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TRONOX INC
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Subject Company: Tronox Incorporated

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

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

CREATION OF A LEADING GLOBAL
INTEGRATED PIGMENT PRODUCER
September, 2011

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

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

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

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

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

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

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

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

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

billion including the shares to be issued to Exxaro in terms of the Flip-up

Transaction description

2

;

Creation of **a leading integrated pigment producer**

Full integration of feedstocks

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

Reduced
risk

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

Mitigate
cyclicality

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

Synergies and Efficiencies

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

Extension of KZN mine life

Long
term
value
creation

prospects

the
parties
believe
that
New
Tronox
has
long
term
value
creation

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

Transaction rationale and benefits

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

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

Overview of Exxaro Mineral Sands Company profile

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

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

Exxaro mineral sands operations comprise of:

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

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

4

Company structure

Namakwa

Sands

50%

KZN Sands

100%

100%

Tiwest

Mineral sands operations

JV operations

1

remaining 50% held by Tronox

100%

KZN Sands, located on the East Coast of South Africa, around the

Esikhawini area near Richards Bay

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

Africa

Tiwest, an Australian joint venture owned 50/50 with Tronox and the largest

integrated feedstock to pigment producer

As a part of the transaction, Exxaro acquired the option to purchase

Namakwa Sands from Anglo American, which it exercised in 2007 for

R2.0 billion

Subsequent significant improvements in commodity prices have

resulted in this decision being reversed

It is expected that the Fairbreeze expansion will increase KZN

Sands

life-of-mine by at least 12 years

1

Company profile
Company structure

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

Tronox is one of the five largest global producers and

marketers of titanium dioxide pigment

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

Tronox currently trades on the OTC market

Overview of Tronox Incorporated

5

Henderson
& Hamilton

50%

Hamilton

100%

Botlek

100%

Tiwest

100%

Pigment operations

JV operations

Electrolytic operations

1

remaining 50% held by Exxaro

Current Tronox
shareholders

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

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

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

Tronox settled these liabilities in the Chapter 11 process

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

1

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

South African
assets are
empowered
directly at the
asset
level

New Tronox
(Aus Holdco)

Aus Subco

Tiwest

KZN Sands &
Namakwa

Sands

Hamilton

Botlek

Henderson &
Hamilton

74%

100%

100%

100%

100%

100%

100%

100%

c.15%

exchangeable

through

October 2012

Proposed Transaction structure

6

1

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

2

Current Tronox shareholders will have the option to retain up to

15% of their interest directly in Tronox shares for up to a year after

announcement, following which they will be exchanged for shares in New Tronox

2

1

Exxaro
will
receive
separate shareholder rights over certain extraordinary transactions

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

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

ownership interest
in New Tronox

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

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

10

th

anniversary of the transaction

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

Management

of

New

Tronox s

mineral

sands

operations

will

be

located

in

South

Africa

and

will

assume

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

Salient terms of the Proposed Transaction

7

,

which

will

have

separate

Board

representation

rights

and

will

have

,

Exxaro

will

have

the

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

The
pro
forma
financial
effects
of
the
transaction
on

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

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

Intention
to
list
on

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

Historic financial information

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Tronox key financials FYE 31 Dec

Exxaro Mineral Sands key financials FYE 31 Dec

USDmm

2008A

2009A

2010A

30/06/2011

LTM

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

% sales

20.6%

23.5%

14.9%

9.2%

18.5%

6.8%

Source: Company information

Rmm

2008A

2009A

2010A

30/06/2011

LTM

1H 2010

1H 2011

Revenue

2,776

3,508

4,640

5,399

2,130

2,889

% growth

26.4%

32.3%

16.4%

35.6%

Adjusted

EBITDA

474

355

780

1,251

430

901

% margin

17.1%

10.1%

16.8%

23.2%

20.2%

31.2%

EBIT

104

(1,559)

179

683

148

652

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

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

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

The election or early termination of the chairman of the Board

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

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

The decision to pay any dividends

The
decision
to
adopt
a
dividend
reinvestment
plan.

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

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

Certain material acquisitions or disposals of assets

Certain material agreements or obligations

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

Annexure

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

11

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

Regulatory approvals required

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Competition approval in certain relevant jurisdictions

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

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

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

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