the closing of the transaction, subject to certain de minimis, materiality, and material adverse effect qualifiers, and Tronox shall have received a certificate signed on behalf of Cristal by an executive officer to such effect;

Cristal having performed in all material respects its obligations under the transaction agreement at or prior to the closing of the transaction, and Tronox shall have received a certificate signed on behalf of Cristal by an executive officer to such effect;

receipt by Tronox of all ancillary agreements executed by Cristal and its applicable affiliates; and

Cristal shall have completed a restructuring of its assets and operations related to its TiO<sub>2</sub> business in accordance with the transaction agreement.

**Survival; Indemnification**

*Survival.* The transaction agreement provides for indemnification obligations that continue for a period of 18 months after the closing of the transaction (or, if a claim is asserted prior to such time, until its resolution), except



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that any covenants to be performed after the closing shall survive indefinitely, and all fundamental representations will survive six years after the closing. No claim for indemnification may be asserted after the expiration of the applicable survival period.

*Indemnification.* Cristal and Cristal Netherlands have agreed to jointly and severally indemnify Tronox and its affiliates (including, after the closing of the transaction, the Cristal transferred entities), and past, present and future directors, officers, employees and agents of Tronox and its affiliates, who we refer to as the Tronox indemnified parties, for any and all damage, loss and expense suffered or incurred by Tronox arising out of or relating to (i) the failure of any of the representations or warranties made by Cristal in the transaction agreement or Cristal's closing certificate to be true and correct as of the closing of the transaction (generally disregarding for this purpose any qualifiers regarding materiality or material adverse effect in such representations and warranties); (ii) any breach of a covenant or agreement under the transaction agreement to be performed by Cristal, in whole or in part, after closing; and (iii) certain pre-closing taxes.

Tronox has agreed to indemnify Cristal and its affiliates, past, present and future directors, officers, employees and agents of Cristal, and each shareholder of Cristal, who we refer to as the Cristal indemnified parties, for any and all damage, loss and expense suffered or incurred by them arising out of or relating to (1) the failure of any of the representations or warranties made by Tronox in the transaction agreement or Tronox's closing certificate to be true and correct as of the closing of the transaction (disregarding for this purpose any qualifiers regarding materiality or material adverse effect in such representations and warranties) and (2) any breach of a covenant or agreement under the transaction agreement to be performed, in whole or in part, after the closing by Tronox.

Any indemnification recoveries by either party are subject to the following limitations:

with respect to indemnification for breaches of representations and warranties (excluding those representations and warranties identified as fundamental), neither party is entitled to indemnification unless the claim exceeds \$2.1 million individually, and neither party is entitled to such indemnification unless the aggregate amount of damages for which such party is entitled to indemnification exceeds \$21 million, in which case such party will only be entitled to recover damages in excess of \$21 million, up to a maximum amount of recovery (together, with respect to Tronox, with any amounts collected under a representations and warranties insurance policy purchased by Cristal for the benefit of Tronox) of \$210 million;

with respect to any indemnification for breaches of any representations and warranties (excluding those representations and warranties identified as fundamental) and breaches of any covenants to be performed after the closing of the transaction, neither party shall be entitled to recoveries in excess of an aggregate amount, (with respect to Tronox, together with any amounts collected under a representations and warranties insurance policy purchased by Cristal for the benefit of Tronox), of \$315 million; and

neither party shall be entitled to indemnification in excess of an aggregate amount of \$2.1 billion (with respect to Tronox, together with any amounts collected under a representations and warranties insurance policy purchased by Cristal for the benefit of Tronox).

Any indemnification of the Tronox indemnified parties is satisfied first by Cristal or Cristal Netherlands up to the retention amount under the representations and warranties insurance policy; second, from the representation and warranties insurance policy to the extent coverage is available; and third, by Cristal or Cristal Netherlands. For 18 months after the closing of the transaction, the share portion of the transaction consideration may also be used to satisfy the indemnification of the Tronox indemnified parties if payment is not made within within 10 business days after the resolution of a claim. However, Cristal Netherlands will be subject to certain restrictions related to the transfer of any voting securities of Tronox beneficially owned by it for a period beginning on the date of the shareholders agreement and ending on the day following the three year anniversary of the date of the shareholders agreement, as more fully described in the section entitled "The Shareholders Agreement—Transfer Restrictions" beginning on page 66).

**Termination of the Transaction Agreement**

The transaction agreement may be terminated at any time prior to the closing of the transaction, whether or not resolutions approving the proposal have passed, under the following circumstances:

by mutual written consent of Cristal and Tronox;

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- by either Cristal or Tronox if the closing of the transaction has not occurred on or before May 21, 2018, unless the failure to close by such date is primarily the result of the failure of the party seeking to terminate to perform in any material respect any of its obligations under the transaction agreement;

by either Cristal or Tronox if any governmental entity of competent jurisdiction has issued a final and non-appealable order or taken any other final or non-appealable action prohibiting, enjoining or making illegal the consummation of the transaction; provided that the right to terminate will not be available to any party if the legal restraint's having become final and non-appealable was primarily due to the failure of such party to perform in any material respect any of its obligations under the transaction agreement;

by either Cristal or Tronox if Tronox fails to obtain the required Tronox shareholder approvals at the Tronox special meeting; and

by either Cristal or Tronox, if the other party breaches or fails to perform any of its covenants or agreements contained in the transaction agreement or if any of its representations or warranties fails to be true, which breach or failure (i) would result in a failure of certain conditions to closing and (ii) such breach is not reasonably curable from the outside date or if reasonably curable, shall not have been cured (A) within 30 days following receipt of written notice from the other party of the breach or failure or (B) any shorter period of time that remains between the date the non-breaching party provides written notice of such breach or failure and the outside date; provided that the party moving to terminate will not have the right to terminate if it is then in material breach of any covenant or agreement and any representation or warranty fails to be true such that closing conditions will not be satisfied.

### **Effect of Termination**

If the transaction agreement is terminated, it will become void and have no effect, and there will be no liability on the part of Tronox or Cristal, except with respect to the designated provisions of the transaction agreement that will survive the termination, including those relating to fees and expenses (including the termination fee), Tronox's obligation to indemnify Cristal for damages, liabilities and expenses relating to the financing and to reimburse Cristal for its out-of-pocket expenses relating to the financing, effects of termination, governing law, waiver of jury trial, and treatment of confidential information. Termination will not relieve any party from liability incurred or suffered by the other party to the extent such liabilities were the result of fraud or the willful and material breach by the other party of any of its covenants set forth in the transaction agreement.

In the event that the transaction agreement is terminated by Cristal or Tronox because the closing of the transaction has not occurred by May 21, 2018, and all conditions to closing have been satisfied or waived (other than conditions related to financing or that by their nature are to be satisfied at the closing), Tronox will promptly pay, but in no event later than three business days after such termination, a nonrefundable fee of \$100 million to Cristal; provided that Cristal is not in material breach of any of its covenants or agreements contained in the transaction agreement at such time.

In the event that the transaction agreement is terminated by Cristal or Tronox because the closing of the transaction has not occurred by May 21, 2018, or Tronox fails to obtain the required approval of the proposal by the Tronox shareholders at the Tronox special meeting, then Tronox will reimburse Cristal for certain expenses incurred by or on behalf of Cristal in connection with the transaction agreement, any ancillary agreements, all related agreements and documents, the due diligence investigation and the transactions contemplated thereunder; not to exceed \$15 million in the aggregate.

### **Specific Performance**

The parties have agreed in the transaction agreement that irreparable damage would occur if any of the provisions of the transaction agreement were not performed in accordance with its terms and that monetary damages, even if available, would not be adequate remedy therefor. The parties therefore agree that prior to the termination of the transaction agreement, each party will be entitled to specific performance of the terms and provisions of the

transaction agreement without proof of actual damages and without any requirement to post bond, in addition to any other remedy to which they may be entitled at law or in equity.

**Amendment, Extension and Waiver**

*Amendment.* The transaction agreement may be amended by the parties at any time before or after approval of the transaction by the shareholders of Tronox. However, after approval of the transaction agreement by the

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shareholders of Tronox, there may not be any amendment of the transaction agreement that requires further approval under applicable law without the further approval of such shareholders, and no amendment of the transaction agreement may be made after the closing of the transaction. Additionally, certain customary provisions, including those regarding governing law, jurisdiction, third-party beneficiaries and remedies may not be amended in a manner that is adverse to any debt financing source without the prior written consent of such debt financing source.

*Extension; Waiver.* At any time prior to the closing of the transaction, the parties, may (1) extend the time for the performance of any of the obligations or other acts of the other party; (2) waive any inaccuracies in the representations and warranties of the other party contained in the transaction agreement; and (3) waive compliance by the other party with any of the agreements or the satisfaction of any of the conditions contained in the transaction agreement.

**Governing Law**

The transaction agreement is governed by and will be construed in accordance with the laws of the State of Delaware.

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### **THE SHAREHOLDERS AGREEMENT**

*This section of the proxy statement describes the material provisions of the shareholders agreement but does not purport to describe all of the terms and provisions of the shareholders agreement. The following summary is qualified in its entirety by the complete text of the shareholders agreement, a form of which is attached as Annex B of this proxy statement and incorporated into this proxy statement by reference. We urge you to read the full text of the shareholders agreement carefully and in its entirety. The shareholders agreement is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled *Where You Can Find More Information* beginning on page 110.*

Pursuant to the transaction agreement, Tronox and Cristal have agreed that Tronox, Cristal Netherlands, Cristal and the underlying shareholders of Cristal will enter into a shareholders agreement at the closing of the transaction, the form of which was agreed to in connection with the execution of the transaction agreement. The shareholders agreement will govern Cristal Netherlands ownership of Class A Shares following the closing of the transaction.

In this section, we refer to Cristal Netherlands and any person or entity to which Class A Shares have been transferred in accordance with the terms of the shareholders agreement as a Cristal shareholder parties.

#### **Board Representation**

The Cristal shareholder parties will have the following nomination rights to the Tronox board of directors:

for so long as the Cristal shareholder parties beneficially own 28,185,000 or more voting securities, the Cristal shareholder parties have the right to nominate two Class A Directors; and  
for so long as the Cristal shareholder parties beneficially own greater than or equal to 15,568,333, but less than 28,185,000, voting securities of Tronox, the Cristal shareholder parties will have the right to nominate one Class A Director.

Tronox will include the Cristal shareholder parties' nominees in the slate of nominees recommended by the Tronox board of directors for election of directors and will use its reasonable best efforts to cause the shareholders of Tronox to elect the Cristal shareholder parties' nominees. In the event any Tronox board member nominated by the Cristal shareholder parties (a Cristal shareholder party director) resigns or is unable to serve, the Cristal shareholder parties will be entitled to appoint a replacement Cristal shareholder party director. If the Cristal shareholder parties no longer beneficially own the required number of securities to nominate a member of the board, the Cristal shareholder party director(s) will promptly tender his or her immediate resignation from the Tronox board of directors. So long as permitted by applicable law, the Cristal shareholder party director(s), if any, will serve as members of the various standing committees (other than the nominating committee) proportional to their representation on the Tronox board of directors.

#### **Voting**

So long as the Cristal shareholder parties have director nomination rights under the shareholders agreement, with respect to any proposal or resolution relating to the election or removal of directors, compensation of directors, officers and other employees of Tronox, and the engagement of accountants, the Cristal shareholder parties will vote or cause to be voted all of its voting securities beneficially owned by it as recommended by the Tronox board of directors. The Cristal shareholder parties will also cause all of the voting securities of Tronox that they beneficially own to be represented at any meeting of Tronox's shareholders for purposes of the presence of a quorum.

#### **Standstill Restrictions**

The shareholders agreement will contain certain standstill provisions restricting Cristal and its underlying shareholders from the date of the shareholders agreement until the earlier of (i) six months after the Cristal shareholder parties no longer have any rights to nominate or designate nominees to the Tronox board of directors and (ii) the third anniversary after the date of the shareholders agreement.

**Transfer Restrictions**

Cristal Netherlands will be subject to certain restrictions related to the transfer of any voting securities of Tronox beneficially owned by it for a period beginning on the date of the shareholders agreement and ending on the day following the three year anniversary of the date of the shareholders agreement. During this period, Cristal

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Netherlands will not transfer any of the voting securities beneficially owned by it, other than to a permitted transferee following the later of (i) the date that is eighteen months after the date of the shareholders agreement and (ii) the date on which all claims for indemnification under the transaction agreement asserted in writing by Tronox prior to such eighteen-month anniversary have been finally resolved. However, no transfer will be permitted if the transfer will result in an owner shift under Section 382(g) of the Internal Revenue Code of 1986 with respect to the Tronox.

Notwithstanding the restrictions discussed above, for the period beginning on the date of the shareholders agreement and ending on the three-year anniversary of the shareholders agreement, the Cristal shareholder parties are permitted to sell or transfer up to an aggregate number of voting securities equal to 4% of the total number of outstanding voting securities immediately after the closing of the transaction, as adjusted for any stock split, reverse stock split or similar transaction (the waived transfer amount), (i) in accordance with Rule 144 under the Securities Act, or (ii) under the short form registration statement, which Tronox must file with the SEC reasonably promptly after the date of the shareholders agreement, which will cover the registration of the number of securities up to the waived transfer amount.

A permitted transferee is (i) any of the shareholders of Cristal, (ii) a controlled affiliate of one of the Cristal shareholder parties, (iii) a nominee or broker of the Cristal shareholder parties or (iv) solely with respect to any pledge of the voting securities, or the creation of an encumbrance or lien on the voting securities, to secure bona fide borrowings, a bank, licensed securities firm or pension fund.

In addition to and notwithstanding the restrictions described above, none of the Cristal shareholder parties, other than in connection with a registered public offering, including any underwritten offering or a change of control of Tronox, may knowingly transfer voting securities (i) to any person (other than to any permitted transferee) who, after such acquisition, would hold in excess of 5% of the voting securities or (ii) on any given day (other than to any permitted transferee) in an amount greater than 10% of the average daily trading volume of the voting securities for the 20-day period immediately preceding the date of such transfer.

### **Registration Rights**

*Demand Registrations.* At any time after the three-year anniversary of the date of the shareholders agreement, the Cristal shareholder parties may, up to a maximum of three times, request that Tronox effect a registration under the Securities Act of registrable securities held by the Cristal shareholder parties. If requested by one of the Cristal shareholder parties, Tronox will use its commercially reasonable efforts to register such securities, including, if required by the Cristal shareholder parties, to file a short-form registration statement with the SEC. In no event will Tronox be obligated to effect any shelf registration other than pursuant to the short-form registration statement.

*Piggyback Registrations.* At any time after the three-year anniversary of the date of the shareholders agreement, the Cristal shareholder parties will have unlimited piggyback registration rights that allow it to require that registrable securities held by the Cristal shareholder parties be included in certain registration statements filed by Tronox, subject to certain exceptions. These piggyback registration rights will be subject to cutback procedures in the event the piggyback offering is oversubscribed.

*Expenses.* Subject to certain exceptions, Tronox will pay all registration expenses in connection with each registration of securities of Tronox pursuant to the shareholders agreement. All underwriting discounts, selling commissions and transfer taxes applicable to the sale of registrable securities of the Cristal shareholder parties will be borne by the shareholder.

*Holdback.* The Cristal shareholder parties agree that, if requested by Tronox and the underwriters, it will not (whether or not the Cristal shareholder parties are participating in the registration) effect a public sale or distribution or other



transfer of the registrable securities without the prior written consent of Tronox or the underwriters during the holdback period. The holdback period is the period of 180 days after and during the ten days before the effective date of the related registration statement, or in the case of a takedown from a shelf registration statement, 90 days after the prospectus supplement filed with the SEC in connection with such takedown and during such period (not to exceed ten days) as Tronox has given reasonable notice to the Cristal shareholder parties, or such shorter period as Tronox, the Cristal shareholder parties and the underwriter will agree.

**Pre-emptive Rights**

Between the date of the shareholders agreement and the date on which the Cristal shareholder parties beneficially own fewer than 11,743,750 voting securities of Tronox, if Tronox issues additional voting securities, for

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30 days following notice to the Cristal shareholder parties of the issuance, the Cristal shareholder parties will have the right to subscribe at the then current market price of Class A Shares up to a proportional number of voting securities, subject to certain exceptions.

### **Non-Competition; Non-Solicitation**

*Non-competition.* For the two-year period after the closing of transaction agreement, certain of the shareholders of Cristal may not, directly or indirectly, own, manage, operate or otherwise participate or engage in the TiO<sub>2</sub> business anywhere in the world. This prohibition does not apply to (i) having beneficial ownership of any voting securities of up to 4.9% if any class of outstanding securities, (ii) conducting the businesses conducted by Cristal prior to the closing of the transaction other than the TiO<sub>2</sub> business or (iii) acquiring any entities or businesses that include a competing business if such competing business comprises (a) less than 20% of the revenues of the acquired business (but not more than \$200 million of the aggregate revenues) or (b) \$50 million of the revenues of such acquired business.

*Non-solicitation.* For the two-year period after the closing of transaction agreement, certain of the shareholders of Cristal may not, directly or indirectly, solicit any employee transferred to Tronox in connection with the transaction or encourage any such employee to terminate his or her employment with Tronox without the prior written consent of Tronox.

### **Matching Rights**

If any other person who is or becomes a holder of voting securities is granted rights by Tronox as a shareholder that are (i) within the express scope of the rights granted to the Cristal shareholder parties pursuant to the shareholder agreement and (ii) more favorable than those granted to the Cristal shareholder parties in the shareholders agreement and the other investor owns fewer voting securities than the Cristal shareholder parties, Tronox will promptly amend the shareholders agreement to provide the same rights to the Cristal shareholder parties.

### **Termination**

The shareholders agreement will terminate by consent of all parties or when the Cristal shareholder parties no longer beneficially own at least 7,829,167 voting securities. Certain sections of the shareholders agreement, including those relating to indemnification, governing law, jurisdiction and waiver of jury trial, will survive termination of the shareholders agreement, and the provisions relating to registration rights will survive termination of the shareholders agreement until the first date on which there are no registrable shares outstanding.

TABLE OF CONTENTS**SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT**

The following table shows information regarding the beneficial ownership of shares of Tronox Limited as of July 28, 2017 by:

- each current director of Tronox;
- the current Chief Executive Officer and each named executive officer;
- all persons currently serving as directors and executive officers of Tronox, as a group; and
- each person known to us to own beneficially 5.0% or more of any class of Tronox's outstanding shares.

Beneficial ownership and percentage ownership are determined in accordance with the SEC's rules and regulations. To our knowledge, except as indicated in the footnotes to this table and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of Tronox shown as beneficially owned by them. The table is based on 67,821,274 Class A Shares and 51,154,280 Class B Shares outstanding as of July 28, 2017. All information concerning security ownership of certain beneficial owners is based upon filings made by such persons with the SEC or upon information provided by such persons to us. Unless otherwise noted below, the address for each beneficial owner listed in the table below is: c/o Tronox Limited, 263 Tresser Boulevard, Suite 1100, Stamford, Connecticut 06901, USA.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF ORDINARY SHARES BENEFICIALLY OWNED	% OF CLASS OWNED	% OF TOTAL OWNED
<b>CLASS B SHARES</b>			
<b>Exxaro Resources Limited</b> <b>Roger Dyason Road</b> <b>Pretoria West</b> <b>0182</b> <b>South Africa</b>	51,154,280	100.0 %	43.0
<b>CLASS A SHARES</b>			
<b>5% Owners</b>			
<b>FMR LLC<sup>(1)</sup></b>	9,439,931	13.9	7.9
<b>Fine Capital Partners, L.P.<sup>(2)</sup></b>	5,061,661	7.5	4.3
<b>The Vanguard Group<sup>(3)</sup></b>	4,849,179	7.1	4.1
<b>Franklin Mutual Advisers, LLC<sup>(4)</sup></b>	4,297,768	6.3	3.6
<b>BlackRock Inc.<sup>(5)</sup></b>	4,165,586	6.1	3.5
<b>Dimensional Fund Advisors LP<sup>(6)</sup></b>	3,328,599	4.9	2.8
<b>Named Executive Officers and Directors<sup>(7)</sup></b>			
<b>John D. Romano</b>	317,121	*	*
<b>Willem Van Niekerk</b>	229,235	*	*
<b>Jean-François Turgeon</b>	166,602	*	*
<b>Timothy C. Carlson</b>	1,622	*	*
<b>Ilan Kaufthal</b>	100,364	*	*
<b>Andrew P. Hines</b>	100,615	*	*

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<b>Wayne A. Hinman</b>	85,045	*	*
<b>Jeffry N. Quinn</b>	51,478	*	*
<b>Sipho Nkosi</b>	47,283	*	*
<b>Daniel Blue</b>	37,863	*	*
<b>Peter Johnston</b>	37,863	*	*
<b>Mxolisi Mgojo</b>	12,171	*	*
<b>All Executive Officers and Directors as a group (15 persons)</b>	1,306,954	1.9	1.1

\*Less than 1.0%

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(1) Information regarding FMR LLC is based solely on the Schedule 13G filed with the SEC on June 12, 2017. FMR LLC has the sole power to vote or direct the vote of 153,232 Class A Shares and the shared power to dispose or to direct the disposition of 9,439,931 Class A Shares. The address of FMR LLC is 245 Summer Street, Boston, MA 02210.

(2) Information regarding Fine Capital Partners, L.P. is based solely on the Amendment to the 13G filed with the SEC on February 14, 2017 for the calendar year ended December 31, 2016. Fine Capital Partners L.P. has the shared power to vote or direct the vote of 5,061,661 of the Class A Shares and the shared power to dispose or to direct the disposition of 5,061,661 of the Class A Shares. The address of Fine Capital Partners L.P. is 590 Madison Avenue, 27th Floor, New York, NY 10022.

(3) Information regarding The Vanguard Group, Inc. is based solely on the Amendment to the 13G filed with the SEC on February 13, 2017 for the calendar year ended on December 31, 2016. The Vanguard Group, Inc. has the sole power to vote or direct the vote of 77,553 of the Class A Shares, the shared power to vote or direct the vote of 10,492 of the Class A Shares, the sole power to dispose of or to direct the disposition of 4,764,862 Class A Shares and the shared power to dispose or to direct the disposition of 84,317 Class A Shares. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.

(4) Information regarding Franklin Mutual Advisers, LLC is based solely on the 13G filed with the SEC on February 3, 2017 for the calendar year ended December 31, 2016. Franklin Mutual Advisers, LLC has the sole power to vote or direct the vote of 4,297,768 of the Class A Shares and the sole power to dispose or to direct the disposition of 4,297,768 of the Class A Shares. The address of Franklin Mutual Advisers, LLC is 101 John F. Kennedy Parkway, Short Hills, NJ 07078-2789.

(5) Information regarding BlackRock Inc. is based solely on the Amendment to the 13G filed with the SEC on January 27, 2017 for the calendar year ended on December 31, 2016. Blackrock Inc. has the sole power to vote or direct the vote of 3,994,615 of the Class A Shares and the sole power to dispose or to direct the disposition of 4,165,586 of the Class A Shares. The address of BlackRock Inc. is 55 East 52nd Street, New York, NY 10055.

(6) Information regarding Dimensional Fund Advisors LP is based solely on the 13G filed with the SEC on February 9, 2017 for the calendar year ended December 31, 2016. Dimensional Fund Advisors LP has the sole power to vote or direct the vote of 3,243,852 of the Class A Shares and the sole power to dispose of or to direct the disposition of 3,328,599 Class A Shares. The address of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, TX 78746.

(7) Shares listed for each Executive Officer and Director includes: (i) shares owned by the individual; (ii) restricted shares units that will vest within 60 days of July 28, 2017; and (iii) shares subject to options that are exercisable, regardless of whether the exercise price is above or below our share price, within 60 days of July 28, 2017. No restricted share units will vest within 60 days for the Executive Officers and Directors as a group. Shares subject to options that are exercisable within 60 days include: John D. Romano, 141,299; Willem Van Niekerk, 141,168; Jean-Francois Turgeon, 33,333; and 343,304 for all Executive Officers and Directors as a group.

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### **ADDITIONAL INFORMATION RELATING TO AUSTRALIA S TAKEOVER LAWS**

#### **Overview**

As discussed in the section entitled "Proposal Submitted to Shareholders" beginning on page 33, for purposes of Australia's takeover laws, the issuance of 37,580,000 Class A Shares, and the entry into the shareholders agreement by Tronox and the Cristal shareholder parties, requires prior shareholder approval. This is because the issuance to and acquisition by Cristal Netherlands of such Class A Shares will result in (for Australian takeover laws purposes only) the voting power of:

• Cristal Netherlands and the other Cristal shareholder parties increasing from zero to over 20%; and  
• Tronox and Exxaro increased from a starting point that is already above 20% (because of Exxaro's current ownership stake in Tronox).

This is explained in more detail below. It is noted, however, that immediately after the closing of the transaction, Cristal (through Cristal Netherlands) will beneficially own a maximum of 24% of the issued voting shares in Tronox, and Exxaro will beneficially own a maximum of 32.5% of the issued voting shares in Tronox, despite the impact on their voting power for Australian takeover law purposes, as described below.

#### **Australia s Takeover Laws**

As an Australian company, Tronox is subject to Australia s takeover laws. Broadly speaking, those laws prohibit any person from entering into a transaction to acquire a relevant interest in the voting shares of a company if, because of that transaction, a person s voting power in the company:

• increases from 20% or below to over 20%; or  
• increases from a starting point that is above 20% and below 90%,  
unless an exemption applies. An acquisition previously approved by a resolution passed at a general or special meeting of Tronox is exempt if:

• no votes are cast in favor of the resolution by the person proposing to make the acquisition or their associates, or the persons (if any) from whom the acquisition is to be made, and their associates; and  
• shareholders were given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

Broadly speaking, the voting power of a person for the purposes of Australia s takeover laws is the percentage of all the issued voting shares in which the person or an associate of the person has a relevant interest.

The concept of relevant interest is broad. The circumstances in which a person may have a relevant interest in a share include where the person has power (whether direct or indirect, formal or informal, or express or implied, and whether or not enforceable) to exercise, or control the exercise of, a right to vote attached to the share, or power to dispose of, or control the exercise of a power to dispose of, the share. A person may also have a relevant interest in a share in which a legal entity has a relevant interest if the person controls the legal entity or even if the person has voting power above 20% in the legal entity.

As of July 28, 2017, the number of issued and outstanding voting shares in Tronox is 118,975,554. 37,580,000 Class A Shares will be issued to Cristal Netherlands as the share portion of the transaction consideration upon closing of the transaction. Therefore, immediately after closing of the transaction, the number of issued and outstanding voting shares is expected to be approximately 156,555,554.

As described below, this issuance of Class A Shares to Cristal Netherlands will result in it acquiring a relevant interest in the shares and the voting power of Cristal Netherlands and certain other persons increasing from 20% or below to over 20%, or from above 20% and below 90%, in Tronox. Consequently, the transaction is conditional on a resolution in accordance with Item 7 of Section 611 of the Corporations Act 2001 (Commonwealth of Australia), to approve the acquisition of the Class A Shares by Cristal Netherlands and any acquisition by Tronox of a relevant interest in such Class A Shares in accordance with the shareholders agreement.

**Impact of the Transaction on Cristal Netherlands Voting Power**

Cristal Netherlands does not currently have a relevant interest in any shares in Tronox. However, as a consequence of the transaction, Cristal Netherlands will acquire a relevant interest in 37,580,000 Class A Shares to

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be issued to it as the share portion of the transaction consideration upon the closing of the transaction. The Class A Shares issued to Cristal Netherlands will represent a maximum of 24% of the issued voting shares in Tronox immediately after the closing of the transaction.

So long as Cristal Netherlands' voting power in Tronox is above 20%, Cristal Netherlands (and any entity that controls it) will be deemed under Australian takeover laws to have a relevant interest in any shares in which Tronox itself has a relevant interest. As mentioned below, by virtue of its rights under the Shareholders Deed by and between Tronox, Exxaro and the other parties thereto, dated June 15, 2012 (the Exxaro Shareholders Deed), for purposes of Australian takeover laws, Tronox has a relevant interest in the 51,154,280 Class B Shares held by Exxaro (the Exxaro Shares). The Exxaro Shares are voting shares. For purposes of Australian takeover laws, Cristal Netherlands will also acquire a relevant interest in the Exxaro Shares upon the closing of the transaction.

Therefore, for the purposes of Australia's takeover laws, Cristal Netherlands will have a relevant interest in 88,734,280 voting shares in Tronox in total, and its voting power in Tronox will increase from zero to 56.5%, when the closing of the transaction occurs (notwithstanding that Cristal Netherlands will beneficially own a maximum of 24% of the issued voting shares in Tronox).

### **Impact of the Transaction on Cristal Shareholder Parties' Voting Power**

The Cristal shareholder parties are Cristal Netherlands, Cristal and the Cristal Associates mentioned below. Each of the Cristal shareholder parties will enter into the shareholders agreement with Tronox at the closing of the transaction. By reason of the provisions of the shareholders agreement, under Australian takeover laws the Cristal shareholder parties will each acquire a relevant interest in the 37,580,000 Class A Shares to be issued to Cristal Netherlands. None of the Cristal shareholder parties currently has a relevant interest in any shares in Tronox.

In addition, so long as any of the Cristal shareholder parties controls Cristal Netherlands, such as TASNEE, or has voting power in Tronox above 20%, for purposes of Australian takeover laws it will be deemed to have a relevant interest in any shares in which Tronox itself has a relevant interest. As discussed further below, by virtue of its rights under the Exxaro Shareholders Deed, Tronox has a relevant interest in the Exxaro Shares. Thus each of the Cristal shareholder parties will also acquire a relevant interest in the Exxaro Shares upon the closing of the transaction.

Therefore, for purposes of Australia's takeover laws, each of the Cristal shareholder parties will have a relevant interest in 88,734,280 voting shares in Tronox in total, and each of their respective voting powers in Tronox will increase from zero to 56.5%, when the closing of the transaction occurs (notwithstanding that Cristal Netherlands will beneficially own a maximum of 24% of the issued and outstanding voting shares in Tronox).

### **Impact of the Transaction on the Voting Power of Cristal's Associates**

The associates of the Cristal shareholder parties are TASNEE, GIC Private Limited (GIC) and Dr. Talal Al-Shair (each a Cristal Associate). TASNEE holds a seventy-nine percent (79%) ownership interest in Cristal. TASNEE is a publically listed Saudi Arabian joint stock company, headquartered in Riyadh, Kingdom of Saudi Arabia. TASNEE was established in 1985 as the Saudi private sector's first fully owned joint stock industrial company, with the aim of advancing the economic diversification in Saudi Arabia. TASNEE is involved in the production of a wide range of products, including petrochemicals, titanium dioxide and numerous down-stream products, such as batteries, plastics, geomembranes and packaging. GIC holds a twenty percent (20%) ownership interest in Cristal. GIC is an investment company incorporated in the State of Kuwait on November 15, 1985 as a Gulf Shareholding Company. GIC is equally owned by the governments of the six member states of the Gulf Cooperation Council (the GCC) consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. GIC was formed to foster economic growth, economic diversification and capital markets development across the GCC region. GIC's invests in a variety of



markets, including industrials, financials, utilities, consumer staples, telecommunications and materials. A private investor, Dr. Talal Ali Al-Shair, owns the remaining one percent (1%) of Cristal. Dr. Talal serves as Chairman of the Cristal Board of Directors and Vice Chairman of the TASNEE Board of Directors.

None of the Cristal Associates currently has a relevant interest in any shares in Tronox. However, for purposes of Australian takeover laws, the voting power in Tronox of each Cristal Associate will also increase from zero to 56.5% when the 37,580,000 Class A Shares are issued to Cristal Netherlands upon the closing of the transaction.

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### **Impact of the Transaction on Exxaro's Voting Power**

Exxaro currently has a relevant interest in 51,154,280 Class B Shares. As Class B Shares are voting shares, Exxaro's voting power in Tronox is approximately 43% in Tronox.

The issuance of the Class A Shares to Cristal Netherlands will dilute Exxaro's actual percentage shareholding in Tronox to approximately 32.5% of the total issued voting shares in Tronox, assuming Exxaro's shareholding in Tronox remains constant and none of Exxaro's associates acquires any shares in Tronox. On March 8, 2017, Exxaro announced its intention to begin pursuing a path to monetize its ownership stake in Tronox over time. According to Exxaro's announcement, any such monetization is expected to proceed in stages and would likely not begin until the second half of 2017.

However, for Australian takeover law purposes, while Exxaro's voting power in Tronox is above 20%, Exxaro is deemed to have a relevant interest in any shares in which Tronox itself has a relevant interest. As mentioned below, by virtue of its rights under the shareholders agreement and for purposes of Australian takeover laws, Tronox itself will acquire a relevant interest in the Class A Shares issued to Cristal Netherlands upon the closing of the transaction. Therefore, for purposes of Australian takeover laws, Exxaro will also acquire a relevant interest in the Class A Shares issued to Cristal Netherlands, and Exxaro's voting power in Tronox will increase from 43% to 56.5% upon the closing of the transaction (notwithstanding that Exxaro will beneficially own a maximum of 32.5% of the issued voting shares in Tronox immediately after the closing of the transaction).

### **Impact of the Transaction on the Voting Power of Exxaro's Associates**

In addition, for purposes of Australian takeover laws, Exxaro's associates are each of its controlled subsidiaries (each an Exxaro Associate).

For purposes of Australian takeover laws, the voting power in Tronox of each Exxaro Associate will also increase from 43% to 56.5% upon the closing of the transaction, assuming Exxaro's shareholding in Tronox remains constant and that no Exxaro Associate acquires any shares in Tronox.

### **Impact of the Transaction on Tronox's Voting Power**

By virtue of its rights under the Exxaro Shareholders Deed, for purposes of Australian takeover laws, Tronox has a relevant interest in the Exxaro Shares. Consequently, Tronox already has voting power in itself of 43%. By virtue of its rights under the shareholders agreement, Tronox will also acquire a relevant interest in the Class A Shares issued to Cristal Netherlands upon the closing of the transaction. For purposes of Australian takeover laws, the transaction will therefore result in Tronox's voting power in itself increasing from 43% to 56.5% (notwithstanding that, immediately after the closing of the transaction, Tronox will not own any shares in itself). In addition, for purposes of Australian takeover laws, each subsidiary of Tronox is an associate of Tronox and the transaction will therefore also result in the voting power of each such subsidiary in Tronox increasing from 43% to 56.5%.

### **Intentions of Cristal in Relation to Tronox**

For purposes of Australian takeover laws, Cristal is disclosing its intentions in relation to certain additional matters. Cristal Netherlands will beneficially own only a maximum of 24% of the issued and outstanding voting shares in Tronox after the closing of the transaction, so its ability to implement changes will necessarily be limited. In any case, Cristal (including Cristal Netherlands) confirms that:

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it is proposed that Tronox will continue to manage and develop its existing business and, following the closing of the transaction, will operate and integrate Cristal's TiQ business;

no significant changes are anticipated with respect to Tronox's existing financial policies;

Cristal has no present intention to inject further capital into Tronox, nor make significant changes to future employment of present employees of Tronox; and

Cristal has no present intention to redeploy the fixed assets of Tronox.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On February 21, 2017, Tronox entered into a transaction agreement with Cristal and Cristal Netherlands, pursuant to which Cristal and Cristal Netherlands will effect a restructuring under which the assets and operations relating to the TiO<sub>2</sub> business of Cristal will be reorganized under one or more entities owned by Cristal BV, and Cristal will separately establish a new entity in the Kingdom of Saudi Arabia to hold certain assets and operations in the Kingdom of Saudi Arabia. Cristal is a privately-held company registered under the laws of the Kingdom of Saudi Arabia and is headquartered in Jeddah, Saudi Arabia. In consideration of the foregoing, Tronox (i) will make an aggregate cash payment equal to \$1,673 million, subject to certain adjustments, to Cristal and Cristal Netherlands, and (ii) will issue and deliver to Cristal Netherlands 37,580,000 Class A Shares.

Tronox has agreed to use its reasonable best efforts to obtain a commitment letter providing for debt financing sufficient, together with all available cash and other proceeds, to fund the cash consideration at the closing of the transaction. On August 2, 2017, Tronox announced that it had entered into a stock purchase agreement to sell its Alkali Chemicals Business ( Alkali ) to Genesis Energy, L.P. for \$1.325 billion in cash, subject to customary conditions including a working capital adjustment, which will fund a portion of the cash consideration. The pro forma financial statements are presented on the basis that Tronox will finance the transaction using the cash proceeds from the sale of the Alkali business together with proceeds raised from the issuance of additional debt.

The following unaudited pro forma condensed combined financial information and related notes present the historical condensed consolidated balance sheet and historical condensed consolidated statements of operations of Tronox adjusted to reflect the impact of completion of Tronox's acquisition of Cristal's TiO<sub>2</sub> business that are (i) directly attributable to the transaction, (ii) factually supportable and (iii) expected to have a continuing impact on Tronox's combined financial results in the case of the statement of operations and balance sheet.

The unaudited pro forma condensed combined financial information for the years ended December 31, 2016 and 2015 has been derived from the audited consolidated financial statements of Tronox for the years ended December 31, 2016 and 2015 and Cristal for the year ended December 31, 2016. The unaudited pro forma condensed combined financial information as of and for the six months ended June 30, 2017 has been derived from the unaudited interim condensed consolidated financial statements of Tronox and unaudited interim financial information of Cristal as of and for the six months ended June 30, 2017. The unaudited pro forma condensed combined financial information has been adjusted for the transaction as if the acquisition had been completed on January 1, 2016, in the case of the unaudited pro forma condensed combined statement of operations, and on June 30, 2017, in the case of the unaudited pro forma condensed combined balance sheet. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 displays the pro forma results of Tronox excluding those of the Alkali business and does not include the adjustments for the acquisition of Cristal. Tronox purchased Alkali on April 1, 2015.

In addition to the sale of the Alkali business and the additional debt described above, the unaudited pro forma condensed combined financial statements include the following adjustments related to the transaction:

- the acquisition of Cristal's TiO<sub>2</sub> business for consideration totaling \$1,673 million of cash plus 37,580,000 Class A Shares;
- the impact of converting Cristal's historical financial information as prepared in accordance with Saudi GAAP, to U.S. GAAP for the year ended December 31, 2016;
- the impact of converting Cristal's historical financial information, as prepared in accordance with IFRS, to U.S. GAAP for the six months ended June 30, 2017;
- the translation of Cristal's historical financial information from SR into USD;
-

the impact of preliminary fair value adjustments to the acquired assets and assumed liabilities of Cristal's TiO<sub>2</sub> business;

reclassifications needed to conform the accounting policies of Cristal to those of Tronox;

- the elimination of acquisition-related transaction costs incurred for the year ended December 31, 2016 and the six months ended June 30, 2017;

the elimination of sales and the impacts of a licensing agreement between Tronox and Cristal for the year ended December 31, 2016 and the six months ended June 30, 2017; and

the related income tax effects of the pro forma adjustments.

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Tronox accounted for the transaction within the accompanying unaudited pro forma condensed combined financial information using the acquisition method of accounting in accordance with ASC 805. As valuations and other studies have yet to progress to a stage where there is sufficient information for a definitive measure of fair value, Tronox has assumed that fair values of the tangible and intangible assets acquired and liabilities assumed at the acquisition date to equal their carrying value. Goodwill, as of the acquisition date, was measured as the excess of purchase consideration over the preliminary fair value of net tangible and identifiable intangible assets acquired. The preliminary measurement used for the net tangible and identifiable intangible assets acquired is their carrying value as an estimate of fair value. As a result of that analysis, management may identify differences that, when purchase accounting procedures are completed, could be materially different from the unaudited pro forma condensed combined financial information included herein.

The historical financial information of Cristal for the year ended December 31, 2016 was prepared in accordance with Saudi GAAP and is presented in SR. The unaudited pro forma condensed combined financial information includes adjustments and reclassifications to convert statement of operations of Cristal from Saudi GAAP to U.S. GAAP on a consistent basis with Tronox and to translate the financial statements from SR to USD.

Effective January 1, 2017, Cristal adopted IFRS and the financial information for the six months ended June 30, 2017 are shown under these reporting standards and presented in SR. The unaudited pro forma condensed combined financial information includes adjustments and reclassifications to convert the historical balance sheet and statements of operations of Cristal from IFRS to U.S. GAAP on a consistent basis with Tronox and to translate the interim financial information from SR to USD. When the transaction is completed, management will conduct a further review of adjustments and reclassifications to convert the Cristal interim financial information from IFRS to U.S. GAAP on a consistent basis with Tronox, and as a result, management may identify further differences that could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not purport to project the future operating results of Tronox. The unaudited pro forma condensed combined financial information does not include the impacts of any: (i) cost or revenue synergies; (ii) potential restructuring actions or (iii) future expected transaction-related costs that may result from Tronox's purchase of Cristal's business, as they currently are not objectively determinable. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes.

This unaudited pro forma condensed combined financial information, including the related notes, is derived from, and should be read in conjunction with, Tronox's audited consolidated financial statements, which are available in Tronox's Form 10-K for the year ended December 31, 2016 and 2015 and Tronox's unaudited interim financial statements, which are available in its Form 10-Q for the six months ended June 30, 2017, which are incorporated by reference into this proxy statement. The audited consolidated financial statements of Cristal for the year ended December 31, 2016 are included in this proxy statement.

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**Tronox Limited**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**As of June 30, 2017**  
**Millions of U.S. Dollars**

	<b>Tronox Historical June 30, 2017</b>	<b>Alkali Disposition Adjustments (Note 2)</b>	<b>Tronox Pro Forma (Subtotal)</b>	<b>Cristal Historical June 30, 2017 U.S. GAAP (Note 3)</b>	<b>Reclass- ifications (Note 4)</b>	<b>Pro Forma Adjustments Notes</b>	<b>Pro Forma Combined</b>
<b>Assets</b>							
Current assets:							
Cash and cash equivalents <sup>(1)</sup>	\$ 305	\$ 1,325	\$ 1,630	\$ 152	\$ —	\$ (1,325 )	( 2 ) \$ 457
Accounts receivable, net of allowance for doubtful accounts	457	(125 )	332	484	(139 )	—	677
Inventories, net	506	(35 )	471	537	—	—	1,008
Prepaid and other assets	54	(28 )	26	—	139	—	165
Total current assets	1,322	1,137	2,459	1,173	—	(1,325 )	2,307
Property, plant and equipment, net	1,816	(723 )	1,093	1,601	—	(16 )	(7b ) 2,678
Mineral leaseholds, net	1,608	(727 )	881	—	—	—	881
Goodwill and intangible assets, net	210	—	210	—	—	199	(6 ) 409
Other long-term assets	38	(4 )	34	167	—	—	201
Total assets	\$ 4,994	\$ (317 )	\$ 4,677	\$ 2,941	\$ —	\$ (1,142 )	\$ 6,476
<b>Liabilities and stockholders' equity</b>							
Current liabilities:							
Accounts payable	\$ 201	\$ (48 )	\$ 153	\$ 440	\$ (197 )	\$ (3 )	(7b ) \$ 393
Accrued liabilities	181	(31 )	150	1	197	32	(7e ) 380
Short-term debt	150	—	150	8	—	—	158
Long-term debt due within one year	16	—	16	24	—	—	40
Income taxes payable	2	(15 )	(13 )	—	—	(2 )	(7a ) (15 )
Total current liabilities	550	(94 )	456	473	—	27	956
Noncurrent liabilities:							
Long-term debt, net	2,886	—	2,886	59	—	348	(7f ) 3,293
Long-term deferred tax liabilities	161	(1 )	160	68	67	—	295

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Other long-term liabilities	222	(21 )	201	139	(67 )	—		273
Total liabilities	3,819	(116 )	3,703	739	—	375		4,817
<b>Contingencies and Commitments</b>								
Stockholders' equity:								
Share capital	1,536	—	1,536	2,165	—	(1,511 )	(7a )	2,190
Accumulated deficit	(69 )	(201 )	(270 )	—	—	—		(270 )
Accumulated other comprehensive income (loss)	(454 )	—	(454 )	6	—	(6 )	(7a )	(454 )
Total Tronox Limited shareholders' equity	1,013	(201 )	812	2,171	—	(1,517 )		1,466
Noncontrolling interest	162	—	162	31	—	—		193
Total equity	1,175	(201 )	974	2,202	—	(1,517 )		1,659
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,994</b>	<b>\$ (317 )</b>	<b>\$ 4,677</b>	<b>\$ 2,941</b>	<b>\$ —</b>	<b>\$ (1,142 )</b>		<b>\$ 6,476</b>

(1) Cash and cash equivalents of Tronox contains \$2 million of restricted cash.

See accompanying notes to the unaudited pro forma condensed combined financial information.



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**Tronox Limited**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Six Months Ended June 30, 2017**  
**Millions of U.S. Dollars**

	<b>Tronox Historical June 30, 2017</b>	<b>Alkali Disposition Adjustments (Note 2)</b>	<b>Tronox Pro Forma (Subtotal)</b>	<b>Cristal Historical June 30, 2017 U.S. GAAP (Note 3)</b>	<b>Reclass- ifications (Note 4)</b>	<b>Pro Forma Adjustments (Note 5)</b>	<b>Notes</b>	<b>Pro Forma Combined</b>
Net sales	\$ 1,191	\$ (392 )	\$ 799	\$ 1,017	\$ —	\$ (27 )	(7b )	\$ 1,789
Cost of goods sold	(977 )	335	(642 )	(830 )	(19 )	24	(7b )	(1,467 )
<b>Gross profit</b>	214	(57 )	157	187	(19 )	(3 )		322
Selling, general and administrative expenses	(143 )	—	(143 )	(139 )	19	(3 )	(7c )	
		12	12			31	(7d )	(223 )
Restructuring expenses	—	1	1	—	—	—		1
<b>Income (loss) from operations</b>	71	(44 )	27	48	—	25		100
Interest and debt expense, net	(92 )	—	(92 )	(5 )	(3 )	(11 )	(7f )	(111 )
Other income (expense), net	(7 )	—	(7 )	9	3	—		5
Income (loss) before income taxes	(28 )	(44 )	(72 )	52	—	14		(6 )
Income tax (provision) benefit	(5 )	1	(4 )	2	—	—		(2 )
<b>Net (income) loss</b>	(33 )	(43 )	(76 )	54	—	14		(8 )
Net income attributable to noncontrolling interest	5	—	5	3	—	—		8
<b>Net (income) loss attributable to Tronox Limited</b>	\$ (38 )	\$ (43 )	\$ (81 )	\$ 51	\$ —	\$ 14		\$ (16 )
<b>Loss per share, basic and diluted (Note 9)</b>	\$ (0.32 )		\$ (0.68 )					\$ (0.10 )
<b>Weighted average shares outstanding, basic and diluted (in thousands):</b>	118,804		118,804					156,384

*See accompanying notes to the unaudited pro forma condensed combined financial information.*

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**Tronox Limited**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For The Year Ended December 31, 2016**  
**Millions of U.S. Dollars**

	<b>Tronox Historical Fiscal Year December 31, 2016</b>	<b>Alkali Disposition Adjustments (Note 2)</b>	<b>Tronox Pro Forma (Subtotal)</b>	<b>Cristal Historical Fiscal Year Ended December 31, 2016 U.S. GAAP (Note 3)</b>	<b>Reclass- ifications (Note 4)</b>	<b>Pro Forma Adjustments (Notes 7a, 7b, 7c, 7d, 7e, 7f)</b>	<b>Pro Forma Combined</b>
Net sales	\$ 2,093	\$ (784 )	\$ 1,309	\$ 1,737	\$ —	\$ (21 )	\$ 3,025
Cost of goods sold	(1,846 )	671	(1,175 )	(1,582 )	(92 )	17	(2,832 )
<b>Gross profit</b>	247	(113 )	134	155	(92 )	(4 )	193
Selling, general and administrative expenses	(210 )	25	(185 )	(241 )	93	(5 ) 2	(338 ) 2
Restructuring expense	(1 )	—	(1 )	—	(1 )	—	(2 )
<b>Income (loss) from operations</b>	36	(88 )	(52 )	(86 )	—	(7 )	(145 )
Interest and debt expense, net	(184 )	—	(184 )	18	(30 )	(21 )	(217 )
Other income (expense) including gain on extinguishment of debt, net	(25 )	1	(24 )	(1 )	30	(1 )	4
Loss before income taxes	(173 )	(87 )	(260 )	(69 )	—	(29 )	(358 )
Income tax (provision) benefit	115	1	116	(9 )	—	—	107
<b>Net loss</b>	(58 )	(86 )	(144 )	(78 )	—	(29 )	(251 )
Net income attributable to noncontrolling interest	1	—	1	7	—	—	8
<b>Net loss attributable to Tronox Limited</b>	\$ (59 )	\$ (86 )	\$ (145 )	\$ (85 )	\$ —	\$ (29 )	\$ (259 )
<b>Loss per share, basic and diluted (Note 9)</b>	\$ (0.50 )		(1.25 )				\$ (1.68 )

<b>Weighted average shares outstanding, basic and diluted (in thousands):</b>	116,161	116,161	153,741
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*See accompanying notes to the unaudited pro forma condensed combined financial information.*

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**Tronox Limited**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For The Year Ended December 31, 2015**  
**Millions of U.S. Dollars**

	<b>Tronox Historical Fiscal Year December 31, 2015</b>	<b>Alkali Disposition Adjustments (Note 2)</b>	<b>Tronox Pro Forma</b>
Net sales	\$ 2,112	\$ (602 )	\$ 1,510
Cost of goods sold	(1,992 )	505	(1,487 )
<b>Gross profit</b>	120	(97 )	23
Selling, general and administrative expenses	(217 )	25	(192 )
Restructuring expense	(21 )	—	(21 )
<b>Loss from operations</b>	(118 )	(72 )	(190 )
Interest and debt expense, net	(176 )	—	(176 )
Other income, net	28	1	29
Loss before income taxes	(266 )	(71 )	(337 )
Income tax (provision) benefit	(41 )	1	(40 )
<b>Net loss</b>	(307 )	(70 )	(377 )
Net income attributable to noncontrolling interest	11	—	11
<b>Net loss attributable to Tronox Limited</b>	\$ (318 )	\$ (70 )	\$ (388 )
<b>Loss per share, basic and diluted (Note 9)</b>	\$ (2.75 )		(3.36 )
<b>Weighted average shares outstanding, basic and diluted (in thousands):</b>	115,566		115,566

*See accompanying notes to the unaudited pro forma condensed combined financial information.*

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information****(In Millions of U.S. Dollars, unless otherwise noted)****Note 1 Basis of Presentation**

The unaudited pro forma condensed combined balance sheet as of June 30, 2017 is presented as if the acquisition of Cristal's TiO<sub>2</sub> business had occurred on June 30, 2017 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 and the six months ended June 30, 2017 is presented as if the acquisition of Cristal's TiO<sub>2</sub> business and the sale of the Alkali business for \$1.325 billion in cash had occurred on January 1, 2016. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 displays the pro forma results of Tronox excluding those of the Alkali business and does not include the adjustments for the acquisition of Cristal.

**Note 2 Unaudited Disposition Adjustments – Sale of the Alkali Business**

On August 2, 2017 Tronox announced that it had entered into a definitive agreement to sell the Alkali business to Genesis Energy, L.P. for \$1,325 million in cash, subject to customary closing conditions and working capital adjustment. The pro forma financial information was adjusted to exclude the Alkali business.

The unaudited pro forma condensed combined balance sheet as of June 30, 2017 reflects a preliminary estimate of the Alkali assets and liabilities, net of cash, of \$1,642 million and \$116 million, respectively. The unaudited condensed combined statement of operations reflects the removal of the Alkali net income of \$43 million, \$86 million and \$70 million for the six months ended June 30, 2017 and years ended December 31, 2016 and 2015, respectively. The estimated pre-tax loss of \$201 million resulting from the sale of the Alkali business below its estimated book value at June 30, 2017 is included in the unaudited pro forma condensed combined balance sheet as a reduction to retained earnings. The estimated loss has not been reflected in the unaudited pro forma condensed combined statement of operations as it is considered nonrecurring in nature. The sale of Alkali is expected to close in the second half of 2017.

The unaudited pro forma condensed combined balance sheet includes a \$2 million income tax benefit, which will result from the sale of Alkali and this estimate is subject to change based on the final Alkali purchase price. Further, the deferred tax liabilities that have been identified to Alkali within the pro forma financial information could materially change and Tronox will continue to monitor any changes up through the closing date.

The following table shows the comparison of the Tronox pro forma statement of operations that excludes the results of Alkali without the adjustments for the acquisition of Cristal for the years ended December 31, 2016 and 2015:

	<b>Tronox Pro Forma December 31, 2016</b>	<b>Tronox Pro Forma December 31, 2015</b>
Net sales	\$ 1,309	\$ 1,510
Cost of goods sold	(1,175 )	(1,487 )
<b>Gross profit</b>	134	23
Selling, general and administrative expenses	(185 )	(192 )
Restructuring expense	(1 )	(21 )
<b>Loss from operations</b>	(52 )	(190 )
Interest and debt expense, net	(184 )	(176 )
Other income (expense), net	(24 )	29

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Loss before income taxes	(260 )	(337 )
Income tax (provision) benefit	116	(40 )
<b>Net loss</b>	(144 )	(377 )
Net income attributable to noncontrolling interest	1	11
<b>Net loss attributable to Tronox Limited</b>	\$ (145 )	\$ (388 )
<b>Loss per share, basic and diluted (Note 9)</b>	\$ (1.25 )	\$ (3.36 )
<b>Weighted average shares outstanding, basic and diluted (in thousands):</b>	116,161	115,566

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)  
(In Millions of U.S. Dollars, unless otherwise noted)****Note 3 Presentation of Cristal Financial Information**

For pro forma purposes for the year ended December 31, 2016, U.S. GAAP adjustments were made to the historical financial statements of Cristal, prepared under Saudi GAAP in SR, to align with Tronox's U.S. GAAP accounting policies in USD. Such adjustments relate primarily to (1) income taxes, (2) exploration and evaluation costs, (3) long-lived asset impairment, (4) impairment reversals, (5) asset retirement obligations ( ARO ), (6) goodwill, (7) goodwill impairment and (8) employee terminal benefits. The U.S. GAAP adjustments and reclassifications column included in this note represents the aggregate presentation differences between Saudi GAAP and U.S. GAAP as well as the reclassifications necessary to present the Cristal financial information consistent with that of Tronox as further discussed in Note 4.

For pro forma purposes for the six months ended June 30, 2017, U.S. GAAP adjustments were made to the historical financial information of Cristal, prepared under IFRS in SR, to align with Tronox's U.S. GAAP accounting policies in USD. Such adjustments relate primarily to (1) income taxes, (2) exploration and evaluation costs, (3) long-lived asset impairment, (4) impairment reversals, (5) ARO, (6) goodwill, (7) goodwill impairment and (8) employee terminal benefits which are discussed in further detail herein. The U.S. GAAP adjustments and reclassifications column included in this note represents the aggregate presentation differences between IFRS and U.S. GAAP as well as the reclassifications necessary to present Cristal's financial information consistent with that of Tronox as further discussed in Note 4.

The historical balance sheet and statement of operations of Cristal for the six-month period ended June 30, 2017 and statement of operations for the year ended December 31, 2016 were translated for the purpose of preparing the pro forma financial information using the SR to USD exchange rate of 3.75. The Kingdom of Saudi Arabia is included within the Gulf Cooperation Council of countries who peg their national currency to the USD to avoid currency fluctuation. The SR is pegged to the USD at an exchange rate of 3.75, therefore, both the spot and average rate used for translation purposes below are the same.

The following table illustrates the impact of these adjustments and reclassifications in arriving at Cristal's balance sheet at June 30, 2017, including the adjustments to exclude the assets and liabilities and related income and expenses, not conferring to Tronox as part of the transaction and the translation from SR to USD, as presented in the unaudited pro forma condensed combined balance sheet:



TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)**  
**(In Millions of U.S. Dollars, unless otherwise noted)**

	<b>Cristal Historical IFRS as of June 30, 2017 (SR)</b>	<b>U.S. GAAP Adjustments &amp; Reclassifications (SR)</b>	<b>Notes</b>	<b>Cristal Assets &amp; Liabilities Excluded (SR) Note (k)</b>	<b>Total Cristal (SR)</b>	<b>Total Cristal Net Assets Acquired (USD)</b>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	569	—		—	569	152
Accounts receivable and prepayments	1,814	1	(a )	—	1,815	484
Due from related parties	215	—		(215 )	—	—
Inventories	2,015	—		—	2,015	537
<b>Total current assets</b>	<b>4,613</b>	<b>1</b>		<b>(215 )</b>	<b>4,399</b>	<b>1,173</b>
Property, plant and equipment		(56 )	(b )			
		71	(c )			
		(56 )	(d )			
	6,241	(198 )	(e )	—	6,002	1,601
Investments	592	365	(f )	(952 )	5	1
Goodwill		10	(g )			
	645	67	(h )	(722 )	—	—
Other intangible assets	326	133	(c )	(459 )	—	—
Due from related parties	784	(15 )	(i )	(769 )	—	—
Deferred income tax	270	(20 )	(e )	—	250	67
Exploration and evaluation cost	368	(115 )	(b )	—	253	68
Other assets	118	—		—	118	31
<b>Total assets</b>	<b>13,957</b>	<b>187</b>		<b>(3,117 )</b>	<b>11,027</b>	<b>2,941</b>
<b>Liabilities and shareholders' equity</b>						
Current liabilities:						
Accounts payable and accruals	1,725	—		(76 )	1,649	440
Employees' terminal benefits	3	—		—	3	1
Short term loans	29	—		—	29	8
Due to related parties	273	—		(273 )	—	—
Current portion of long term loans	92	—		—	92	24
<b>Total current liabilities</b>	<b>2,122</b>	<b>—</b>		<b>(349 )</b>	<b>1,773</b>	<b>473</b>
Long term loans, net	6,988	—		(6,766 )	222	59
Employees' terminal benefits	304	—		—	304	81

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Due to related parties	1,225	(756 )	(i )	(469 )	—	—
Deferred income tax liabilities		6	(a )			
	253	(4 )	(b )	—	255	68
Other liabilities	484	(266 )	(e )	—	218	58
<b>Total liabilities</b>	<b>11,376</b>	<b>(1,020 )</b>		<b>(7,584 )</b>	<b>2,772</b>	<b>739</b>
<b>Shareholders' equity</b>						
Capital	2,363	—		4,467	6,830	1,821
Statutory reserve	507	—		—	507	135
Capital contributions	305	—		—	305	81
Retained earnings	(732 )	1,207	(j )	—	475	128
Other comprehensive income	23	—		—	23	6
Noncontrolling Interest	115	—		—	115	31
<b>Total shareholders' equity</b>	<b>2,581</b>	<b>1,207</b>		<b>4,467</b>	<b>8,255</b>	<b>2,202</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,957</b>	<b>187</b>		<b>(3,117 )</b>	<b>11,027</b>	<b>2,941</b>

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TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)**  
**(In Millions of U.S. Dollars, unless otherwise noted)**

The following table illustrates the impact of these adjustments and reclassifications in arriving at Cristal's statement of operations for the six month period ended June 30, 2017, including the adjustments to exclude the assets and liabilities and related income and expenses, not conferring to Tronox as part of the transaction and the translation from SR to USD as presented in the unaudited pro forma condensed combined statement of operations:

	<b>Cristal Historical IFRS Period Ended June 30, 2017 (SR)</b>	<b>U.S. GAAP Adjustments &amp; Reclassifications (SR)</b>	<b>Notes</b>	<b>Cristal Income &amp; Expenses &amp; Excluded (SR) Note (p)</b>	<b>Total Cristal Total (SR)</b>	<b>Total Cristal Net Income (USD)</b>
Sales	3,810	—		—	3,810	1,017
Cost of sales	(3,115 )	3	(1 )	—	(3,113 )	(830 )
<b>Gross profit</b>	695	2	(m )	—	697	187
Expenses						
Selling and distribution	(217 )	—		—	(217 )	(58 )
General and administration	(317 )	9	(n )	18	(290 )	(77 )
Impairment of assets	(14 )	—		—	(14 )	(4 )
	(548 )	9		18	(521 )	(139 )
<b>Profit from main operations</b>	147	11		18	176	48
Other income	3	—		30	33	9
Financial charges	(180 )			161	(19 )	(5 )
<b>Income (loss) before Zakat and income tax and noncontrolling interest</b>	(30 )	11		209	190	52
Zakat and income tax	11	(3 )	(o )	—	8	2
<b>Net income (loss) before noncontrolling interest</b>	(19 )	8		209	198	54
Income attributable to noncontrolling interest	10	—		—	10	3
<b>Net income (loss) for the period</b>	(29 )	8		209	188	51

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)****(In Millions of U.S. Dollars, unless otherwise noted)**

The following table illustrates the impact of these adjustments and reclassifications in arriving at Cristal's statement of operations for the year ended December 31, 2016, including the adjustments to exclude the assets and liabilities and related income and expenses, not conferring to Tronox as part of the transaction and the translation from SR to USD as presented in the unaudited pro forma condensed combined statement of operations:

	<b>Cristal Historical Saudi GAAP Fiscal Year Ended December 31 2016 (SR)</b>	<b>U.S. GAAP Adjustments &amp; Reclassifications (SR)</b>	<b>Notes</b>	<b>Cristal Income &amp; Expenses &amp; Excluded (SR) Note (p)</b>	<b>Total Cristal (SR)</b>	<b>Total Cristal Net Loss (USD)</b>
Sales	6,514	—		—	6,514	1,737
Cost of sales	(5,948 )	(2 )	(1 )	—	(5,950 )	(1,586 )
		16	(m )	—	16	4
<b>Gross profit</b>	566	14		—	580	155
Expenses						
Selling and distribution	(415 )	—		—	(415 )	(111 )
General and administration	(547 )	31	(n )	36	(480 )	(127 )
Impairment of assets	(10 )	—		—	(10 )	(3 )
	(972 )	31		36	(905 )	(241 )
<b>Income (loss) from main operations</b>	(406 )	45		36	(325 )	(86 )
Other expense, net	(37 )	7	(m )	29	(1 )	(1 )
Financial charges	(254 )	—		319	65	18
<b>Income (loss) before Zakat and income tax and noncontrolling interest</b>	(697 )	52		384	(261 )	(69 )
Zakat and income tax	(12 )	(21 )	(o )	—	(33 )	(9 )
<b>Net income (loss) before noncontrolling interest</b>	(709 )	31		384	(294 )	(78 )
Income attributable to noncontrolling interest	26	—		—	26	7
<b>Net income (loss) for the year</b>	(735 )	31		384	(320 )	(85 )

**a) Income tax**

This adjustment increases deferred income tax liability by SR 6 million and increases accounts receivable and prepayments by SR 1 million in conformity with U.S. GAAP. The differences in income tax accounting between IFRS and U.S. GAAP pertain to tax effects of intercompany transfers of inventory that have been sold between affiliated members of the worldwide group but have not been sold outside the worldwide group as of the financial statement date, backwards tracing adjustments for the tax effects of balance sheet accounts that are recorded partially through the income statement and partially through other comprehensive income, and recognition of deferred tax liabilities with respect to outside basis differences of foreign subsidiaries for which the Company is unable to assert indefinite reinvestment of earnings.

**b) Exploration and evaluation costs**

This adjustment reduces exploration and evaluation cost and property, plant and equipment in conformity with U.S. GAAP by SR 115 million and SR 56 million, respectively and decreases deferred income tax liability by SR 4 million. Under IFRS, Cristal has capitalized all mining exploration and evaluation costs, including the costs of acquiring licenses. Once the technical and commercial viability of extracting a mineral resource is determined, the exploration and evaluation costs attributable to those reserves are first tested for impairment and then reclassified to mining development expenditures within property, plant and equipment and amortized once the mine commences production. Prior to the determination of commercial viability, these costs would not meet the criteria for recoverability under U.S. GAAP.

**c) Long-lived asset impairment**

This adjustment reverses the IFRS impairments which increases property, plant and equipment and other intangible assets in conformity with U.S. GAAP by SR 71 million and SR 133 million, respectively. In impairment

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)****(In Millions of U.S. Dollars, unless otherwise noted)**

tests under IFRS, the recoverable amount of each long-lived asset or asset group is compared to the assets' carrying value and to the extent carrying value exceeds the recoverable amount, an impairment loss is recorded. Recoverable amount is the higher of the long-lived asset's fair value less cost of disposal and its value in use. Under U.S. GAAP, the carrying value of the asset group at Cristal Metals was compared to the undiscounted future cash flows of the asset group. As of December 31, 2015, the undiscounted future cash flows of the asset group exceeded the carrying value. Therefore, the second step of the impairment assessment would not have been required and there would not have been any impairment loss under U.S. GAAP.

**d) Impairment reversals**

This adjustment removes IFRS impairment reversals, including previously recognized depreciation expense, which reduces property, plant and equipment in conformity with U.S. GAAP by SR 56 million. In 2014, an impairment loss was reversed up to the initial carrying amount, adjusted for depreciation. Under U.S. GAAP, reversal of impairment losses is not permitted for all long-lived assets held and used.

**e) Asset retirement obligations**

This adjustment removes the effect of asset retirement obligation remeasurements and reduces property, plant and equipment, deferred income tax and other liabilities in conformity with U.S. GAAP by SR 198 million, SR 20 million and SR 266 million, respectively. Under IFRS, Cristal remeasured certain asset retirement obligations and the related long-lived assets using current cost estimates and discount rates at various balance sheet dates between 2007 and 2016. Under U.S. GAAP, only upward revisions to the original estimated undiscounted cost estimates result in a remeasurement of the obligation using the current credit-adjusted risk free rate.

**f) AMIC Impairment**

This adjustment pertains to the reversal of an impairment of the investment in AMIC made under IFRS that does not meet the criteria for impairment under U.S. GAAP. The investment in AMIC is excluded from the Cristal net assets acquired. Refer to Note (k) and (p) herein for discussion of excluded Cristal amounts that are not conveying to Tronox in connection with the transaction.

**g) Goodwill**

This adjustment relates to the differences in goodwill which are primarily due to the accounting for fair value adjustments for property, plant, and equipment between IFRS and U.S. GAAP related to Cristal's acquisition of Millennium Worldwide Holdings III and Millennium Inorganic Chemicals, Inc. (collectively, Millennium Inorganics) on May 10, 2007 which increases goodwill by SR 10 million. Under IFRS, the carrying amount of the acquired property, plant and equipment is adjusted to fair value, including the share of those assets owned by a non-controlling interest.

**h) Goodwill impairment**

This adjustment reverses the Saudi GAAP goodwill impairment of SR 67 million which increases goodwill in conformity with U.S. GAAP. Under IFRS, Cristal tests goodwill for impairment by allocating goodwill to its cash-generating units (CGU) and compares the carrying amount of the CGU, including goodwill, to its recoverable amount. Any impairment loss is allocated first to reduce goodwill to zero, then, subject to certain limitations, the carrying amount of other assets in the CGU are reduced pro rata based on the carrying amount of each asset.

Under U.S. GAAP, Cristal first estimates the fair value of each reporting unit. If the fair value is less than its carrying value, then a second step would be performed to determine the fair value of the goodwill. In this second step, the

goodwill impairment loss is the amount by which the carrying amount of the goodwill exceeds the implied fair value of the goodwill determined by assigning the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The amount of the impairment loss is limited to the carrying amount of the goodwill.

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In 2015, Cristal impaired the goodwill at the Cristal US CGU to zero. Under U.S. GAAP, the fair value of the Cristal US reporting unit exceeded the carrying value of the unit's net assets and therefore, no goodwill impairment was required.

**i) IFRS Conversion**

These adjustments pertain to contributions and shareholder loans that are classified as equity transactions under U.S. GAAP. A reclassification of due from related parties and due to related parties of SR 15 million and SR 756 million was made to the Capital account. Refer to Note 7(h) for discussion of adjustments impacting Capital in the unaudited pro forma condensed combined balance sheet.

**j) Equity**

This adjustment relates to the impact of the aforementioned adjustments (a) to (i) of this note to shareholders' equity. These are summarized in the table below:

Adjustment	Total shareholders' equity
(a)	(5 )
(b)	(167 )
(c)	204
(d)	(56 )
(e)	48
(f)	365
(g)	10
(h)	67
(i)	741
<b>Net effect of shareholders' equity</b>	<b>1,207</b>

**k) Cristal assets and liabilities excluded**

These adjustments relate to assets and liabilities attributable to Cristal and included in the historical financial information of Cristal that are not transferring to Tronox as part of the transaction. These adjustments pertain to an investment in AMIC SR (952) million, goodwill SR (722) million, other intangible assets SR (459) million, due from related parties SR (984) million, accounts payable SR (76) million, long term loans SR (6,766) million, due to related parties SR (742) million and capital of SR 4,467 million which will not transfer to Tronox as part of the transaction.

**l) Exploration and evaluation costs**

This adjustment of SR (2) million and SR 3 million for the year ended December 31, 2016 and six months ended June 30, 2017, respectively, is to expense the Saudi GAAP and IFRS capitalized mining exploration and evaluation costs, including costs associated with acquiring licenses. Under U.S. GAAP, these costs are expensed immediately resulting in an adjustment to increase net loss.

**m) Asset retirement obligations**



This adjustment reflects the removal of certain ARO costs recorded under Saudi GAAP and IFRS in the amount of SR 16 million to cost of sales and SR 7 million to other expense, net for the year ended December 31, 2016, and SR 1 million to cost of sale for the six months ended June 30, 2017 in which AROs are remeasured each year based on current cost estimates and discount rates. Under U.S. GAAP, AROs are not remeasured annually due to changes in the underlying discount rates.

**n) Employee terminal benefits**

This adjustment of SR 31 million and SR 9 million for the year ended December 31, 2016 and six months ended June 30, 2017, respectively, reflects the following changes from Saudi GAAP and IFRS to U.S. GAAP: (i) Under U.S. GAAP, Cristal elected to recognize all actuarial gains and losses immediately in net income, whereas under

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)****(In Millions of U.S. Dollars, unless otherwise noted)**

Saudi GAAP and IFRS, actuarial gains and losses were recognized in other comprehensive income ( OCI ); (ii) Under Saudi GAAP and IFRS, interest income on the plan assets is recognized based on the discount rate used to discount the defined benefit obligation; whereas under U.S. GAAP, the expected return on plan assets is used; (iii) prior service costs are recognized immediately in net income under Saudi GAAP and IFRS; however, under U.S. GAAP, they are initially recorded in OCI and recognized in net income over the average remaining service life of the plan participants; and (iv) Saudi GAAP end of service liabilities have been recorded at full repayment amount, whereas under U.S. GAAP those will be recognized based on an actuarial valuation.

**o) Income taxes**

This adjustment of SR (21) million and SR (3) million for the year ended December 31, 2016 and six months ended June 30, 2017, respectively, is to reflect (i) SR (1) million and SR (1) million of the initial recognition of deferred taxes under Saudi GAAP and IFRS for the year ended December 31, 2016 and six months ended June 30, 2017, respectively. Under U.S. GAAP, deferred taxes can be recognized in an asset acquisition outside of a business combination in which the amount paid for an asset is different than its tax basis. Under Saudi GAAP and IFRS, however, recognition of deferred taxes is prohibited for temporary differences arising from the initial recognition of an asset or liability in a transaction outside of a business combination. (ii) SR (20) million and SR (2) million of tax effect relating to the pro forma adjustments discussed herein for the year ended December 31, 2016 and six months ended June 30, 2017, respectively.

**p) Cristal income and expenses excluded**

These adjustments pertain to the related income and expenses of the assets and liabilities described in note (k) as not transferring to Tronox as part of the transaction. These consist of interest expense of SR 319 million for the year ended December 31, 2016 and SR 161 million for the six months ended June 30, 2017, losses in AMIC of SR 29 million for the year ended December 31, 2016 and SR 30 million for the six months ended June 30, 2017, amortization of SR 36 million and SR 18 million for the year ended December 31, 2016 and period ended June 30, 2017. No tax effect has been reflected for these adjustments. Due to favorable income tax rates and regimes, there was no tax benefit when these items were incurred. Consequently, there is no tax impact of eliminating them for pro forma purposes.

**Note 4 Reclassifications**

Certain reclassifications have been derived and made to the Cristal historical financial information to conform them to Tronox's presentation of financial information and accounting policies. Such reclassifications had no effect on the previously reported financial results of Cristal. The unaudited pro forma condensed combined financial data may not reflect all reclassifications necessary to conform Cristal's presentation to that of Tronox due to limitations on the availability of information as of the date of this filing. The reclassifications identified are further detailed below:

- Prepaid and other assets reported in accounts receivable and prepayments by Cristal of \$139 million as of June 30, 2017 were reclassified to prepaid and other assets in the unaudited pro forma condensed combined balance sheet;
- Accrued liabilities reported in accounts payable and accruals by Cristal of \$197 million as of June 30, 2017 were reclassified to accrued liabilities in the unaudited pro forma condensed combined balance sheet;
- Long-term deferred tax liabilities reported in other liabilities by Cristal of \$67 million as of June 30, 2017 were reclassified to long-term deferred tax liabilities in the unaudited pro forma condensed combined balance sheet;
- Distribution expenses reported in selling and distribution expenses by Cristal of \$92 million and \$19 million for the year ended December 31, 2016 and six months ended June 30, 2017, respectively, were reclassified to cost of goods sold in the unaudited pro forma condensed combined statement of operations;

Reorganization expenses reported in general and administration expenses by Cristal of \$1 million for the year ended December 31, 2016 were reclassified to restructuring expenses in the unaudited pro forma condensed combined statement of operations;

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Interest income reported in financial charges by Cristal of \$30 million and \$3 million for the year ended December 31, 2016 and six months ended June 30, 2017, respectively, were reclassified to other income (expenses), net in the unaudited pro forma condensed combined statement of operations.

**Note 5 Estimate of Acquisition Consideration**

The acquisition consideration is comprised of the preliminary estimate fair value of the 37,580,000 Tronox Class A Shares issued to Cristal's sellers on the closing date of the transaction, plus \$1,673 million in cash. As Tronox's shares are publicly traded in an active market, a preliminary estimate of the value of the 37,580,000 Class A Shares to be issued to Cristal sellers is determined in the table below:

Tronox Class A ordinary shares to be issued	37,580,000
Tronox Class A common stock per share price as of July 31, 2017	\$ 19.38
Fair value of Tronox Class A ordinary shares to be issued pursuant to the business combination and estimated value	\$ 728
Cash consideration	\$ 1,673
<b>Acquisition consideration</b>	<b>\$ 2,401</b>

The impact of a change in the market price of the Class A Shares of 50% would increase or decrease the value of the acquisition consideration to be received by the Cristal sellers upon completion of the transaction, with a corresponding increase or decrease to goodwill that will be recorded in connection with the transaction as outlined in the table below. The 50% sensitivity level was based upon the approximate volatility of the price of Tronox's Class A common stock over the past twelve months.

	<b>Increase in value of 50%</b>	<b>Decrease in value of 50%</b>
<b>Percentage change in Tronox Class A common stock price</b>		
Price of Tronox Class A common stock per share	\$ 29.07	\$ 9.69
Change to goodwill/recording of bargain purchase	\$ 364	\$ (364 )

**Note 6 Preliminary Purchase Accounting**

The preliminary allocation of the total purchase price is the carrying value of the net assets acquired based upon management's assumption of carrying value of assets to be acquired and liabilities to be assumed as of June 30, 2017 to equal fair value as valuations and other studies have yet to progress to a stage where there is sufficient information for a definitive measurement of fair value. Due to the fact that the unaudited pro forma condensed combined financial information has been prepared based on the use of carrying values, the final purchase price allocation and the resulting effect on financial position and results of operations may differ significantly from the pro forma amounts included herein.

The preliminary purchase price allocation is subject to change due to several factors, including but not limited to changes in the estimated fair value of Cristal's TiO<sub>2</sub> business assets acquired and liabilities assumed on the actual acquisition date, whereby the impact cannot be predicted with any certainty at this time. Any changes to the initial estimate of the fair value of assets and liabilities that are made within the measurement period, which will not exceed one year from the closing of the transaction, will be recorded as adjustments to those assets and liabilities and residual amounts will be allocated to goodwill.



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**(In Millions of U.S. Dollars, unless otherwise noted)**

The following table presents: (i) purchase consideration as calculated in Note 5; (ii) the fair value of assets acquired and liabilities assumed, which are based off their carrying value as at June 30, 2017 until the detailed valuation analyses are completed; and (iii) the resulting goodwill as the difference between (i) and (ii).

<b>Total purchase consideration<sup>(1)</sup></b>	<b>\$ 2,401</b>
<b>Fair value of assets acquired<sup>(2)</sup>:</b>	
Cash and cash equivalents	152
Accounts receivable and prepayments	484
Inventories	537
Property, plant and equipment	1,601
Investments	1
Deferred income tax	67
Exploration and evaluation cost	68
Other assets	31
<b>Amounts attributable to assets acquired</b>	<b>2,941</b>
<b>Fair value of liabilities assumed:</b>	
Accounts payable and accruals	440
Short term loans	32
Long term loans	59
Employees' terminal benefits	82
Other liabilities	126
<b>Amount attributable to liabilities assumed</b>	<b>739</b>
<b>Goodwill</b>	<b>\$ 199</b>

(1) See Note 5 for the calculation of the total estimated purchase price.

(2) The fair value of assets acquired and liabilities assumed equals the historical carrying value of these assets and liabilities.

Upon the completion of the valuation analyses and final purchase price allocation, the fair values assigned to the assets acquired and liabilities assumed in the transaction will be updated and may have a material impact on the combined company's depreciation and amortization expense and future results of operations.

**Note 7 Unaudited Pro Forma Adjustments**

The pro forma adjustment of \$(1,511) million to share capital and \$(6) million to AOCI reflects \$(2,202) million of Cristal's historical equity acquired offset by the \$(32) million of expected transaction costs to be incurred offset by (a) \$728 million of capital raised through the issuance of 37,580,000 of Tronox Class A Shares at a price of \$19.38 issued with the transaction. Additionally, \$(13) million related to the license sold from Tronox to Cristal and \$2 million related to the tax benefit incurred on the loss of disposal related to Alkali are reflected in capital.

(b) The pro forma adjustments to net sales of \$(27) million and \$(21) million and to costs of goods sold of \$24 million and \$17 million for the period ended June 30, 2017 and year ended December 31, 2016, respectively, reflect the elimination of sales between Tronox and Cristal. These sales relate to the sale of feedstock from Tronox to Cristal

as well as a licensing sale from Tronox to Cristal for the use of a license owned by Tronox to Cristal which was capitalized by Cristal. This has been eliminated from the balance sheet in property, plant and equipment, net as well as the related deferred revenue that Tronox recorded related to the sale in accounts payable.

TABLE OF CONTENTS**Tronox Limited****Notes to Unaudited Pro Forma Condensed Combined Financial Information (continued)****(In Millions of U.S. Dollars, unless otherwise noted)**

The pro forma adjustment to selling, general and administrative expenses of \$(5) and \$(3) million for the year (c) ended December 31, 2016 and six months ended June 30, 2017, reflects the reversal of amortization of actuarial gains and prior services costs related to pension benefits.

The pro forma adjustment to selling, general and administrative expense reflects the elimination of non-recurring acquisition-related transaction related costs for Tronox of \$20 million and \$2 million incurred during the six (d) months ended June 30, 2017 and year ended December 31, 2016, respectively and the elimination of non-recurring acquisition-related transaction related costs for Cristal of \$11 million incurred during the six month period ended June 30, 2017, Cristal transaction related costs incurred during the year ended December 31, 2016 were deemed to be immaterial.

The unaudited pro forma adjustment of \$32 million reflects an increase to accrued liabilities and a decrease to (e) stockholders' equity to reflect the incremental transaction costs related to the acquisition of Cristal's TiO<sub>2</sub> business that are expected to be incurred through the closing of the transactions in 2018.

The pro forma adjustment of \$348 million reflects the debt to be issued in relation to the acquisition of Cristal. The cash purchase consideration for Cristal is \$1,673 million with \$1,325 million of it being funded from cash proceeds via the sale of Alkali and the remaining \$348 million being debt raised in relation to the acquisition. The interest (f) expense related to this is \$11 million and \$21 million for the six months ended June 30, 2017 and year ended December 31, 2016, respectively. The amortization of debt issuance costs is \$1 million for the year ended December 31, 2016. The amortization of debt issuance costs for the six months ended June 30, 2017 was immaterial.

**Note 8 Unaudited Pro Forma Adjustments – Debt Financing**

Net adjustment to record Tronox's anticipated borrowing and related interest to finance the \$348 million cash needed to facilitate the acquisition of Cristal, for the six months ended June 30, 2017 and for the year ended December 31, 2016. The cash purchase consideration component of the acquisition is \$1,673 million and while Tronox is due to receive \$1,325 million from the sale of Alkali, the remaining \$348 million is expected to be raised via debt financing.

Tronox anticipates it will raise long-term debt to finance the transaction as follows:

<b>(Millions, except for interest rates)</b>	<b>Anticipated Borrowing<sup>(i)</sup></b>	<b>Estimated Interest Rate<sup>(ii)</sup></b>	<b>Annual Interest<sup>(iii)</sup></b>	<b>Six Month Interest<sup>(iii)</sup></b>
Debt Financing	\$ 348	6.00 %	\$ 21	\$ 11

(i) Reflects the bank debt as currently anticipated. The actual type and amount and terms of the financing may differ from those set forth in the table above.

(ii) The estimated interest rate is based on current assumptions regarding LIBOR and the amount of bank debt raised to finance the transaction. The actual interest rate will vary and may fluctuate over the period.

(iii) Includes the amortization of the related debt issuance costs of \$0.4 million and \$1 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.



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**(In Millions of U.S. Dollars, unless otherwise noted)****Note 9 Pro Forma Shares Outstanding and Earnings (Loss) Per Share***Shares Outstanding*

The following table presents a summary of pro forma shares outstanding, basic and diluted, at the effective time of the transaction as adjusted for the 37,580,000 Tronox Class A Shares being issued in the transaction (in thousands):

	<b>Six Month Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
Tronox weighted average shares outstanding	118,804	116,161
Shares issued for the transaction at January 1, 2016	37,580	37,580
Total weighted average shares outstanding-basic and diluted	156,384	153,741

*Earnings (Loss) Per Share*

The following table presents pro forma basic and diluted earnings (loss) per share after giving effect to the pro forma adjustments to the unaudited pro forma condensed combined statements of operations:

	<b>Six Month Period Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
<b>Numerator:</b>		
Net loss attributed to Tronox Limited-basic and diluted	\$ (16 )	\$ (259 )
<b>Denominator:</b>		
Total weighted average shares outstanding-basic and diluted (in thousands)	156,384	153,741
<b>Earnings (loss) per share:</b>		
Net loss per share attributed to Tronox Limited-basic and diluted	\$ (0.10 )	\$ (1.68 )

The following table presents pro forma basic and diluted earnings (loss) per share for Tronox that excludes the results of Alkali and the adjustments for the acquisition of Cristal for the year ended December 31, 2015:

	<b>Tronox Pro Forma Year Ended December 31, 2015</b>
<b>Numerator:</b>	
Net loss attributed to Tronox Limited - basic and diluted	\$ (388 )
<b>Demoninator:</b>	

Totat weighted average shares outstanding-basic and diluted (in thousands)	115,566
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**Earnings (loss) per share:**

Net loss per share attributed to Tronox Limited-basic and diluted	\$ (3.36 )
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**Note 10 Tax Impact Related to Restructuring**

During the fourth quarter of 2016, Tronox implemented various steps of a corporate reorganization plan to simplify its corporate structure and thereby improve operational, administrative, and commercial synergies within each of its operating segments (the "Corporate Reorganization"). As a result of this Corporate Reorganization, Tronox reduced its cross jurisdictional financing arrangements and consequently reversed the deferred tax assets related to intercompany interest deductions. The related withholding tax amounts were also reversed as a result of the Corporate Reorganization. Additionally, Tronox reduced its deferred tax assets related to loss carryforwards which will no longer be available to utilize. The changes to deferred taxes are offset by valuation allowances and result in no impact to the consolidated provision for income taxes for the year ended December 31, 2016. The impact on the income tax provision for the year ended December 31, 2016 was a tax benefit of \$107 million, reflecting a net reduction in withholding tax accruals of \$110 million, offset by a foreign currency loss of \$3 million.

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### **INFORMATION ABOUT CRISTAL**

#### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with the consolidated financial statements and the related notes for Cristal. As noted previously, although Tronox will not acquire the Cristal Retained Business in the transaction, the following discussion and related consolidated financial statements represent all of Cristal's operations because the Cristal Retained Business does not represent a material portion of Cristal's operations. Additionally, the following discussion contains financial information which has been prepared in accordance with Saudi GAAP. This discussion contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties, and actual results could differ materially from those discussed in the forward-looking statements as a result of numerous factors. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements also can be identified by words such as may, will, should, could, would, predicts, future, project, believe, anticipate, expect, estimate, continue, potential, plan, aim, seek, forecast and other similar words.*

#### **Executive Overview**

Cristal is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030062296 dated 20/3/1409 (corresponding to October 30, 1988) with branches in Madinah and Yanbu, Kingdom of Saudi Arabia having Commercial Registration numbers 003673 and 4030062296/002. Cristal is a privately held company and is currently owned 79% by TASNEE, 20% by GIC and 1% by a private investor.

Cristal's history began in the late 1980s when Dr. Talal Al-Shair, Chairman of Cristal, developed the first TiO<sub>2</sub> production plant in Yanbu, the Kingdom of Saudi Arabia with the financial support of TASNEE, GIC and funding from the Saudi Industrial Development Fund (SIDF). Marketable production using the chloride process licensed from Kerr-McGee started in April 1992. Several expansions to the Yanbu plant subsequently occurred, with the latest being completed in 2006. To expand its global presence in the TiO<sub>2</sub> industry, Cristal acquired Millennium Inorganic Chemicals in May 2007 from Lyondell Chemical Company. This acquisition made Cristal the second largest producer of TiO<sub>2</sub>. In the fourth quarter of 2008, Cristal acquired the remaining interest that was not already owned in Bemax Resources Limited (now known as Cristal Mining), which provides ore primarily to Cristal's TiO<sub>2</sub> plant in Australia. In November 2008 Cristal purchased International Titanium Powder (now known as Cristal Metals), a research and development company that was focused on the development of titanium powder using a continuous production process. In 2015, Cristal extended its global footprint into China by acquiring Jiangxi Tikon Titanium Company.

Cristal obtained its Foreign Capital Investment License by Ministerial Decision No. 201 dated 25/4/1408 (corresponding to December 16, 1987), as amended by various Ministerial Decisions, the last of which is Ministerial Decision No. 1325 dated 5/9/1425 (corresponding to October 19, 2005). Cristal started commercial production on June 1, 1992.

Cristal is primarily engaged in the manufacturing and marketing of TiO<sub>2</sub>. TiO<sub>2</sub> is used extensively in the manufacture of paint and other coatings, plastics and paper, and in a wide range of other applications, including inks, fibers, rubber, and cosmetics. In addition, Cristal's TiO<sub>2</sub> business mines titanium ore, zircon and other minerals at mines and processing facilities located in Australia. Cristal's principal place of business is Jeddah, Kingdom of Saudi Arabia, and the TiO<sub>2</sub> business operates eight TiO<sub>2</sub> pigment manufacturing facilities in the United States, United Kingdom, Australia, France, Brazil, China and the Kingdom of Saudi Arabia, representing a total aggregate TiO<sub>2</sub> nameplate production capacity of approximately 858,000 metric tons.

## Segments

The TiO<sub>2</sub> business is operated as a single unit with no separate operating and reportable segments.

In addition, Cristal and its ultimate parent, TASNEE each own a 50% interest in AMIC. AMIC is currently in the construction phase of two significant projects: (i) an ilmenite slag smelting plant, located in Jizan, the Kingdom of Saudi Arabia, which is designed to produce high grade titanium feedstock that can be used at Cristal's TiO<sub>2</sub> plants and (ii) a titanium sponge plant, located adjacent to the Cristal Yanbu TiO<sub>2</sub> plant, which is being developed in a joint venture with Toho. The sponge plant plans to purchase titanium tetrachloride (TiCl<sub>4</sub>) and other products and services from the Cristal Yanbu TiO<sub>2</sub> plant.

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### **Significant Developments by Year**

#### **2017**

##### *Transaction Agreement*

On February 21, 2017, Cristal entered into a transaction agreement to sell to Tronox, subject to certain conditions, its TiO<sub>2</sub> business. For more information, see the section entitled "The Transaction Agreement" beginning on page 52.

Following the closing of the transaction, Cristal will account for its interest in Tronox as an investment. Upon the closing of the transaction, Cristal intends to use the cash consideration to repay its bank debt of USD 1.673 billion (6.274 billion SR) outstanding in the Kingdom of Saudi Arabia. Further, under the terms of the transaction agreement, all asset-based lending credit facilities will be repaid at closing and the only debt that will be transferred to Tronox as part of the Cristal TiO<sub>2</sub> business will be the permitted indebtedness as defined in the transaction agreement.

##### *International Operating Model*

At the end of 2016, Cristal formed Cristal BV, a new international operating hub in the Netherlands, which began its business operations on April 1, 2017. Cristal BV gives Cristal the ability to streamline operational functions and create an integrated organization with centralized functional leadership. Cristal is currently in the process of migrating all of its sales operations from its previous international operating hub in Switzerland to Cristal BV in the Netherlands. Cristal anticipates this transition process will be substantially completed by the end of the third quarter of 2017. Cristal does not, however, have any assurances that Tronox will retain this international operating hub following the closing of the transaction. In conjunction with the establishment of Cristal's new operating model, Cristal has added Cristal BV as a borrower under Cristal's Asset Based Lending (ABL) Credit Facility led by Wells Fargo Bank, effective March 31, 2017, which Cristal intends to repay at the closing of the transaction.

##### *Financial Reporting Standards*

Effective January 1, 2017, the Saudi Arabian operations of the TiO<sub>2</sub> business adopted International Financial Reporting Standards (IFRS) and financial information presented for the first quarter of 2017 has been updated to reflect these reporting standards.

##### *Indebtedness*

Although information with respect to Cristal's indebtedness is presented below, the transaction agreement provides that Tronox will acquire Cristal's TiO<sub>2</sub> business free of such indebtedness, and upon the closing of the transaction, Cristal intends to use the cash consideration to repay its bank debt of USD 1.673 billion (SR 6.274 billion) outstanding in the Kingdom of Saudi Arabia.

##### *2016 KSA Debt Restructuring*

On September 21, 2016, Cristal entered into an agreement with Banque Saudi Fransi as the global facilities agent, pursuant to which Cristal refinanced certain of its existing long-term and short-term liabilities. Under the refinanced facilities, an aggregate of SR 6.27 billion is made available to Cristal solely in SR by a syndicate of Saudi Arabian and international banks and is structured on a Shari'ah-compliant basis. The facilities mature on September 21, 2019, however, Cristal has the option to exercise two one-year extension options (subject to, amongst other things, repayment or cancellation of a minimum amount of the facilities). The facilities are split into two tranches with separate profit (interest) rates. Profit rates are used under Shari'ah-compliant financings, but are similar to the term

interest, which is commonly used for financing purposes in other regions of the world. Although the facilities are not collateralized, the tranche carrying the lower profit (interest) rate (which tranche represents 73% of the aggregate refinancing facilities) is supported by TASNEE. Cristal has the ability to prepay or cancel the refinancing facilities without any penalty or premium.

This debt restructuring allowed Cristal to consolidate its debt into two tranches versus having numerous bilateral loans, each with individual banks. As an added benefit, the restructuring also extended the principal payment requirements of the original facilities, which allows Cristal to better manage its liquidity. Cristal is initially only required to make interest payments under the refinancing facilities, and principal payments begin in 2018. Beginning on December 31, 2018, Cristal will also be subject to certain financial covenants with respect to its cash flow to debt service and EBITDA to profit (interest) charges.

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### *2015 UK Credit Facility*

On June 30, 2015, Cristal, through Cristal Pigment UK Limited ( Cristal Pigment UK ), entered into a USD 100 million Credit Facility (the UK Credit Facility ) with Emirates Bank NBD PJSC, London Branch, as Lender, and Cristal, as Guarantor. The UK Credit Facility provides working capital support to Cristal s international operating entities.

The UK Credit Facility matured on June 30, 2017, however, Cristal has the option to extend the term by one year. The UK Facility is collateralized by Cristal Pigment UK s finished goods and ore inventory. Cristal has the ability to terminate this agreement with no prepayment penalties.

### *2014 ABL Facility*

On March 18, 2014, Cristal USA Inc. ( Cristal USA ) and Cristal Inorganic Chemicals Switzerland Ltd. ( CIC Switzerland ), both wholly-owned subsidiaries of Cristal, executed a USD 250 million Asset Based Lending Revolving Credit Facility (the ABL Credit Facility ), with Wells Fargo Bank N.A. as the Lead Bank. The ABL Credit Facility also contains a USD 50 million standby letter of credit sub-limit. The ABL Credit Facility, in conjunction with the UK Credit Facility, provides liquidity to Cristal s international operating entities to support business operations and replaced Cristal s prior existing senior secured facilities.

The ABL Credit Facility matures on March 18, 2019 and is collateralized by Cristal USA s finished goods and ore inventory and CIC Switzerland s external accounts receivable. Cristal has the ability to terminate this agreement with no prepayment penalties.

### *2015 Restructuring Charges*

During 2015, Cristal reorganized its operations and established a shared services organization for TASNEE and its subsidiaries, including Cristal. In connection with this reorganization, Cristal undertook an accompanying workforce reduction. The costs related to the foregoing, including employee terminations and other reorganization costs, were SR 118.6 million in 2015 and SR 4.6 million in 2016. This reorganization focused on creating a more cost-efficient and effective organizational structure by having employees support various TASNEE business entities and not be limited to supporting only Cristal. This also allowed the organization to create standardized processes, where appropriate, along business lines to improve operational effectiveness and internal controls.

### ***Business Trends for the Years Ended 2016 and 2015***

The following discussion includes trends and factors that may affect future operating results:

Cristal s TiO<sub>2</sub> business benefited from a global industry recovery that began in the second quarter of 2016. To meet healthy demand, Cristal s TiO<sub>2</sub> business operated its pigment plants at high utilization rates while matching pigment production volumes to sales volumes and keeping inventory at or below normal levels. Global pigment pricing has rebounded with successive gains in each quarter of 2016. Pigment prices have increased by 20% since December 2015. Cristal believes pigment inventories, in the aggregate, are at or below normal levels at both customer and producer locations globally resulting in a continued tight supply-demand balance.

TABLE OF CONTENTS**Results of Operations***Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015*

	<b>2016</b>		<b>2015</b>		<b>Variance</b>
	<b>SR' 000</b>		<b>SR' 000</b>		
<b>Sales</b>	SR 6,514,045	SR	6,377,041	SR	137,004
Cost of goods sold	(5,947,855 )		(6,389,628 )		441,773
<b>Gross profit/(loss)</b>	566,190		(12,587 )		578,777
Selling and distribution expense	(414,534 )		(428,326 )		13,792
General and administration	(546,928 )		(618,246 )		71,318
Impairment of assets	(9,895 )		(280,960 )		271,065
	(971,357 )		(1,327,532 )		356,175
<b>Loss from main operations</b>	(405,167 )		(1,340,119 )		934,952
Other expense, net	(37,157 )		(362,093 )		324,936
Finance charges	(254,473 )		(166,811 )		(87,662 )
<b>Loss before Zakat and income taxes and non-controlling interest</b>	(696,797 )		(1,869,023 )		1,172,226
Zakat and income tax	(11,899 )		(98,340 )		86,441
<b>Net loss before non-controlling interest</b>	(708,696 )		(1,967,363 )		1,258,667
Loss attributable to non-controlling interest	(25,959 )		(23,668 )		(2,291 )
<b>Net loss for the year</b>	SR (734,655 )	SR	(1,991,031 )	SR	1,256,376

*Sales*

Sales in 2016 increased by 2% compared to 2015 mainly due to an increase of 8% in TiO<sub>2</sub> sales volumes. A portion of the increased sales volume was attributable to the full-year operation of Tikon which was acquired in the second quarter of 2015. Favorable TiO<sub>2</sub> sales volumes were partially offset by a lower average TiO<sub>2</sub> selling price, down 3.5% year-over-year.

*Cost of Sales*

Gross profit margin in 2016 was 9% of sales compared to a negative gross profit margin of 0.2% in the prior year. The increase was primarily due to a significant improvement in manufacturing cost of sales in 2016 due to the return to normal production levels after 2015 strategic initiative which restricted production volumes across all manufacturing sites in order to improve working capital. Gross profit margin also benefitted from a full year of the Cristal Improvement Program (the CIP ) after Cristal initiated the CIP in the second half of 2015 to focus on cost reduction opportunities at its manufacturing sites.

*Expenses*

In the fourth quarter of 2015, Cristal underwent a significant restructuring of its selling, general and administrative functions which led to material headcount reductions. Selling and distribution expenses in 2016 decreased by 3% compared to 2015 primarily due to the foregoing restructuring efforts. General and administrative expenses in 2016 decreased by 12% compared to 2015 primarily due to the restructuring efforts along with focused cost reduction initiatives to reduce travel and outside consulting expenses.



Impairment of assets expense in 2016 decreased by 96% compared to 2015 primarily due to write-down of assets at Cristal's metal powders business due to a change in the manufacturing process from a continuous operation to a batch process. This resulted in a change in the time required to increase the scale of manufacturing. In addition to an impairment in 2015 being required on some specific assets that were no longer required totaling SR 70.6 million, the revised business plan's cash flows required a further impairment of intangible assets and goodwill for SR 200.4 million. These two factors accounted for SR 271 million in impairment charges taken for 2015.

*Other Expense*

Other expense in 2016 decreased by 90% compared to 2015 primarily due to a SR 387.5 million foreign exchange derivatives loss in 2015.

TABLE OF CONTENTS*Finance Charges*

Finance charges increased by 53% in 2016 due to third party debt being consolidated and the terms being significantly extended. See Notes 16 and 17 of the audited consolidated financial statements of Cristal included in this proxy statement for additional information regarding the restructuring expense.

*Provision for Zakat and Income Taxes*

Zakat and income tax expense decreased by 88% in 2016 to SR 11.9 million primarily due to a one-time tax adjustment of SR 82.3 million taken in 2016 in connection with the asset impairment expense discussed above.

*Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014*

	<b>2015</b>		<b>2014</b>		
	<b>SR' 000</b>		<b>SR' 000</b>		<b>Variance</b>
<b>Sales</b>	SR	6,377,041	SR	7,722,527	SR (1,345,486 )
Cost of goods sold		(6,389,628 )		(6,311,360 )	(78,268 )
<b>Gross profit/(loss)</b>		(12,587 )		1,411,167	(1,423,754 )
Selling and distribution expense		(428,326 )		(499,091 )	70,765
General and administration		(618,246 )		(600,873 )	(17,373 )
Impairment of assets		(280,960 )		472	(281,432 )
		(1,327,532 )		(1,099,492 )	(228,040 )
<b>(Loss)/income from main operations</b>		(1,340,119 )		311,675	(1,651,794 )
Other expense, net		(362,093 )		(79,986 )	(282,107 )
Finance charges		(166,811 )		(244,854 )	78,043
<b>Loss before Zakat and income taxes and non-controlling interest</b>		(1,869,023 )		(13,165 )	(1,855,858 )
Zakat (charge)/reversal		—		37,150	(37,150 )
Income tax of subsidiaries		(98,340 )		(8,577 )	(89,763 )
<b>Net (loss)/income before non-controlling interest</b>		(1,967,363 )		15,408	(1,982,771 )
(Loss)/income attributable to non-controlling interest		(23,668 )		16,184	(39,852 )
<b>Net (loss)/income for the year</b>	SR	(1,991,031 )	SR	31,592	SR (2,022,623 )

*Sales*

Sales in 2015 decreased by 17% compared to 2014 primarily due to deterioration of the global average TiO<sub>2</sub> sales price which was down 20.3% compared to 2014, partially offset by higher sales volumes, up 6.3 % from the prior year and additional revenue contribution from the Tikon acquisition which was completed in the second quarter of 2015.

*Cost of Sales*

Gross profit margin in 2015 was negative 0.2% of net sales compared to 18% in the prior year. The decrease was primarily due to the impact of a lower TiO<sub>2</sub> selling price and higher cost of sales in 2015. In the second half of 2015, Cristal initiated a program to reduce working capital by restricting production at all manufacturing sites which contributed to higher cost of sales compared to 2014.

*Expenses*

Selling and distribution expense in 2015 decreased by 14% compared to 2014 primarily due to lower distribution costs. Cristal was able to significantly reduce its warehousing expense compared to the prior year as finished goods inventories were drawn down in the second half of 2015. General and administrative expenses in 2015 increased by 3% compared to 2014 primarily due to a company-wide organizational restructuring that occurred in the fourth quarter of 2015. Impairment of assets expense in 2015 increased by SR 281.4 million compared to 2014 primarily due to the write-down of assets related to the metal powders business.

**TABLE OF CONTENTS***Other Expense*

Other expense in 2015 increased by SR 282.1 million compared to 2014 primarily due to losses on foreign exchange derivatives totaling SR 387.5 million. These derivatives losses occurred when internal control policies and associated processes were not followed by our entity located in Saudi Arabia. Several key employees were terminated in connection with these policy violations, including the Executive Vice President of Finance and the Treasurer of Cristal. Cristal has taken remediation steps to prevent this from happening in the future by establishing uniform global policies and procedures for the entire organization. In addition, all of Cristal's foreign exchange hedging is now being performed through one of our entities, located in The Netherlands.

*Finance Charges*

Finance charges decreased by 32% in 2015 due to a debt restructuring which replaced existing third party debt with facilities in the Kingdom of Saudi Arabia at a more favorable rate. See Notes 14 and 16 of Notes to consolidated financial statements included in this proxy statement for additional information regarding the finance charges.

*Provision for Zakat and Income Taxes*

In 2015, Cristal had no Zakat compared to a SR 37.2 million benefit in 2014, which was a reversal of prior year Zakat accruals. The increased tax expense in 2015 compared to 2014 is primarily attributable to the write-off of the deferred tax asset at Cristal Metals in 2015, which was part of Cristal's overall asset impairment evaluation.

**Liquidity and Capital Resources***Consolidated Cash Flows*

Net cash provided by operating activities during 2016 was approximately SR 861.0 million, which was an increase of SR 369.4 million from the SR 491.6 million from operations during 2015. The increase in net cash provided was primarily attributable to (i) the stronger operating results in 2016, reflecting the global industry recovery that began in the second quarter of 2016, and (ii) cash from decreases in inventory in connection with Cristal's intentional actions to slow production and sell excess inventories.

Net cash provided by operating activities during 2015 was approximately SR 491.6 million, which was an increase of SR 165.1 million from the SR 326.5 million from operations during 2014. The increase in net cash provided by operating activities in 2015 compared to 2014 was primarily attributable to decreases in accounts receivable and inventory. During 2015, Cristal significantly decreased its finished goods inventory to generate cash to support operations during a challenging operating year.

*Investing Activities*

Net cash generated from investing activities in 2016 was SR 46.4 million compared to net cash used in 2015 of SR 1,349.8 million, which is a net increase in cash generated of SR 1,396.2 million resulting from a decrease in capital expenditures as compared to 2015 in response to a period of weak TiO<sub>2</sub> industry demand. The use of cash in 2015 is primarily attributable to capital expenditures. Net cash used in investing activities in 2015 was SR 1,349.8 million compared to net cash used in investing activities in 2014 of SR 1,606.1 million representing a net increase in cash generated of SR 256.3 million. The primary reasons for this increase were (i) a reduction in capital expenditures and (ii) foreign currency benefits partially offset by (iii) an investment in Hong Kong Titanium Products Company Limited. For 2015 and 2014, capital expenditures of SR 138 million and SR 498 million, respectively, were incurred on projects that were subsequently transferred to AMIC.

*Financing Activities*

Net cash used in financing activities in 2016 was SR 1,085.5 million compared to net cash generated in 2015 of SR 1,955.0 million, which is a net increase in cash used of SR 3,040.5 million. The increase in cash used in 2016 is primarily attributable to net repayments of term loans equal to SR 1,357.8 million in 2016 compared to net borrowings under term loans of SR 1,714.3 million and an additional contribution from TASNEE of SR 228.64 million in 2015.

Net cash generated from financing activities in 2015 was SR 1,955.0 million compared to net cash generated in 2014 of SR 1,222.7 million, which is a net increase in cash generated of SR 732.3 million. The cash generated in 2014 is primarily attributable to net borrowings of SR 374.2 million.

**TABLE OF CONTENTS*****Currency Exchange***

Cristal's reporting currency is SR, which has a fixed exchange rate with USD. Cristal's international operations initially consolidate and report in USD and have exposures to movements in exchange rates between the USD and the Euro, British pound, Australian dollar, and Brazilian real. The majority of Cristal Pigments' Euro, British pound and Australian dollar exposure is centralized at Cristal BV in The Netherlands and is managed and accounted for at this entity. Cristal Mining Limited (Cristal Mining), a wholly-owned subsidiary of Cristal Australia Pty Limited, is also short Australian dollars. Foreign exchange contracts will continue to be executed to help mitigate the fluctuations in transaction risk and Cristal will continue to explore opportunities to minimize the foreign exchange exposure with third party financial institutions.

**Outstanding Debt Obligations*****2016***

At December 31, 2016, the TiO<sub>2</sub> business consolidated external debt totaling SR 7.28 billion was comprised of:

- short-term debt facilities of SR 63.2 million;
- a SIDF bridge facility of SR 608.1 million;
- syndicated bank debt of SR 6.27 billion; and
- international asset-based lending facilities of SR 338.7 million, of which SR 119.7 million is a current liability.

***2015***

At December 31, 2015, the TiO<sub>2</sub> business consolidated external debt totaling SR 8.73 billion was comprised of:

- short-term debt facilities of SR 1.94 billion;
- a SIDF bridge facility of SR 600 million;
- syndicated bank debt of SR 5.55 billion; and
- international asset-based lending facilities of SR 636.4 million.

***2014***

At December 31, 2014, the TiO<sub>2</sub> business consolidated external debt totaling SR 6.93 billion was comprised of:

- short-term debt facilities of SR 1.20 billion;
- syndicated bank debt of SR 5.43 billion; and
- international asset-based lending facilities of SR 300 million.

***Future Cash Requirements******Liquidity***

The TiO<sub>2</sub> business primary sources of liquidity to fund operations are cash flows from operating activities and available amounts to borrow on international credit facilities. The TiO<sub>2</sub> business net liquidity position at the end of 2016 was SR 816.5 million and was comprised of SR 436.6 of cash and an available amount to borrow of SR 379.9 on international credit facilities.

For 2015, Cristal's net liquidity position was SR 931.1 million and was comprised of SR 719.4 million of cash and an available amount to borrow of SR 211.7 million on international credit facilities. The decreased amount available to borrow in 2015 was primarily attributable to a managed reduction in Cristal's borrowings on credit facilities and a reduction in the collateral base due to the previously discussed inventory reduction program in 2015.

For 2014, Cristal's net liquidity position was SR 546.3 million and was comprised of SR 226.6 million of cash and an available amount to borrow of SR 319.7 million on international credit facilities. The increased amount available to borrow in 2014 was primarily attributable to significantly higher cash balances compared to 2015, as well as the inclusion of amounts available to borrow under the UK Credit Facility.

**Financial Reporting, Related Party Transactions and Other Financial Arrangements**

Cristal performed a reconciliation of its Saudi GAAP financial reporting to U.S. GAAP reporting for the years ended 2016 and 2015. Please refer to this reconciliation in the audited consolidated financial statements of Cristal included in this proxy for further details.

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In addition, Cristal has received financial support from its two ultimate owners, TASNEE and GIC over the last several years to help address Cristal's operating requirements. During 2015, TASNEE provided SR 228.6 million to Cristal, while in 2016, Cristal received SR 157.6 million from TASNEE and SR 112.5 million from GIC. No funds were provided by either TASNEE or GIC during 2014. The financial support provided by TASNEE and GIC are categorized as related party transactions for financial reporting purposes.

Cristal has letters of credit and bank guarantees that are not included in its consolidated financial statements. These off-balance sheet financing arrangements are included in Note 31 of the audited consolidated financial statements of Cristal included this proxy statement.

**Quantitative and Qualitative Disclosures About Market Risk**

Cristal is exposed to various market, credit, operational, and liquidity risks in the normal course of business, which are discussed below. Cristal manages these risks through normal operating and financing activities and, when appropriate, through the use of derivative instruments. Cristal does not invest in derivative instruments for speculative purposes, but historically has entered into, and may enter into, derivative instruments for hedging purposes in order to reduce the exposure to fluctuations in interest rates, natural gas prices and exchange rates.

***Market Risk***

A substantial portion of the products and raw materials of Cristal and the level of Cristal's profitability tend to vary with changes in the business cycle. Cristal's prices may vary in the near term as ore prices and pigment prices are expected to fluctuate over the next few years. Cristal's view of the cycle for the next two years is that both TiO<sub>2</sub> prices and raw material prices will continue to increase and will return to a flat or downward trend after that. This view is supported by the publicly available third party analysis in the market. Additionally, margins in Cristal could be affected if product prices change because competitors add or reduce capacity or demand changes due to economic reasons. Cristal management tries to protect the TiO<sub>2</sub> business against such instability through various business strategies. These include provisions in sales contracts allowing the TiO<sub>2</sub> business to pass on higher raw material costs through timely price increases and formula price contracts to transfer or share commodity price risk, as well as using varying contract term lengths and selling to a diverse mix of customers by geography and industry to reap the benefits of a diverse portfolio.

***Capital Resources***

As required by the debt restructuring in the Kingdom of Saudi Arabia completed in September 2016, Cristal is limited to capital expenditures of USD 100 million in 2017.

***Commitments and Contingencies******Commitments – Capital Expenditures and Purchases***

As of December 31, 2016, Cristal had contractual commitments for capital expenditure amounting to approximately SR 103 million as compared to SR 216 million in 2015.

The following table sets forth information relating to the contractual obligations of Cristal as of December 31, 2016:

SR '000	Contractual Obligation Payments Due by Period <sup>(2)(3)</sup>		
	Total	1–3 years	3–5 years



		<b>Less than 1 year</b>		<b>More than 5 years</b>	
Long-Term Loans	7,220,713	119,705	7,101,008	—	—
Purchase Commitments <sup>(1)</sup>	2,867,513	1,882,170	805,814	78,517	101,012
Operating Lease Arrangements	227,383	88,745	91,682	38,724	8,232
Asset Retirement Obligation	131,014	2,255	441	351	127,967
<b>Total</b>	<b>\$ 10,446,623</b>	<b>\$ 2,092,875</b>	<b>\$ 7,998,945</b>	<b>\$ 117,592</b>	<b>\$ 237,211</b>

(1) Includes commitments for the purchase of ore used in the production of TiO<sub>2</sub> and other agreements to purchase raw materials, utilities, and services through 2020.

(2) The table excludes contingent obligations, as well as any possible payments for uncertain tax positions given the inability to estimate the possible amounts and timing of any such payments.

(3) The table excludes commitments related to pension and post-retirement obligations.

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### *Deed of Cross Guarantee*

Cristal Mining has entered into a Deed of Cross Guarantee with certain subsidiaries (the Deed). Under the terms of the Deed, Cristal Mining has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed is wound up.

### *Asset Retirement Obligation*

Cristal's estimated liability for the asset retirement obligation for certain facilities and landfills is based on Cristal's historical experience, estimated lives of the related assets and external estimates as to the cost of retiring the asset in the future and various government regulatory requirements. Revisions to the liability could occur due to changes in estimated retirement costs or useful lives of the related assets or if government regulators enact new requirements. In addition, any decision to retire a facility would result in other costs, including employment related costs. Cristal had asset retirements of SR 91.0 million in 2015 and SR 134.0 million in 2016.

### *Environmental Remediation*

Cristal's accrued environmental liability for future environmental remediation costs at current plant and other remediation sites totaled SR 254.9 million (current and non-current portion) as of December 31, 2016, compared to SR 208.4 million at December 31, 2015, and is based on the best available information as of the reporting date. However, it is possible that new information about these sites for which the accrual has been established, new technology or future developments such as involvement in investigations by regulatory agencies, could require Cristal to reassess its potential exposure related to environmental matters.

### *Indemnification*

In the ordinary course of business, Cristal is a party to various indemnification arrangements. These indemnification arrangements typically include provisions pertaining to third party claims relating to environmental and tax matters and various types of litigation. As of December 31, 2016 and 2015, Cristal has not accrued any significant amounts for such indemnification obligations, and is not aware of other circumstances that would be likely to lead to significant future indemnification claims against Cristal.

### *Other*

Cristal is, from time to time, a defendant in lawsuits, including anti-trust litigations, and other commercial disputes, some of which are not covered by insurance. Cristal's management does not believe that any ultimate uninsured liability resulting from these matters in which it is currently involved will individually, or in the aggregate, have a material adverse effect on the financial position, liquidity or results of operations of Cristal.

### ***Credit Risk and Concentration of Credit Risk***

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the TiO<sub>2</sub> business, the maximum exposure to credit risk is the carrying value of account receivables as disclosed in the consolidated balance sheet. The TiO<sub>2</sub> business has established procedures to manage credit exposure including credit approvals, credit limits, collaterals and guarantee requirements. These procedures are based on Cristal's internal guidelines.

The TiO<sub>2</sub> business' major risk segment is the individual customer base. Cristal management mitigates this risk through annual evaluations of credit worthiness of individual customers. Cristal reviews its customers based on certain criteria

including payment history, financial performance and an independent third credit analysis to determine an acceptable credit exposure for each customer.

An allowance for potential doubtful receivables is maintained at a level which, in the judgment of Cristal's management, is adequate to provide for potential losses on the delinquent receivables. In addition, Cristal has incurred minimal bad debt write-offs in the last ten (10) years.

***Interest Rate Risk***

Interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the TiO<sub>2</sub> business to cash flow interest risk, whereas fixed interest rate instruments expose the TiO<sub>2</sub> business to fair value interest risk. The TiO<sub>2</sub> business is subject to interest rate risk on its interest bearing liabilities including short and long term loans.

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As stated in Note 32 to the audited consolidated financial statements of Cristal included in this proxy statement, as of December 31, 2016, the TiO<sub>2</sub> business has entered into interest rate swap contracts to hedge its interest rate risk on its term loans. The TiO<sub>2</sub> business hedging strategy in respect of its interest rate exposures is disclosed in Note 3 to the audited consolidated financial statements of Cristal included in this proxy statement.

### ***Liquidity Risk***

Liquidity risk is the risk that the TiO<sub>2</sub> business will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cristal management manages the TiO<sub>2</sub> business liquidity risk by maintaining adequate reserves, bank facilities and revolving borrowing facilities by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

### ***Currency Risk***

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The TiO<sub>2</sub> business is subject to fluctuations in foreign exchange rates in the normal course of business. Cristal management manages the TiO<sub>2</sub> business currency risk by using forward foreign currency contracts and foreign currency swaps to hedge its risk associated with foreign currency fluctuation, as described in Note 32 to the consolidated financial statements included in this proxy statement.

### **Cristal's Significant Accounting Policies**

The audited consolidated financial statements of Cristal included in this proxy have been prepared in accordance with Saudi GAAP. The significant accounting policies adopted are as follows:

#### ***Accounting convention***

The consolidated financial statements included in this proxy are prepared under the historical cost convention modified for derivative financial instruments that have been measured at fair value.

#### ***Use of estimates***

The preparation of consolidated financial statements included in this proxy in conformity with generally accepted accounting principles under Saudi GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

#### ***Cash and cash equivalents***

For the purposes of the consolidated statement of cash flow, cash and cash equivalents consists of bank balances, cash on hand, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

#### ***Accounts receivable***

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Costs include expenses incurred in bringing each product to its present location and condition. Finished goods are calculated on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads based on normal operating capacity. All other inventories are valued on a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and degree of ageing or obsolescence, based on anticipated selling prices.

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### ***Property, plant and equipment***

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, except for property and equipment acquired through acquisition, which are recorded at fair value as of the acquisition date. Freehold land is not depreciated. Depreciation is provided over the estimated useful lives or units of production of the applicable assets or economically recoverable reserves and is recognized in the consolidated statement of income. The cost of self-constructed assets include the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. Expenditure for repairs and maintenance are charged to consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are recognized.

### ***Assets under construction***

Assets under construction represent all costs relating directly and indirectly to the projects in progress and are capitalized as property and equipment when the project is completed.

### ***Borrowing costs***

Borrowing costs that are directly attributable to the construction of an asset are recognized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter such costs are charged to the consolidated statement of income.

### ***Investments***

#### ***Associates***

Cristal's investment in associates is accounted for under the equity method of accounting. An associate is an entity over which Cristal exercises significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in Cristal's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associate. Where there has been a change recognized directly in the equity of the associate, Cristal recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in shareholder's equity. Unrealized profits and losses resulting from transactions between Cristal and the associate are eliminated to the extent of interest in an associate. The financial statements of the associates are prepared for the same period as TASNEE. Where necessary, adjustments are made to bring the accounting policies in line with those of Cristal.

#### ***Available-for-sale investments***

Investments which are neither bought with the intention of being held to maturity nor for trading purposes are classified as available for sale and included under non-current assets unless they are intended to be sold in the next fiscal year. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments;

Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. If the fair value as mentioned above is not available, the cost shall be the most appropriate, subjective and reliable alternative for the fair value of the securities. Accordingly, Cristal carries unquoted securities at cost less impairment. Income from the investments in financial instruments is recognized when dividends are declared. The carrying amount of all investments is reduced to recognize other than temporary diminution in value.

TABLE OF CONTENTS***Business combination and goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any minority interests in the acquiree. For each business combination, the acquirer measures the minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. When Cristal acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost being the excess of the consideration transferred over Cristal's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Cristal's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of Cristal are assigned to those units or groups of units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Cristal performs its annual impairment test of goodwill at each reporting date. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

***Other intangible assets and amortization******Trademarks, technology and others***

Intangible assets acquired separately are reported at acquired fair value less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An intangible asset is recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is recognized. Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Identifiable intangible assets, which primarily consist of trademarks, technology, and customer relationships, were valued at fair value with the assistance of independent appraisers, effective with the acquisition of the subsidiaries. CIC's (a subsidiary) trade name is considered an intangible asset with



an indefinite life and is not being amortized but instead is measured for impairment at least annually, or when events indicate that, impairment exists. Other intangible assets are carried at cost, which primarily consist of patents and license costs. These assets are amortized using the straight-line method over their estimated useful lives or over the term of the related agreement, if shorter. The value of all identifiable intangible assets is reduced to recognize an impairment loss.

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### *Arrangement fee*

Arrangement fee represent cost incurred in connection with the long term financing arrangements. These fees are included in the initial recognition of the related financing arrangements and are amortized, using the effective interest rate, over the period of long term financing agreements. The amortized portion relating to the construction period is capitalized.

### *Impairment*

#### *Financial Assets*

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

#### *Non-current tangible and intangible assets excluding goodwill*

At each balance sheet date, Cristal assesses whether there are any indications, internal or external, of impairment in the value of non-current assets. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount of an asset is the higher of its value in use and fair value less cost to sell.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when there is an indication that the asset may be impaired. A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, Cristal compares the non-current asset's carrying amount with the non-discounted estimated cash flow from the asset's use. If the carrying amount exceeds the non-discounted cash flow from the asset, Cristal estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss. An impairment loss is recognized immediately in the consolidated statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income. An impairment loss relating to intangible assets with indefinite lives is not reversed in a subsequent period. Cristal has carried out the impairment assessment on its cash flows on its cash generating units ( CGUs ) during the year ended 31 December 2016. Cristal has used the undiscounted cash flows projections as per the accounting standards generally accepted in the Kingdom of Saudi Arabia, that have shown no impairment in the values which were higher than the carrying amounts of the net assets involved in the CGUs.

#### *Goodwill and impairment of goodwill*

Goodwill represents the excess of the investment cost over Cristal's share in the fair value of identifiable net assets of the investee company at the date of acquisition.

For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Cristal's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit

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may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

### ***Exploration and evaluation costs***

Pre-license costs are recognized in the consolidated statement of income as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalized as exploration and evaluation assets ( E&E assets ) on an area of interest basis pending determination of the technical feasibility and commercial viability of the project. When a license is relinquished or a project is abandoned, the related costs are recognized in the consolidated statement of income immediately.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see the impairment of assets policy note). For the purposes of impairment testing, E&E assets are allocated to cash-generating units consistent with the determination of areas of interest.

Once the technical and commercial viability of extracting a mineral resource is determined, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to mine development assets within property and equipment.

Expenditure deemed to be unsuccessful is recognized in the consolidated statement of income immediately.

### ***Turnaround costs***

Costs of major maintenance and repairs incurred as part of substantial overhauls or turnarounds of major units at Cristal's manufacturing facilities are capitalized and amortized using the straight-line method over the period until the next planned turnaround, predominantly 18 months to 3 years. These costs are necessary to maintain, extend and improve the operating capacity and efficiency rates of the production units.

### ***Leases***

Leases are classified as capital leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets purchased under finance leases are recorded at the lower of their fair value or the present value of the future minimum lease payments at the inception of the lease and are depreciated over their expected useful lives on the same basis as owned assets. The finance charge element of the finance lease obligations is charged to the consolidated statement of income over the period of the lease, using a constant rate of interest on the remaining balance of the liability. The liability at the balance sheet date is stated net of future finance charges.

Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

### ***Research and development costs***

Research costs are charged to the consolidated statement of income in the period in which they are incurred.

Development costs are charged to the consolidated statement of income in the period in which they are incurred, except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are recognized as an intangible asset and amortized on a straight line basis over a maximum period of 7 years.

***Accounts payable and accruals***

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to Cristal.

***Provisions***

A provision is recognized in the consolidated balance sheet when Cristal has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The following are the accounting policies adopted for recognizing some of the provisions:

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### ***Asset retirement obligation***

Cristal records an estimated liability for the future cost to close its facilities under certain lease agreements and the scheduled closure of certain landfills and recognizes the cost over the useful life of the related asset. Cristal records a discounted liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset is recorded at the time the asset is acquired. Cristal amortizes the amount added to property and equipment and recognizes accretion expense in connection with the discounted liability over the estimated remaining life of the respective long-lived asset.

### ***Rehabilitation and mine closure costs***

Provision is made for anticipated costs of restoration and rehabilitation work necessitated by disturbance arising from exploration, evaluation, development and production activities. Costs included in the provision comprise land reclamation, plant removal and on-going re-vegetation programs.

Rehabilitation and mine closure costs are provided for at present value of the expenditures expected to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation and mine closure costs are reviewed annually and any changes are reflected in present value of provision at end of reporting period.

The cost of rehabilitation and mine closure is capitalized as property and equipment to the extent it gives rise to future economic benefits. The amount capitalized is depreciated as part of property and equipment using the units of production method.

### ***Overburden costs***

Expenditure associated with the removal of mine overburden is deferred and charged to the consolidated statement of income as the mineral is extracted. The balance of the amount deferred is reviewed at each reporting date to determine the amount (if any) which is no longer recoverable out of future revenue. Any amounts so determined are written off.

### ***Restructurings***

A restructuring provision is recognized when Cristal has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### ***Environmental remediation costs***

Anticipated expenditures related to investigation and remediation of contaminated sites, which include current and former plant sites and other remediation sites, are accrued when it is probable a liability has been incurred and the amount of the liability can reasonably be estimated. Only ongoing operations and monitoring costs, the timing of which can be determined with reasonable certainty, are discounted to present value. Future legal costs associated with such matters, which generally cannot be estimated, are not included in these liabilities.

### ***Loans and borrowings***

Loans and borrowings are recognized at the proceeds received value by Cristal. Deferred debt issue costs incurred in connection with the Senior Secured Credit Facilities are amortized using the straightline method over the term of the related debt.

***Zakat and income taxes***

***TASNEE***

TASNEE is subject to the Regulations of the Directorate of Zakat and Income Tax ( DZIT ) in the Kingdom of Saudi Arabia. Accordingly, zakat is provided for in accordance with Saudi Arabian fiscal regulations. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

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### *Subsidiaries*

Income taxes on subsidiaries have been provided based upon the tax laws and rates in the countries in which the operations are conducted and income is earned.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax relating to items recognized directly in the investee's equity are also recognized in the equity and not in the consolidated statement of income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### *Employees' terminal benefits*

#### *End-of-service indemnities*

Provision is made for amounts payable under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the balance sheet date.

#### *Defined contribution plans*

Contributions to defined contribution superannuation plans are expensed when the employees have rendered service entitling them to the contributions.

#### *Defined benefit plans*

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized immediately in equity. Past service cost is recognized in the consolidated statement of income when it arises irrespective of the vesting and non-vesting service period. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation and any unrecognized past service cost, as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

### *Revenues*

Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales represents the invoiced value of goods supplied and services rendered by Cristal during the year, net of trade and quantity discounts. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Interest and commission revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### *Foreign currencies*



The consolidated financial statements are presented in SR, which is Cristal's presentation currency. Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income except for those items to which hedge accounting applies, whereby the foreign exchange differences are recognized in equity. The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of presenting consolidated financial statements, the assets and liabilities of Cristal's foreign operations are expressed in SR, using exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences, arising, if any, are classified as equity and transferred to Cristal's translation adjustment reserve. Such translation differences are recognized in the consolidated statement of income in the period in which the foreign operation is disposed-off.

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*Derivative financial instruments and hedge accounting*

Cristal enters into variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

In accordance with its treasury policy, Cristal does not hold or issue derivative financial instruments for trading purposes in the normal course of business. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into. The gain or loss on remeasurement to fair value is recognized immediately in the consolidated statement of income.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price. The foreign currency forward exchange contracts are stated at their fair values. Saudi GAAP adopted by Cristal require these contracts to be measured as follows:

Where a forward contract for the purchase or sale of foreign currency is designated to provide hedge against foreign currency transactions, the difference between the agreed upon rate at the inception of the contract and the current or spot rate price is accounted for over the life of the forward contract and included in the consolidated statement of income.

Where a forward contract is intended to provide a hedge against future identifiable foreign currency commitments, the difference between the agreed upon rate at the inception of the contract and the rate at the time of recording the transaction is added (deducted) according to its nature, to the agreed upon amount.

Cristal designates certain of its derivatives instruments as cash flow hedges. At the inception of a hedge relationship, Cristal formally designates and documents the hedge relationship to which Cristal wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documents include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting year for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for by taking the gain or loss on the effective portion of the hedging instrument directly in equity, while any ineffective portion is recognized immediately in the consolidated statement of income.

Amounts taken to equity are transferred to consolidated statement of income when the hedged transaction affects profit or loss such as when the hedged financial income or financial expense is recognized.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in equity remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to consolidated statement of income.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the consolidated statement of income.

***Expenses***

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of Cristal s products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

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*Offsetting*

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of income unless required or permitted by generally accepted accounting principles in Kingdom of Saudi Arabia.

*Transition to IFRS*

The Saudi Organization for Certified Public Accountants ( SOCPA ) has approved a plan for transition to International Financial Reporting Standards. The plan requires that effective from January 1, 2017 all the companies listed on the Saudi Stock Exchange ( Tadawul ) shall prepare their financial statements in accordance with the International Financial Reporting Standards as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the SOCPA ( IFRS ). Accordingly, effective from January 1, 2017, Cristal shall prepare its financial statements in accordance with IFRS. Financial statements prepared using SOCPA IFRS would be in compliance with IFRS as issued by the IASB.

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### **SHAREHOLDER PROPOSALS—2018 ANNUAL MEETING**

Shareholders who, in accordance with SEC Rule 14a-8, wish to present proposals for inclusion in Tronox's 2018 proxy materials to be distributed in connection with next year's annual meeting must submit their proposal so they are received by our Secretary at the address provided below no later than the close of business (5:00 p.m., U.S. Eastern Standard Time) on [•], 2017.

Should an eligible shareholder or shareholders desire to nominate a candidate for director or propose any other business at the 2018 annual meeting outside of the process for inclusion of such nomination or proposal in the proxy statement, such shareholder must give us timely written notice. As required under our constitution, to be timely for the 2018 annual meeting, a shareholder's notice of a director nomination must be delivered to our Secretary at the address provided below not earlier than the 120th day, no later than the 90th day before the anniversary of the date of the 2017 annual meeting. As a result, any nomination given by a shareholder pursuant to these provisions of our constitution (and not pursuant to SEC Rule 14a-8) must be received no earlier than the close of business (5:00 p.m. U.S. Eastern Standard Time) on December 22, 2017, and no later than the close of business (5:00 p.m., U.S. Eastern Standard Time) on January 22, 2018, unless our 2018 annual meeting date occurs more than 30 days before or 70 days after April 21, 2018. In that case, notice of the nomination must be received by our Secretary not earlier than close of business on the 120th day before the 2018 annual meeting and not later than the close of business on the date that is the later of (i) the 90th day before the 2018 annual meeting, or (ii) the 10th day following the day on which Tronox first publicly announces the date of such meeting. The public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period (or extend any time period) for the giving of a shareholder's nomination as described above. The shareholder's nomination must comply with applicable laws and our constitution, which is available to shareholders free of charge upon request to our Secretary at the address provided below. Our constitution is also available on our website at [www.tronox.com](http://www.tronox.com).

Under the Australian Corporations Act, (i) shareholders of Tronox holding at least 5% of the votes that may be cast on the resolution, or (ii) at least 100 shareholders entitled to vote at a general meeting, may give notice to Tronox proposing a resolution for consideration at the next general meeting that occurs more than two months after the notice is given. Under Australian law, the board of directors can refuse to place a resolution on the agenda at a meeting in certain circumstances, for example if the matter is not a matter for proper shareholder action because it concerns a matter exclusively vested in the board of directors.

Notice of intention to submit a nomination or other proposal at the 2018 annual meeting and any request for a copy of our constitution must be addressed to Tronox's Secretary at Tronox Limited, 263 Tresser Boulevard, Suite 1100, Stamford, Connecticut 06901, U.S.A.

### **OTHER MATTERS**

No matters other than the matters described in this proxy statement are anticipated to be presented for action at the special meeting or at any adjournment or postponement of the special meeting.

### **RESPONSIBILITY FOR INFORMATION**

The information in this proxy statement relating to Cristal and its affiliates (including Cristal Netherlands and the Cristal shareholder parties) and Cristal's TiQbusiness and other Cristal businesses (collectively, the Cristal Material) has been furnished by Cristal for inclusion in this proxy statement. Cristal has confirmed to Tronox that this proxy statement includes all information known to Cristal, Cristal Netherlands, the Cristal shareholder parties or any of their respective associates (as of the date of this proxy statement) that is material to your decision on how to vote on the proposal. Cristal has consented to the inclusion of the Cristal Material in this proxy statement in the form and context

in which it appears.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including Tronox, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov). The information contained on the SEC's website is expressly not incorporated by reference in this proxy statement.

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The SEC allows Tronox to incorporate by reference information into this proxy statement. This means that we are disclosing important business and financial information to you by referring you to another document filed separately with the SEC. These documents contain important information about us and our financial condition. The information incorporated by reference is considered to be part of this proxy statement. The fact that additional information is being incorporated by reference into this proxy statement should not necessarily be viewed as an indication that such information is material to your decision on how to vote on the proposal. This proxy statement incorporates by reference the documents listed below that Tronox has previously filed or will file with the SEC:

• Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on February 24, 2017.

- Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 4, 2017.

• Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on August 9, 2017.

• Definitive Proxy Statement on Schedule 14A filed March 16, 2017.

• Current Reports on Form 8-K, dated February 21, 2017, February 27, 2017, April 13, 2017, April 24, 2017, May 4, 2017, May 9, 2017, May 10, 2017 (as amended on May 18, 2017), May 26, 2017, June 2, 2017, June 28, 2017, August 3, 2017, August 7, 2017 and August 9, 2017 (other than the portions of those documents not deemed to be filed).

• The description of Class A Shares set forth in a registration statement filed pursuant to the Exchange Act and any amendment or report filed for the purpose of updating such descriptions.

In addition, Tronox is incorporating by reference any documents it may file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement and prior to the date of the Tronox special meeting; provided, however, that Tronox is not incorporating by reference any information furnished under Item 2.02 or Item 7.01 of Form 8-K, except as otherwise specified herein. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference will be deemed to be modified or superseded for the purposes of this proxy statement to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

You can obtain any of the documents listed above from the SEC, through the SEC's website at the address described above or from Tronox, without cost, by requesting them in writing at the following address:

Tronox Limited  
263 Tresser Boulevard, Suite 1100  
Stamford, CT 06901, U.S.A.  
Attn: Investor Relations

You may also request a copy of these filings from our proxy solicitor, Okapi, using the following contact information:

Okapi Partners LLC  
1212 Avenue of Americas  
New York, NY 10036  
Call Collect: +1 212 297 0720  
Toll Free: +1 877 274 8654

**This document is a proxy statement of Tronox for the special meeting. We have not authorized anyone to give any information or make any representation about the transaction or our company that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated in this document. Therefore, if anyone does give you information of this sort, you should not rely on it.**

**This document contains a description of the representations and warranties that each of Tronox and Cristal made to the other in the transaction agreement. Representations and warranties made by Tronox, Cristal and other applicable parties are also set forth in contracts and other documents (including the transaction agreement) that are attached or filed as exhibits to this document or are incorporated by reference into this document. These materials are included or incorporated by reference only to provide you with information regarding the terms and conditions of the agreements, and not to provide any other factual information regarding Tronox, Cristal or their respective businesses. Accordingly, the representations and warranties and other provisions of the transaction agreement should not be read alone, but instead should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this document.**



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COMPANY LIMITED (CRISTAL)  
(LIMITED LIABILITY COMPANY)  
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FOR THE YEARS ENDED 31 DECEMBER  
2016, 2015 and 2014  
AND INDEPENDENT AUDITORS' REPORTS**

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**INDEPENDENT AUDITOR S REPORT**

To the Shareholders  
The National Titanium Dioxide Company

Jeddah, Kingdom of Saudi Arabia

**Scope of audit**

We have audited the accompanying consolidated financial statements of National Titanium Dioxide Company, a Saudi Joint Stock Company and its Subsidiaries ( the Group ), which comprise the balance sheet as of 31 December, 2016 and the related consolidated statements of income, changes in shareholders equity and cash flows for the year ended 31 December, 2016, and the related notes from 1 to 40 to the consolidated financial statements, including the information relating to the nature and effect of differences between accounting principles generally accepted in the Kingdom of Saudi Arabia and the United States of America on shareholders equity at 31 December 2016 and 2015 and net income (loss) and cash flows for the years ended 31 December 2016 and 2015 as disclosed in note 37.

**Management s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in the Kingdom of Saudi Arabia. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement due to fraud or error.

**Auditor s Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above, including the information relating to the nature and effect of differences between accounting principles generally accepted in the Kingdom of Saudi Arabia and the United States of America on shareholders' equity at 31 December 2016 and 2015 and net income (loss) and cash flows for the years ended 31 December 2016 and 2015 as disclosed in note 37, present fairly, in all material respects, the consolidated financial position of National Titanium Dioxide Company and its subsidiaries as of 31 December, 2016, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the Kingdom of Saudi Arabia.

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**Emphasis of Matter**

Accounting standards generally accepted in the Kingdom of Saudi Arabia vary in certain significant respects from accounting principles generally accepted in the United States of America. We have audited the information related to the nature and effect of such differences on shareholders' equity at 31 December 2016 and 2015 and net income (loss) and cash flows for each of the years in the period ended 31 December 2016 and 2015 as disclosed in Note 37 to the consolidated financial statements. We were not engaged to audit, review or apply any procedures to the 2015 consolidated financial statements prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia taken as a whole and therefore we do not express an opinion on the 2015 consolidated financial statements.

Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362

June 22, 2017

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**Report of Independent Auditors**

**To the Board of Directors and Partners of**

**The National Titanium Dioxide Company Limited (Cristal)**

We have audited the accompanying consolidated financial statements of National Titanium Dioxide Company (Cristal) (the Company or Parent Company ) and its subsidiaries (collectively referred to as the Group ), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statement of income, consolidated statement cash flows, consolidated statement of changes in Partners' equity for the year then ended, and the related notes to the consolidated financial statements, which, as described in Note 3 to the consolidated financial statements, have been prepared on the basis of accounting standards generally accepted in the Kingdom of Saudi Arabia.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Report of Independent Auditors (continued)**

**To the Board of Directors and Partners of**

**The National Titanium Dioxide Company Limited (Cristal)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Titanium Dioxide Company and subsidiaries at December 31, 2015, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

**Emphasis of Matters**

a. As discussed in Note 38 to the consolidated financial statements, the accompanying consolidated financial statements for the year ended 31 December 2015 have been restated to correct certain immaterial misstatements.

Our opinion is not modified in respect of this matter.

b. As discussed in Note 3 to the consolidated financial statements, the Group prepares its financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia, which differs from accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

c. The consolidated financial statements of National Titanium Dioxide Company and subsidiaries as at 31 December 2014 and 31 December 2016, were audited by another auditor who expressed an unqualified opinion on those financial statements on 22 June 2017.

d. We were not engaged to audit, review or apply any procedures to the reconciliation between accounting standards generally accepted in the Kingdom of Saudi Arabia and U.S. generally accepted accounting principles described in Note 37 to these consolidated financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by another auditor.

for Ernst & Young

Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356

27 Ramadan 1438H  
22 June 2017

Jeddah

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**INDEPENDENT AUDITOR'S REPORT**

To the shareholders  
The National Titanium Dioxide Company Limited (Cristal)  
Jeddah, Saudi Arabia

We have audited the accompanying consolidated financial statements of The National Titanium Dioxide Company Limited (Cristal) (a Saudi limited liability company) ( the Company ) and its subsidiaries (collectively referred to as the Group"), which comprise the consolidated statement of income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year ended 31 December 2014, and the related notes to the consolidated financial statements, which, as described in Note 3 to the consolidated financial statements, have been prepared on the basis of accounting standards generally accepted in the Kingdom of Saudi Arabia.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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**INDEPENDENT AUDITOR'S REPORT (Continued)**

To the shareholders  
The National Titanium Dioxide Company Limited (Cristal)  
Jeddah, Saudi Arabia

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and consolidated cash flows of The National Titanium Dioxide Company Limited and subsidiaries for the year ended 31 December 2014 in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

**Emphasis of Matters**

As discussed in Note 38 to the consolidated financial statements, the accompanying consolidated financial statements for the year ended 31 December 2014 have been restated to correct certain misstatements identified. Our opinion is not modified in respect of this matter.

As discussed in Note 3 to the consolidated financial statements, the Group prepares its financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia, which differs from accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Al-Mutahhar Y. Hamiduddin  
License No. 296

Deloitte & Touche Bakr Abulhair & Co.

Jeddah, Saudi Arabia  
27 Ramadan, 1438  
June 22, 2017

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**The National Titanium Dioxide Company Limited (Cristal)**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2016 and 2015**

	<i>Note</i>	<i>2016</i> <i>SR' 000</i>	<i>2015</i> <i>SR' 000</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	<b>436,633</b>	719,358
Accounts receivable and prepayments	5	<b>1,545,421</b>	1,487,481
Due from related parties	11	<b>137,500</b>	—
Inventories	6	<b>2,258,720</b>	3,372,776
<b>TOTAL CURRENT ASSETS</b>		<b>4,378,274</b>	5,579,615
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>6,218,397</b>	7,090,045
Investments	8	<b>1,499,752</b>	1,531,262
Goodwill	9	<b>644,600</b>	649,831
Other intangible assets	10	<b>339,394</b>	377,085
Due from related parties	11	<b>231,079</b>	—
Deferred income tax assets	12	<b>233,426</b>	307,334
Exploration and evaluation costs	13	<b>392,337</b>	229,815
Other assets	14	<b>137,704</b>	63,864
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,696,689</b>	10,249,236
<b>TOTAL ASSETS</b>		<b>14,074,963</b>	15,828,851
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	15	<b>1,796,620</b>	1,900,065
Short term loans	16	<b>63,217</b>	1,936,475
Due to related parties	11	<b>260,993</b>	57,035
Current portion of long term loans	17	<b>119,705</b>	2,002,891
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,240,535</b>	5,896,466
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	17	<b>7,101,008</b>	4,702,327
Employees' terminal benefits	19	<b>240,320</b>	237,010
Due to related parties	11	<b>241,759</b>	—
Deferred income tax liabilities	12	<b>260,155</b>	460,788
Other liabilities	20	<b>494,933</b>	394,979
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,338,175</b>	5,795,104
<b>TOTAL LIABILITIES</b>		<b>10,578,710</b>	11,691,570
<b>SHAREHOLDERS' EQUITY</b>			

<b>Equity attributable to the shareholders of the parent company</b>			
Capital	21	<b>2,362,500</b>	2,362,500
Statutory reserve	22	<b>507,202</b>	507,202
Additional contribution by shareholders	23	<b>892,516</b>	734,894
Retained earnings		<b>1,351,320</b>	2,085,965
Other reserves		<b>(1,726,609 )</b>	(1,622,004 )
<b>Total equity attributable to the shareholders of the parent company</b>		<b>3,386,929</b>	4,068,557
<b>NON-CONTROLLING INTEREST</b>	24	<b>109,324</b>	68,724
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,496,253</b>	4,137,281
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,074,963</b>	15,828,851

The attached notes 1 to 40 form part of these consolidated financial statements.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**CONSOLIDATED STATEMENT OF INCOME**  
**Years ended 31 December 2016, 2015 and 2014**

		<i>2016</i>	<i>2015</i>	<i>2014</i>
	<i>Note</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
			<i>(Restated)</i>	<i>(Restated)</i>
Sales		<b>6,514,045</b>	6,377,041	7,722,527
Cost of sales		<b>(5,947,855 )</b>	(6,389,628 )	(6,311,360 )
<b>GROSS PROFIT / (LOSS)</b>		<b>566,190</b>	(12,587 )	1,411,167
<b>EXPENSES</b>				
Selling and distribution	25	<b>(414,534 )</b>	(428,326 )	(499,091 )
General and administration	26	<b>(546,928 )</b>	(618,246 )	(600,873 )
(Impairment)/reversal of impairment of assets	27	<b>(9,895 )</b>	(280,960 )	472
		<b>(971,357 )</b>	(1,327,532 )	(1,099,492 )
<b>LOSS/INCOME FROM OPERATIONS</b>		<b>(405,167 )</b>	(1,340,119 )	311,675
Other income (expenses), net	28	<b>(29,046 )</b>	1,850	40,960
Financial charges	29	<b>(254,473 )</b>	(166,811 )	(244,854 )
Fair value of forward contracts	33	<b>(8,111 )</b>	(363,943 )	(120,946 )
<b>LOSS BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTEREST</b>		<b>(696,797 )</b>	(1,869,023 )	(13,165 )
Income tax (expense)/benefit	18	<b>28,346</b>	(98,340 )	(8,577 )
Zakat	18	<b>(40,245 )</b>	—	37,150
<b>NET (LOSS)/INCOME BEFORE NON-CONTROLLING INTEREST</b>		<b>(708,696 )</b>	(1,967,363 )	15,408
Net (loss)/income attributable to non-controlling interest	24	<b>(25,959 )</b>	(23,668 )	16,184
<b>NET (LOSS)/INCOME FOR THE YEAR</b>		<b>(734,655 )</b>	(1,991,031 )	31,592

The attached notes 1 to 40 form part of these consolidated financial statements.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Years ended 31 December 2016, 2015 and 2014**

	<i>Note</i>	<b>2016</b> <i>SR' 000</i>	<i>2015</i> <i>SR' 000</i> <i>(Restated)</i>	<i>2014</i> <i>SR' 000</i> <i>(Restated)</i>
<b>OPERATING ACTIVITIES</b>				
Loss before zakat and income tax and non-controlling interest		<b>(696,797 )</b>	(1,869,023 )	(13,165 )
<b>Adjustments for:</b>				
Depreciation	7	<b>617,222</b>	528,637	634,306
Amortization of other intangible assets	10	<b>36,215</b>	36,321	36,000
Impairment/(reversal of impairment) of assets	27	<b>9,895</b>	280,960	(472 )
Foreign currency translation adjustment		<b>(4,564 )</b>	—	(188,490 )
Amortization of debt issue costs		—	—	5,183
Impairment of exploration and evaluation costs	13	<b>4,564</b>	1,684	450
Allowance for doubtful debts, net	5	<b>(2,825 )</b>	(2,579 )	(6,431 )
Financial charges, net	29	<b>254,473</b>	166,811	244,854
Employees' terminal benefits, net		<b>3,310</b>	27,299	(26,270 )
Fair value of forward contracts		—	—	120,947
Zakat paid		—	—	(8,793 )
Financial charges paid		<b>(225,613 )</b>	(170,915 )	(280,522 )
Deferred income tax		<b>(138,624 )</b>	129,571	(8,675 )
		<b>(142,744 )</b>	(871,234 )	508,922
<b>Changes in operating assets and liabilities:</b>				
Accounts receivable and prepayments		<b>(55,115 )</b>	585,168	(26,869 )
Inventories		<b>1,114,056</b>	807,927	(74,852 )
Accounts payables and accruals		<b>(132,305 )</b>	(87,285 )	(80,688 )
Related parties		<b>77,138</b>	57,035	—
Net cash generated from operating activities		<b>861,030</b>	491,611	326,513
<b>INVESTING ACTIVITIES</b>				
Movement in property, plant and equipment, net		<b>154,935</b>	(1,298,666 )	(1,602,202 )
Investments		<b>6,510</b>	(253,825 )	—
Exploration and evaluation costs		<b>(137,522 )</b>	(6,934 )	(11,118 )
Other intangible assets		<b>(30 )</b>	(1,876 )	45,469
Other non-current assets		<b>(73,840 )</b>	28,281	(38,290 )
Exchange of foreign currency		<b>96,333</b>	183,191	—
Net cash generated from / (used in) investing activities		<b>46,386</b>	(1,349,829 )	(1,606,141 )
<b>FINANCING ACTIVITIES</b>				
Additional contribution from a shareholder	23	<b>157,622</b>	228,644	—
Other non-current liabilities		<b>99,954</b>	37,728	4,710

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Movement in term loans, net		<b>(1,357,763 )</b>	1,714,279	374,241
Movement in non-controlling interest	24	—	—	860,232
Foreign currency movement in non-controlling	24	<b>14,641</b>	(25,624 )	(16,482 )
Net cash (used in) / generated from financing activities		<b>(1,085,546 )</b>	1,955,027	1,222,701
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(178,130 )</b>	1,096,809	(56,927 )
Cash and cash equivalents at the beginning of the year		<b>719,358</b>	226,602	296,729
Foreign currency translation adjustments and other reserves movement		<b>(104,595 )</b>	(608,522 )	(13,200 )
Bank balances and cash for a subsidiary acquired		—	4,469	—
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>436,633</b>	719,358	226,602
<b>MAJOR NON-CASH TRANSACTION</b>				
Transfer of assets under construction to an associate	7	—	2,828,622	—

The attached notes 1 to 40 form part of these consolidated financial statements.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Years ended 31 December 2016, 2015 and 2014**

**Equity attributable to the shareholders of the parent company**

	Capital SR' 000	Statutory reserve SR' 000	Additional	Retained earnings SR' 000	Total SR' 000	Foreign currency translation reserve SR' 000	Other reserves		Total SR' 000
			contribution by Shareholders SR' 000				Hedging reserve SR' 000	Pension liability adjustment SR' 000	
Balance at 31 December 2015	2,362,500	507,202	734,894	2,085,965	<b>5,690,561</b>	(1,584,805 )	9,291	(46,490 )	<b>(1,622,000)</b>
Net loss for the year	—	—	—	(734,655 )	<b>(734,655 )</b>	—	—	—	
Net movement during the year	—	—	157,622	10	<b>157,632</b>	(119,162 )	(4,916 )	19,473	<b>(104,603)</b>
<b>Balance at 31 December 2016</b>	<b>2,362,500</b>	<b>507,202</b>	<b>892,516</b>	<b>1,351,320</b>	<b>5,113,538</b>	<b>(1,703,967 )</b>	<b>4,375</b>	<b>(27,017 )</b>	<b>(1,726,603)</b>
Balance at 31 December 2014 (restated)	2,362,500	507,202	506,250	4,076,996	<b>7,452,948</b>	(1,001,389 )	13,849	(40,827 )	<b>(1,028,367)</b>
Net loss for the year (restated)	—	—	—	(1,991,031 )	<b>(1,991,031 )</b>	—	—	—	
Net movement during the year (restated)	—	—	228,644	—	<b>228,644</b>	(583,416 )	(4,558 )	(5,663 )	<b>(593,630)</b>
<b>Balance at 31 December 2015</b>	<b>2,362,500</b>	<b>507,202</b>	<b>734,894</b>	<b>2,085,965</b>	<b>5,690,561</b>	<b>(1,584,805 )</b>	<b>9,291</b>	<b>(46,490 )</b>	<b>(1,622,000)</b>
Balance at 31 December 2013 (restated unaudited)	2,362,500	497,742	506,250	4,043,139	<b>7,409,631</b>	(493,711 )	(98,199 )	(16,902 )	<b>(608,813)</b>
Adjustment	—	—	—	11,725	<b>11,725</b>	—	—	—	
Net income for the year (restated)	—	—	—	31,592	<b>31,592</b>	—	—	—	
Transfer to statutory reserve	—	9,460	—	(9,460 )	—	—	—	—	
Net movement during the year (restated)	—	—	—	—	—	(507,678 )	112,048	(23,925 )	<b>(419,555)</b>

<b>Balance at 31</b>										
<b>December 2014</b>	<b>2,362,500</b>	<b>507,202</b>	<b>506,250</b>	<b>4,076,996</b>	<b>7,452,948</b>	<b>(1,001,389 )</b>	<b>13,849</b>	<b>(40,827 )</b>	<b>(1,028,367 )</b>	<b>(1,028,367 )</b>

The attached notes 1 to 40 form part of these consolidated financial statements.

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### **The National Titanium Dioxide Company Limited (Cristal) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Years ended 31 December 2016, 2015 and 2014**

#### **1 ACTIVITIES**

The National Titanium Dioxide Company Limited (Cristal) (the Company (or) the Parent Company (or) Cristal ) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030062296 dated 20/3/1409 (corresponding to 30 October 1988) with branches in Madinah and Yanbu having Commercial Registration numbers 003673 and 4030062296/002. The results, assets and liabilities of the branches are included in these consolidated financial statements.

The Company obtained its Foreign Capital Investment License by Ministerial Decision No. 201 dated 25/4/1408 (corresponding to 16 December 1987), as amended by various Ministerial Decisions, the last of which is Ministerial Decision No. 1325 dated 5/9/1425 (corresponding to 19 October 2005). The Company started commercial production on 1 June 1992.

The principal activity of the Company and its subsidiaries (hereinafter referred to together as the Group ) is manufacturing and marketing of Titanium Dioxide (TiO<sub>2</sub>). One of the subsidiaries is engaged in mineral exploration, development of mineral tenements, mining and processing mineral sands and sale of separated mineral sands products. The Company's principal place of business is Jeddah, Kingdom of Saudi Arabia. The majority of the activities of the international subsidiaries are in the United States of America, United Kingdom, Australia, China, Brazil and France.

The Company is owned 79% by National Industrialization Company (the Holding company or Tasnee ) a Saudi joint stock company, 20% by Gulf Investment Corporation, a corporation registered under an agreement entered into by the Gulf Cooperation Council, and 1% by Dr. Talal Al-Shair, a Saudi national (note 21).

The majority of the activities of the subsidiaries are in the United States of America, United Kingdom, Australia, Brazil and France.

#### **2 BASIS OF PREPARATION AND CONSOLIDATION**

##### **2.1 BASIS OF PREPARATION**

The consolidated financial statements comprise the financial statements of the Group. The consolidated financial statements are expressed in Saudi Riyals, being the functional currency of the Parent Company and have been rounded off to the nearest thousand Saudi Riyals, except when otherwise specified.

##### **Subsidiaries**

Subsidiaries are companies in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. The consolidated financial statements are prepared on the basis of the individual financial statements of the Parent Company and the audited financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income and expenses and recognized gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from Parent Company's shareholders' equity.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**Years ended 31 December 2016, 2015 and 2014**

**2 BASIS OF PREPARATION AND CONSOLIDATION (continued)****2.2 BASIS OF CONSOLIDATION**

These consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries:

<i>Name, Country of Incorporation and Principal Activities</i>	<i>% of ownership (directly or indirectly)</i>		
	<i>2016</i>	<i>2015</i>	<i>2014</i>
<b>Cristal Inorganic Chemicals Limited ( CIC )</b> Incorporated in: Cayman Islands Principal Activities: Manufacturing and Marketing of Titanium Dioxide (TiO <sub>2</sub> )	<b>100 %</b>	100 %	100 %
<b>Cristal Australia Pty Limited ( CAPL )</b> Incorporated in: Australia Principal Activities: Mineral Exploration and Mining	<b>100 %</b>	100 %	100 %
<b>Cristal Metals ( Cristal US )</b> Incorporated in: USA Principal Activities: Manufacturing of Titanium Metal Powder	<b>100 %</b>	100 %	100 %
<b>Cristal US Holdings LLC ( Cristal LLC )</b> Incorporated in: USA Principal Activities: Manufacturing of Titanium Metal Powder	<b>100 %</b>	100 %	100 %
<b>Hong Kong Titanium Products Company Limited ( Cristal China )</b> Incorporated in: China Principal Activities: Manufacturing and Marketing of TiO <sub>2</sub> & Sulphuric Acid	<b>100 %</b>	100 %	—

CIC conducts its Brazilian operations under its subsidiary, Millennium Inorganic Chemicals do Brazil S.A., a publicly-held company traded on the São Paulo Stock Exchange ( BOVESPA ) with a 28% non-controlling interest.

With effect from 1 March 2015, the Company acquired 100% shareholding in Hong Kong Titanium Products Company Limited, which owns 100% shareholding in Jiangxi Tikon Titanium Limited Company. As such the Company owns 100% of the shareholdings in both the entities. Therefore, Hong Kong Titanium Products Company Limited and Jiangxi Tikon Titanium Limited Company have been treated as fully owned subsidiaries of the Company in these consolidated financial statements (note 9a).

During 2014, the Company along with Tasnee incorporated a company named Advanced Metal Industries Cluster Company Limited ( AMIC ). AMIC is engaged to set up industrial projects relating to titanium metals of various types and other related substances including titanium ore, iron ore and manufacturing of titanium dioxide through high pressure oxidization. AMIC is yet to commence its commercial activities. Until 2015 this company was treated as a subsidiary and consolidated into the Company's accounts. However, in 2015 after Tasnee increased its share ownership of the company and the Company was restructured with AMIC becoming its own business unit reporting directly to

Tasnee, it was determined that because of these changes the Company no longer had control over the operations and management of AMIC; however, with its 50% equity ownership has significant influence. Therefore, from 2015 forward AMIC is considered as an associate of the Company and accounted for using the equity method of accounting (note 8).

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

#### **Accounting convention**

The consolidated financial statements are prepared under the historical cost convention modified for derivative financial instruments that have been measured at fair value.

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**The National Titanium Dioxide Company Limited (Cristal)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
Years ended 31 December 2016, 2015 and 2014**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates**

The preparation of consolidated financial statements in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

**Cash and cash equivalents**

For the purposes of the consolidated statement of cash flow, cash and cash equivalents consists of bank balances, cash on hand, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

**Accounts receivable**

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs include expenses incurred in bringing each product to its present location and condition. Finished goods are calculated on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads based on normal operating capacity. All other inventories are valued on a weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and degree of ageing or obsolescence, based on anticipated selling prices.

**Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, except for property and equipment acquired through acquisition, which are recorded at fair value as of the acquisition date. Freehold land is not depreciated. Depreciation is provided over the estimated useful lives or units of production of the applicable assets or economically recoverable reserves and is recognized in the consolidated statement of income.

The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items

and restoring the site on which they are located.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditure for repairs and maintenance are charged to consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are recognized.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

*Assets under construction*

Assets under construction represent all costs relating directly and indirectly to the projects in progress and are capitalized as property and equipment when the project is completed.

**Borrowing costs**

Borrowing costs that are directly attributable to the construction of an asset are recognized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter such costs are charged to the consolidated statement of income.

**Investments**

*Associates*

The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity over which the Group exercises significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in shareholder's equity. Unrealised profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of interest in an associate.

The financial statements of the associates are prepared for the same period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

*Available-for-sale investments*

Investments which are neither bought with the intention of being held to maturity nor for trading purposes are classified as available for sale and included under non-current assets unless they are intended to be sold in the next fiscal year. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and

Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. If the fair value as mentioned above is not available, the cost shall be the most appropriate, subjective and reliable alternative for the fair value of the securities. Accordingly, the Group carries unquoted securities at cost less impairment.

Income from the investments in financial instruments is recognized when dividends are declared. The carrying amount of all investments is reduced to recognize other than temporary diminution in value.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Business combination and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at each reporting date.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

**Other intangible assets and amortization**

*Trademarks, technology and others*

Intangible assets acquired separately are reported at acquired fair value less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of income when the asset is recognized.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

In assessing value in use, the estimated gross undiscounted cash flows is compared with the carrying amount. If gross cash flows are higher than the carrying amount no impairment is recognised. If the gross cash flows are lower than the carrying amount impairment is recognized. In assessing impairment loss, the recoverable amount is determined based on estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income.

Identifiable intangible assets, which primarily consist of trademarks, technology, and customer relationships, were valued at fair value with the assistance of independent appraisers, effective with the acquisition of the subsidiaries. CIC s (a subsidiary) trade name is considered an intangible asset with an indefinite life and is not being amortized but instead is measured for impairment at least annually, or when events indicate that, impairment exists.

Other intangible assets are carried at cost, which primarily consist of patents and license costs. These assets are amortized using the straight line method over their estimated useful lives or over the term of the related agreement, if shorter. The value of all identifiable intangible assets is reduced to recognize an impairment loss.

**Impairment**

*Financial assets*

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

*Non-current tangible and intangible assets excluding goodwill*

At each balance sheet date, the Group assesses whether there are any indications, internal or external, of impairment in the value of non-current assets. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. The recoverable amount of an asset is the higher of its value in use and fair value less cost to sell.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently when there is an indication that the asset may be impaired.

A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, the Group compares the non-current asset's carrying amount with the un-discounted estimated cash flow from the asset's use. If the carrying amount exceeds the non-discounted cash flow from the asset, the Group estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss.

An impairment loss is recognized immediately in the consolidated statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income. An impairment loss relating to intangible assets with indefinite lives is not reversed in a subsequent period.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**Years ended 31 December 2016, 2015 and 2014**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Group has carried out the impairment assessment on its cash generating units ( CGUs ) during the years ended 31 December 2016, 2015 and 2014. The Group has used the undiscounted cash flows projections as per the accounting standards generally accepted in the Kingdom of Saudi Arabia, that have shown no impairment in the values which were higher than the carrying amounts of the net assets involved in the CGUs.

*Goodwill and impairment of goodwill*

Goodwill represents the excess of the investment cost over the Group's share in the fair value of identifiable net assets of the investee company at the date of acquisition.

For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

**Exploration and evaluation costs**

Pre-license costs are recognized in the consolidated statement of income as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalized as exploration and evaluation assets ( E&E assets ) on an area of interest basis pending determination of the technical feasibility and commercial viability of the project. When a license is relinquished or a project is abandoned, the related costs are recognized in the consolidated statement of income immediately.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see the impairment of assets policy note). For the purposes of impairment testing, E&E assets are allocated to cash-generating units consistent with the determination of areas of interest.

Once the technical and commercial viability of extracting a mineral resource is determined, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to mine development assets within property and equipment.

Expenditure deemed to be unsuccessful is recognized in the consolidated statement of income immediately.

**Turnaround costs**

Costs of major maintenance and repairs incurred as part of substantial overhauls or turnarounds of major units at the Group's manufacturing facilities are capitalized as property, plant and equipment and amortized using the straight-line method over the period until the next planned turnaround, predominantly 18 months to 3 years. These costs are necessary to maintain, extend and improve the operating capacity and efficiency rates of the production units.

**Leases**

Leases are classified as capital leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets purchased under finance leases are recorded at the lower of their fair value or the present value of the future minimum lease payments at the inception of the lease and are depreciated over their expected useful lives on the same basis as owned assets. The finance charge element of the finance lease obligations is charged to the consolidated statement of income over the period of the lease, using a constant rate of interest on the remaining balance of the liability. The liability at the balance sheet date is stated net of future finance charges.

Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

**Research and development costs**

Research costs are charged to the consolidated statement of income in the period in which they are incurred.

Development costs are charged to the consolidated statement of income in the period in which they are incurred, except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are recognized as an intangible asset and amortized on a straight line basis over a maximum period of 7 years.

**Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

**Provisions**

A provision is recognized in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The following are the accounting policies adopted for recognizing some of the provisions:

**Asset retirement obligation**

The Group records an estimated liability for the future cost to close its facilities under certain lease agreements and the scheduled closure of certain landfills and recognizes the cost over the useful life of the related asset. The Group records a discounted liability for the fair value of an asset retirement obligation and a corresponding increase to the carrying value of the related long-lived asset is recorded at the time the asset is acquired. The Group amortizes the amount added to property and equipment and recognizes accretion expense in connection with the discounted liability over the estimated remaining life of the respective long-lived asset.

**Rehabilitation and mine closure costs**

Provision is made for anticipated costs of restoration and rehabilitation work necessitated by disturbance arising from exploration, evaluation, development and production activities. Costs included in the provision comprise land reclamation, plant removal and on-going re-vegetation programs.

Rehabilitation and mine closure costs are provided for at present value of the expenditures expected to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation and mine closure costs are reviewed annually and any changes are reflected in present value of provision at end of reporting period.

The cost of rehabilitation and mine closure is capitalized as property and equipment to the extent it gives rise to future economic benefits. The amount capitalized is depreciated as part of property and equipment using the units of production method.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**Years ended 31 December 2016, 2015 and 2014**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Overburden costs**

Expenditure associated with the removal of mine overburden is deferred and charged to the consolidated statement of income as the mineral is extracted. The balance of the amount deferred is reviewed at each reporting date to determine the amount (if any) which is no longer recoverable out of future revenue. Any amounts so determined are written off.

**Restructurings**

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

**Environmental remediation costs**

Anticipated expenditures related to investigation and remediation of contaminated sites, which include current and former plant sites and other remediation sites, are accrued when it is probable a liability has been incurred and the amount of the liability can reasonably be estimated. Only ongoing operations and monitoring costs, the timing of which can be determined with reasonable certainty, are discounted to present value. Future legal costs associated with such matters, which generally cannot be estimated, are not included in these liabilities.

**Loans and borrowings**

Loans and borrowings are recognized at the proceeds received value by the Group.

Deferred debt issue costs incurred in connection with the Senior Secured Credit Facilities are amortized using the straight-line method over the term of the related debt.

Arrangement fee represent cost incurred in connection with the long term financing arrangements. These fees are included in the initial recognition of the related financing arrangements and are amortized, using the effective interest rate, over the period of long term financing agreements. The amortized portion relating to the construction period is capitalized.

**Zakat and income taxes**

*Parent Company*

The Parent Company is subject to the Regulations of the Directorate of Zakat and Income Tax ( DZIT ) in the Kingdom of Saudi Arabia. Accordingly, zakat is provided for in accordance with Saudi Arabian fiscal regulations. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

*Subsidiaries*

Income taxes on subsidiaries have been provided based upon the tax laws and rates in the countries in which the operations are conducted and income is earned.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax relating to items recognized directly in the investee's equity are also recognized in the equity and not in the consolidated statement of income.

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**Years ended 31 December 2016, 2015 and 2014**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**Employees terminal benefits**

*End-of-service indemnities*

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees accumulated periods of service at the balance sheet date.

*Defined contribution plans*

Contributions to defined contribution superannuation plans are expensed when the employees have rendered service entitling them to the contributions.

*Defined benefit plans*

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized immediately in equity. Past service cost is recognized in the consolidated statement of income when it arises irrespective of the vesting and non-vesting service period.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation and any unrecognized past service cost, as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

**Revenues**

Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales represents the invoiced value of goods supplied and services rendered by the Group during the year, net of trade and quantity discounts. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest and commission revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Foreign currencies**

The consolidated financial statements are presented in Saudi Riyals, which is the Group's presentation currency. Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange

ruling at the balance sheet date. All differences are taken to the consolidated statement of income except for those items to which hedge accounting applies, whereby the foreign exchange differences are recognized in equity.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Saudi Riyals, using exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences, arising, if any, are classified as equity and transferred to the Group's translation adjustment reserve. Such translation differences are recognized in the consolidated statement of income in the period in which the foreign operation is disposed-off.

#### **Derivative financial instruments and hedge accounting**

The Group enters into variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

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**The National Titanium Dioxide Company Limited (Cristal)**  
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**Years ended 31 December 2016, 2015 and 2014**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes in the normal course of business. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into. The gain or loss on re-measurement to fair value is recognized immediately in the consolidated statement of income. However, where derivatives qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price. The foreign currency forward exchange contracts are stated at their fair values. Generally accepted accounting standards adopted by the Group require these contracts to be measured as follows:

Where a forward contract for the purchase or sale of foreign currency is designated to provide hedge against foreign currency transactions, the difference between the agreed upon rate at the inception of the contract and the current or a) spot rate price is accounted for over the life of the forward contract and included in the consolidated statement of income.

Where a forward contract is intended to provide a hedge against future identifiable foreign currency commitments, b) the difference between the agreed upon rate at the inception of the contract and the rate at the time of recording the transaction is added (deducted) according to its nature, to the agreed upon amount.

The Group designates certain of its derivatives instruments as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documents include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting year for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for by taking the gain or loss on the effective portion of the hedging instrument directly in equity, while any ineffective portion is recognized immediately in the consolidated statement of income.

Amounts taken to equity are transferred to consolidated statement of income when the hedged transaction affects profit or loss such as when the hedged financial income or financial expense is recognized.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in equity remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to consolidated statement of income.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the consolidated statement of income.

**Expenses**

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****Offsetting**

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of income unless required or permitted by generally accepted accounting standards in Kingdom of Saudi Arabia.

**Transition to IFRS**

SOCPA has approved a plan for transition to International Financial Reporting Standards. The plan requires that effective from January 1, 2017 all the companies listed on the Saudi Stock Exchange ( Tadawul ) shall prepare their financial statements in accordance with the International Financial Reporting Standards as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the SOCPA ( IFRS ). Accordingly, effective from January 1, 2017, the Company shall prepare its financial statements in accordance with IFRS.

**4 CASH AND CASH EQUIVALENTS**

	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Bank balances	<b>435,614</b>	717,652
Short term deposits	<b>93</b>	79
Cash in hand	<b>926</b>	1,627
	<b>436,633</b>	719,358

**5 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Accounts receivable – trade	<b>1,099,678</b>	947,840
Less: Allowance for doubtful debts	<b>(11,663 )</b>	(14,488 )
	<b>1,088,015</b>	933,352
Prepayments	<b>457,406</b>	554,129
	<b>1,545,421</b>	1,487,481

The Group sells a broad range of industrial and performance chemicals to a diverse group of customers in the global coatings, plastics and paper industries, operating throughout the world. Accordingly, there is no significant concentration of risk in any one particular country. The credit limits, ongoing credit evaluation, and account-monitoring procedures are utilized to minimize credit risk and to determine the allowance for doubtful accounts, if any. Collateral is generally not required, but may be used under certain circumstances as well as letters of credit in certain markets, particularly in lesser-developed markets.

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As at 31 December 2016 and 2015 trade accounts receivable amounting to SR 11.66 million and SR 14.49 million, respectively were considered impaired and provided for. The movement in allowance for doubtful debts was as follows:

	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>
At the beginning of the year	<b>14,488</b>	17,067
Adjustment during the year, net	<b>(2,825 )</b>	(2,579 )
At the end of the year	<b>11,663</b>	14,488

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**The National Titanium Dioxide Company Limited (Cristal)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**Years ended 31 December 2016, 2015 and 2014**

**6 INVENTORIES**

	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>
Finished goods	<b>898,433</b>	1,474,365
Raw materials	<b>664,496</b>	1,016,329
Work in progress	<b>326,429</b>	380,425
Consumables and spare parts	<b>396,558</b>	529,802
Process chemicals	<b>87,727</b>	134,658
	<b>2,373,643</b>	3,535,579
Provision for slow moving and obsolete inventory (see note below)	<b>(114,923 )</b>	(162,803 )
	<b>2,258,720</b>	3,372,776

Movements in the allowance for slowing moving and obsolete inventories are as follows:

	<i>2016</i>	<i>2015</i>
	<i>SR' 000</i>	<i>SR' 000</i>
At the beginning of the year	<b>162,803</b>	49,047
Movement in the year	<b>(47,880 )</b>	113,316
At the end of the year	<b>114,923</b>	162,803

The charge for the year includes a write down of inventory of SR 49.75 million in 2015 as an expense in the consolidated statement of income, to reduce certain inventory items to their net realizable value. No write down was required for the years ended 31 December 2016 and 2014.

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**7 PROPERTY, PLANT AND EQUIPMENT**

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings and building improvements 10 – 40 years Furniture, fixtures and equipment and motor vehicles 5 – 10 years  
 Plant and machinery 2 – 40 years Mine development 5 – 30 years

	<i>Land, buildings and building improvements SR' 000</i>	<i>Plant and machinery SR' 000</i>	<i>Furniture, fixtures and equipment SR' 000</i>	<i>Mine development SR' 000</i>	<i>Assets under construction SR' 000</i>	<b>Total 2016 SR' 000</b>
Cost:						
At the beginning of the year	1,257,020	7,211,179	29,026	1,111,485	2,092,711	11,701,421
Additions	12,227	45,391	(9 )	19	338,023	395,651
Disposals	(6,190 )	(35,225 )	(291 )	(1,471 )	(3,185 )	(46,362 )
Transfers	395,213	289,401	9	(288,637 )	(951,303 )	(555,317 )
Foreign currency translation	(27,257 )	(82,174 )	55	(7,636 )	(3,017 )	(120,029 )
At the end of the year	1,631,013	7,428,572	28,790	813,760	1,473,229	11,375,364
Depreciation and impairment:						
At the beginning of the year	(437,842 )	(3,614,242 )	(20,148 )	(539,144 )	—	(4,611,376 )
Charge for the year	(74,433 )	(445,931 )	(1,691 )	(95,167 )	—	(617,222 )
Impairment (see note c below)	—	(9,895 )	—	—	—	(9,895 )
Transfers	(116,055 )	128,886	120	38,141	—	51,092
Foreign currency translation	(2,020 )	25,352	(225 )	7,327	—	30,434
At the end of the year	(630,350 )	(3,915,830 )	(21,944 )	(588,843 )	—	(5,156,967 )
<b>Net book value:</b>						
<b>At 31 December 2016</b>	<b>1,000,663</b>	<b>3,512,742</b>	<b>6,846</b>	<b>224,917</b>	<b>1,473,229</b>	<b>6,218,397</b>

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**7 PROPERTY, PLANT AND EQUIPMENT (continued)**

	<i>Land, buildings and building improvements</i> SR' 000	<i>Plant and machinery</i> SR' 000	<i>Furniture, fixtures and equipment</i> SR' 000	<i>Mine development</i> SR' 000	<i>Assets under construction</i> SR' 000	<b>Total 2015 SR' 000</b>
Cost:						
At the beginning of the year as restated	1,215,340	6,852,619	65,289	1,201,022	3,868,724	13,202,994
Additions	36,567	120,230	681	—	1,386,973	1,544,451
Disposals	(2,597 )	(39,755 )	(218 )	—	(2,160 )	(44,730 )
Transfers	41,889	279,802	—	1,232	(322,923 )	—
Transfer to an associate (see note b below)	—	—	—	—	(2,828,622 )	(2,828,622 )
Foreign currency translation	(34,502 )	(1,252 )	(36,868 )	(90,769 )	(9,281 )	(172,672 )
At the end of the year	1,256,697	7,211,644	28,884	1,111,485	2,092,711	11,701,421
Depreciation and impairment:						
At the beginning of the year as restated	(410,151 )	(3,115,110 )	(59,521 )	(486,374 )	—	(4,071,156 )
Charge for the year	(68,021 )	(431,911 )	(2,934 )	(25,771 )	—	(528,637 )
Impairment (see note c below)	(9,959 )	(70,593 )	—	—	—	(80,552 )
Foreign currency translation	50,583	(66,288 )	41,080	43,594	—	68,969
At the end of the year	(437,548 )	(3,683,902 )	(21,375 )	(468,551 )	—	(4,611,376 )
<b>Net book value:</b>						
<b>At 31 December 2015</b>	<b>819,149</b>	<b>3,527,742</b>	<b>7,509</b>	<b>—</b>	<b>—</b>	<b>—</b>