

Company Registration No. 10660130 (England and Wales)

TRONOX UK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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TRONOX UK LIMITED

COMPANY INFORMATION

Directors	T C Carlson S A Kaye
Secretary	Intertrust (UK) Limited
Company number	10660130
Registered office	35 Great St. Helen's London ECA 6AP
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

TRONOX UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of business

The company provides loan financing to group companies. In the current year there has been a restructure of the group's activities, as part of this process the full amount of the company's interest bearing loan notes and interest were waived, which has been as a distribution of realised profits (refer to note 6 and note 9).

The most significant item in profit and loss is turnover which was derived from interest on this loan financing. The profit for the period, after taxation, amounted to US\$ 31,500,000 (2017: US\$ 10,104,000) and the company has net liabilities at the year end of US\$ 43,000 (2017: US\$ 588,538,000 net assets) which the directors consider to be a satisfactory position.

Due to the nature of its activities the directors do not use Key Performance Indicators (KPIs) to monitor financial performance. Following the restructure and the loan waiver the company is expected to be liquidated after the reporting date.

The company was incorporated on 8 March 2017 and the comparative financial statements were for the 10 month period from incorporation to 31 December 2017.

Principal risks and uncertainties

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from loans and receivables.

The company's policy limits the amount of credit exposure to any financial institution. Limits on its exposure to a single third party counterparty, or groups of third party counterparties are approved by the management. The utilisation of credit limits is regularly monitored.


During the year, the company waived all loans receivable from fellow group companies, as such the directors do not consider there to be any credit risk at the reporting date.

Liquidity risk

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Following the restructure the directors do not consider there to be any such risk at the reporting date.

The above risks are managed by the directors as part of the group risk management process.

On behalf of the board



T C Carlson
Director

Date: 21 March 2019

Company number: 10660130

TRONOX UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company during the year was the provision of loan financing to group companies.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T C Carlson
S A Kaye

Results and dividends

The results for the year are set out on page 6.

Future developments

In the current year there has been a restructure of the group's activities and as part of this process the full amounts of the company's interest bearing loan notes and interest were waived (refer to note 6 and note 9). Following the restructure and the loan waiver the company is expected to be liquidated after the reporting date.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.


Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so, where relevant, in respect of financial risk management objectives and policies, exposure to price risk, credit risk, liquidity risk and cash flow risk.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



T C Carlson
Director

Date: 21 MARCH 2019

Company number: 10660130

TRONOX UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRONOX UK LIMITED

Opinion

We have audited the financial statements of Tronox UK Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Non-going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, the directors intend to liquidate the company following a group restructure and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRONOX UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
22 March 2019

TRONOX UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018 \$'000	Period ended 31 December 2017 \$'000
Turnover	3	31,543	10,104
Profit before taxation		31,543	10,104
Tax on profit	5	-	-
Profit for the financial year		31,543	10,104

The profit for the year arises from the company's discontinued operations.

TRONOX UK LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	2018 \$'000	2017 \$'000
Current assets			
Debtors falling due after more than one year	6	-	588,538
Net current assets		-	588,538
Capital and reserves			
Called up share capital	8	-	578,434
Profit and loss reserves	9	-	10,104
Total equity		-	588,538

The financial statements were approved by the board of directors and authorised for issue on 21 MARCH 2019 and are signed on its behalf by:



T C Carlson
Director

21 MARCH 2019

TRONOX UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital \$'000	Profit and loss reserves \$'000	Total \$'000
Period ended 31 December 2017:				
Profit and total comprehensive income for the period		-	10,104	10,104
Issue of share capital	8	578,434	-	578,434
Balance at 31 December 2017		578,434	10,104	588,538
Period ended 31 December 2018:				
Profit and total comprehensive income for the period		-	31,543	31,543
Capital reduction	8	(578,434)	578,434	-
Distribution	9	-	(620,081)	(620,081)
Balance at 31 December 2018		-	-	-

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Tronox UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 35 Great St. Helen's, London, ECA 6AP.

The company's principal activities and nature of its operations are disclosed in the Strategic Report and Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in USD (\$), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company was incorporated on 8 March 2017 and the comparative financial statements were for the 10 month period from incorporation to 31 December 2017. The comparative amounts presented in the statement of comprehensive income (including related notes) are therefore not entirely comparable with the current year.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosure
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the company are consolidated into the financial statements of Tronox Limited which can be obtained from Lot 22, Mason Road, Kwinana Beach, Western Australia 6167.

Re-domiciling from Australia to the United Kingdom

In November 2018, Tronox Limited announced its intention to re-domicile from Western Australia to the United Kingdom (the "Re-Domicile Transaction"). The Re-Domicile Transaction will be effected via a scheme of arrangement overseen by an Australian Court. Pursuant to such scheme of arrangement, holders of Tronox Limited Class A ordinary shares and Class B ordinary shares will be required to exchange their shares in Tronox Limited on a 1:1 basis for ordinary shares in Tronox Holdings plc, a newly formed entity incorporated under the laws of England and Wales ("New Tronox"), which shares shall be listed on the New York Stock Exchange (NYSE). On 8 February 2019, the first Australian Court hearing occurred whereby the Court approved the Class A and Class B shareholder meetings to be convened for the purpose of approving the Re-Domicile Transaction, as well as approved the mailing of the definitive proxy statement in connection with such shareholder meetings by Tronox Limited.

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

On 8 March 2019, the shareholders of the Tronox Limited (the ultimate parent company) approved the transaction to re-domicile to the United Kingdom from Australia. Re-domiciling will be effected by "top-hatting" Tronox Limited with a new holding company incorporated under the laws of England and Wales called Tronox Holdings plc. Each shareholder will receive one share in the newly incorporated English company in exchange for each share held in the Australian-incorporated Tronox Limited, which shares are proposed to be listed on the NYSE.

Subject to the final Australian court hearing and assuming Court approval and other customary conditions are satisfied, the transaction is expected to be completed on 27 March 2019.

Going concern

In the current year there has been a restructure of the groups' activities, as part of this process the full amount of the company's interest bearing loan notes were waived (refer to note 6 and note 10). Following the restructure and the loan waiver, the company has ceased to carry on any activity as of the reporting date and the directors intend to liquidate the company after the reporting date. Therefore, the financial statements have been prepared on the basis that the company is not a going concern. No adjustments were required to the carrying value of any assets or liabilities as a result of not using the going concern basis.

Turnover

Turnover comprises revenue recognised by the company in respect of the effective interest charged on loans to fellow subsidiaries of Tronox Limited which is recognised on an accruals basis.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which comprise loans to group companies (included in long term debtors), are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, which comprise of amounts due to group undertakings which are repayable on demand, are initially recognised at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less amounts settled.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Following the distribution of the company's assets during the year the directors consider there are no critical judgements or estimates at the reporting date.

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

	2018 \$'000	2017 \$'000
Turnover analysed by class of business		
Interest on loans measured at amortised cost	31,543	10,104

	2018 \$'000	2017 \$'000
Turnover analysed by geographical market		
United Kingdom	28,015	7,951
Australia	3,528	2,153
	31,543	10,104

4 Auditor's remuneration

	2018 \$'000	2017 \$'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	15	15
For other services		
All other non-audit services	5	5

The fees disclosed above are paid on behalf of the company by a fellow group company.

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Taxation

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 \$'000	2017 \$'000
Profit before taxation	31,543	10,104
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.08%)	5,993	1,928
Group relief received	(5,993)	(1,928)
Taxation charge for the period	-	-

6 Debtors

	2018 \$'000	2017 \$'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	588,538

In the prior period, amounts owed by group undertakings comprised two interest bearing loan notes due from fellow group undertakings of Tronox Limited with principal amounts of \$458,000,000 and \$120,434,050 which matured in September 2025 and March 2022 respectively. The full amount of the outstanding principal and interest on both loans was waived during the year.

Both loans accrued interest annually at 6.25% and the balance at 31 December 2017 included accrued interest.

The company had the right to repayment on demand but, in the prior year and before the waiver in the current year, expected to receive the balance due (including accrued interest) on the date of maturity.

7 Financial instruments

	2018 \$'000	2017 \$'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	-	588,538
Carrying amount of financial liabilities		

8 Share capital

	2018 \$'000	2017 \$'000
Ordinary share capital		
Issued and fully paid		
1 (2017: 578,434,150) Ordinary share of \$1 each	-	578,434
	-	578,434

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Share capital (Continued)

Reconciliation of movements during the year:

	Number
At 1 January 2018	578,434,150
Capital reduction	(578,434,149)
	<hr/>
At 31 December 2018	1
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Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Share movements

On incorporation, in the prior period, 100 ordinary shares of \$1 each were issued at par value for cash consideration.

During the prior period a further two share issues took place:

120,434,050 ordinary shares of \$1 each were issued at par value. The consideration was in the form of loan notes due from group companies.

458,000,000 ordinary shares of \$1 each were issued at par value.

In the current year, the company reduced its share capital by 578,434,149 ordinary shares of \$1 each by way of special resolution supported by a solvency statement, creating realised profits available for distribution, as permitted by the Companies Act 2006.

9 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

During the year, loans receivable and accrued interest due from indirect parent companies totalling \$620,081,000 were waived. This has been accounted for as a distribution of realised profits.

10 Financial commitments, guarantees and contingent liabilities

The assets of the company have been pledged as security for a term loan and asset based lending facility held by Tronox Limited. The total balance of the term loan and ABL facility at 31 December 2018 was \$2,119 billion. There were no outstanding revolving credit loans under the ABL revolver facility as of 31 December 2018. The assets of the company have also been pledged as security for the \$450 million Senior Notes due 2025 held by Tronox Finance plc, a fellow group company as of 31 December 2018.

TRONOX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Controlling party

At 31 December 2018 the company's immediate parent company was Tronox UK Holdings Limited.

The company's ultimate parent company is Tronox Limited, a company registered in Australia, which was the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated accounts of the ultimate parent company can be obtained at Lot 22, Mason Road, Kwinana Beach, Western Australia 6167.

On 8 March 2019, the shareholders of Tronox Limited approved the transaction to re-domicile to the United Kingdom from Australia. Re-domiciling will be effected by "top-hatting" Tronox Limited with a new holding company incorporated under the laws of England and Wales called Tronox Holdings Plc. Refer to the "Re-domiciling from Australia to the United Kingdom" under the accounting policies