

Limited Liability Partnership Registration No. OC375032 (England and Wales)

**TRONOX INTERNATIONAL FINANCE LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

WEDNESDAY



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# TRONOX INTERNATIONAL FINANCE LLP

## LIMITED LIABILITY PARTNERSHIP INFORMATION

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<b>Designated members</b>	Tronox Limited Tronox UK Holdings Limited
<b>Limited liability partnership number</b>	OC375032
<b>Registered office</b>	7 Albemarle Street London W1S 4HQ
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# TRONOX INTERNATIONAL FINANCE LLP

## MEMBERS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The members present their annual report and financial statements for the year ended 31 December 2017.

#### Principal activities

The principal activity of the limited liability partnership (the "LLP") is to hold investments in fellow subsidiaries of Tronox Limited.

The LLP previously provided loan financing to fellow subsidiaries of Tronox Limited but in the prior year its interest bearing investments were transferred to other entities in the group as part of a restructure of the group's activities. As a result the LLP has no turnover in 2017.

#### Members' drawings, contributions and repayments

Each member's subscription to the capital of the LLP is determined by their share of the profit and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 December 2017 are set out in the financial statements.

Each member shall be at liberty to draw out for his separate use on account of his accruing profit share for the then current accounting period such monthly amount as the members shall decide by unanimous resolution.

#### Designated members

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

Tronox Limited  
Tronox UK Holdings Limited

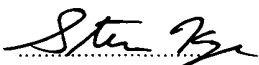
#### Auditor

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditor will be proposed at the next members' meeting.

#### Statement of disclosure to auditor

So far as the members are aware, there is no relevant audit information of which the LLP's auditor is unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the LLP's auditor is aware of that information.

On behalf of the members



Steven A. Kaye, for and on behalf of Tronox UK Holdings Limited  
Designated Member

6/26/18

# **TRONOX INTERNATIONAL FINANCE LLP**

## **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 regulations, the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that year.

In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with those regulations. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRONOX INTERNATIONAL FINANCE LLP**

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### **Opinion**

We have audited the financial statements of Tronox International Finance LLP (the 'limited liability partnership') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Members' Interests 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 limited liability partnership's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **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 limited liability partnership 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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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 members are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRONOX INTERNATIONAL FINANCE LLP (CONTINUED)**

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### **Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement set out on page 2, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership'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  
EC4A 4AB  
United Kingdom  
27 June 2018

## TRONOX INTERNATIONAL FINANCE LLP

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

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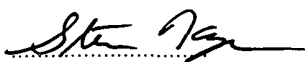
		2017	2016
	Notes	\$'000	\$'000
Turnover	3	-	327,084
Administrative expenses		(90)	(42)
Exchange differences		445	(391)
		<hr/>	<hr/>
<b>Profit for the financial year before members' remuneration and profit shares available for discretionary division among members</b>		355	326,651
		<hr/>	<hr/>

The profit for the year arises from the LLP's continuing operations.

**TRONOX INTERNATIONAL FINANCE LLP****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

	Notes	2017 \$'000	2016 \$'000
<b>Fixed assets</b>			
Investments	6	3,749,858	3,749,858
<b>Current assets</b>			
Debtors falling due after one year	8	100	100
Debtors falling due within one year	8	5,596	4,488
Cash at bank and in hand		44	76
		5,740	4,664
<b>Creditors: amounts falling due within one year</b>	9	(2,391)	(1,670)
<b>Net current assets</b>		3,349	2,994
<b>Net assets attributable to members</b>		3,753,207	3,752,852
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Amounts due in respect of profits		898,146	571,495
Other amounts		33,075	33,075
		931,221	604,570
<b>Members' other interests</b>			
Members' capital classified as equity		2,821,631	2,821,631
Other reserves classified as equity		355	326,651
		3,753,207	3,752,852
<b>Total members' interests</b>			
Loans and other debts due to members	11	931,221	604,570
Members' other interests		2,821,986	3,148,282
		3,753,207	3,752,852

The financial statements were approved by the members and authorised for issue on 6/25/18 and are signed on their behalf by:



Steven A. Kaye, for and on behalf of Tronox UK Holdings Limited  
Designated member



# TRONOX INTERNATIONAL FINANCE LLP

## RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2017

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Members' capital (classified as equity) \$'000	Other reserves \$'000	Total equity \$'000	Other amounts \$'000	Total 2017 \$'000
Amounts due to members				604,570	
Members' interests at 1 January 2017	2,821,631	326,651	3,148,282	604,570	3,752,852
Profit for the financial year available for discretionary division among members	-	355	355	-	355
Members' interests after profit for the year	2,821,631	327,006	3,148,637	604,570	3,753,207
Reclassifications	-	(326,651)	(326,651)	326,651	-
Members' interests at 31 December 2017	2,821,631	355	2,821,986	931,221	3,753,207
Amounts due to members				931,221	

# TRONOX INTERNATIONAL FINANCE LLP

## RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Members' capital (classified as equity) \$'000	Other reserves \$'000	Total equity \$'000	Other amounts \$'000	Total 2016 \$'000
Amounts due to members				343,948	
Members' interests at 1 January 2016	5,455,122	257,546	5,712,668	343,948	6,056,616
Profit for the financial year available for discretionary division among members	-	326,651	326,651	-	326,651
Members' interests after profit for the year	5,455,122	584,197	6,039,319	343,948	6,383,267
Repayments of capital	(2,633,491)	-	(2,633,491)	-	(2,633,491)
Reclassifications	-	(257,546)	(257,546)	257,546	-
Withholding tax recovered in the current year	-	-	-	3,076	3,076
Members' interests at 31 December 2016	2,821,631	326,651	3,148,282	604,570	3,752,852
				604,570	

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Limited liability partnership information

Tronox International Finance LLP (the "LLP") is a limited liability partnership incorporated in England and Wales. The registered office is 7 Albemarle Street, London, W1S 4HQ.

The LLP's principal activities and nature of its operations are disclosed in the Members' Report.

#### Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### Reduced disclosures

In accordance with FRS 102, the LLP 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 disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The LLP is a subsidiary of Tronox Limited, a company incorporated in Australia, whose accounts are publically available and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements present information about the LLP as an individual entity and not about its group.

#### Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

The members expect the LLP to continue to hold investments in fellow subsidiaries of Tronox Limited for the foreseeable future. The position of the LLP will be reviewed in the medium to long term with a view to the investments being transferred to other group entities and the activities of the LLP being wound up.

#### Turnover

Turnover comprises revenue recognised in the LLP in respect of dividends and interest received from investments and loans to fellow subsidiaries of Tronox Limited, inclusive of withholding tax where applicable. Turnover is recognised on an accruals basis.

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (Continued)

##### **Members' remuneration and participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation right results in a liability unless the right to any payment is at the discretion of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities, unless the "puttables exception" described by the SORP applies.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in profit and loss in the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities in the statement of financial position.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the statement of comprehensive income and are equity appropriations in the statement of financial position.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the statement of financial position within 'Loans and other debts due to members'. Amounts due to members that are classified as equity are shown in the statement of financial position within 'Members' other interests'.

Any member may contribute further capital to the LLP by agreement with the managing member.

##### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Other investments held as fixed assets are accounted for according to whether they are basic or complex financial instruments (refer to financial instruments accounting policy).

Fixed asset investments that are also monetary assets denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All translation differences are taken to profit and loss.

All fixed asset investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (Continued)

##### **Financial instruments**

The LLP 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 LLP becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 comprise amounts owed by group undertakings which are repayable on demand, loans to group undertakings included in debtors due after one year and redeemable preference shares.

Amounts owed by group undertakings which are repayable on demand are initially recognised at transaction price and subsequently carried at amortised cost, being transaction price less amounts settled and less any impairment losses.

Loans to group undertakings and redeemable preference shares are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is initially measured at the present value of the future receipts discounted at the market rate of interest 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.

##### **Convertible loan notes**

Mandatorily convertible loan notes were initially recognised at a transaction price and subsequently measured at fair value. The mandatorily convertible notes do not have quoted market price in an active market. The valuation technique used to estimate fair value was price / book value approach, less an appropriate discount for lack of marketability.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end 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. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### **Classification of financial liabilities**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into.

##### **Basic financial liabilities**

Basic financial liabilities which comprise amounts due to group undertakings that are repayable on demand and loans and other debts due to members, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less amounts settled.

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies (Continued)

##### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

##### Taxation

The tax payable on the LLP's profits is solely the personal liability of the individual members and consequently neither LLP taxation nor related deferred taxation arising in respect of the LLP are accounted for in these financial statements.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the LLP's accounting policies, the members 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.

##### Critical judgements and estimates

The following judgements and estimates could potentially have the most significant effect on amounts recognised in the financial statements.

##### Impairment of fixed asset investments

A critical judgement is whether the LLP's investments in subsidiary undertakings are impaired. These investments (refer to Note 6) are reviewed annually for impairment (refer to the accounting policies) which involves a degree of estimation and judgement over the expected future cash flows. The directors do not consider that any impairment is required in the current year nor was it required in the prior year.

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover

An analysis of the LLP's turnover is as follows:

	2017 \$'000	2016 \$'000
<b>Turnover analysed by class of business</b>		
Interest on loans and dividends on redeemable preference shares measured at amortised cost	-	327,084
	<u>-</u>	<u>327,084</u>
	2017 \$'000	2016 \$'000
<b>Turnover analysed by geographical market</b>		
Australia	-	110,042
United States	-	217,042
	<u>-</u>	<u>327,084</u>

In 2016 the LLP's interest bearing investments were transferred to other group companies as part of a restructure of the group's activities. As a result the LLP has no turnover in 2017.

### 4 Information in relation to members

	2017 Number	2016 Number
Average number of members during the year	2	2
	<u>2</u>	<u>2</u>
	2017 \$'000	2016 \$'000
Profit attributable to the member with the highest entitlement	351	323,384
	<u>351</u>	<u>323,384</u>

The entity has no employees other than the members, who did not receive any remuneration (2016: \$nil).

### 5 Auditor's remuneration

	2017 \$'000	2016 \$'000
Fees payable to the LLP's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the LLP	16	19
	<u>16</u>	<u>19</u>
<b>For other services</b>		
All other non-audit services	5	6
	<u>5</u>	<u>6</u>

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Fixed asset investments

	Notes	2017 \$'000	2016 \$'000
Investments in subsidiaries	7	3,749,858	3,749,858

### Movements in fixed asset investments

	Shares in group undertakings \$'000
<b>Cost or valuation</b>	
At 1 January 2017 & 31 December 2017	3,749,858
<b>Carrying amount</b>	
At 31 December 2017	3,749,858
At 31 December 2016	3,749,858

### 7 Subsidiaries

These financial statements are separate LLP financial statements for Tronox International Finance LLP.

Details of the LLP's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Tronox Finance GmbH	a)	Providing financial services	Ordinary		100.00
Tronox International Holdings GmbH	a)	Investment holding company	Ordinary	100.00	
Tronox UK Limited	b)	Group financing	Ordinary		100.00

a) Hirschmattstrasse 30, 6003 Luzern, Switzerland  
b) 7 Albemarle Street, London, W1S 4HQ



# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

<b>8 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	5,596	4,488
	<u>          </u>	<u>          </u>
<b>Amounts falling due after more than one year:</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts owed by group undertakings	100	100
	<u>          </u>	<u>          </u>
<b>Total debtors</b>	<b>5,696</b>	<b>4,588</b>
	<u>          </u>	<u>          </u>

Included in amounts due from group undertakings falling due after one year is a debtor balance of \$100,000 (2016: \$100,000) due from Tronox Sands Investment Funding Limited, a fellow subsidiary of Tronox Limited. No interest is payable on this loan.

<b>9 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due to group undertakings	2,391	1,670
	<u>          </u>	<u>          </u>
<b>10 Financial instruments</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	5,696	4,588
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	933,612	606,240
	<u>          </u>	<u>          </u>
<b>11 Loans and other debts due to members</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Analysis of loans</b>		
Amounts falling due within one year	931,221	604,570
	<u>          </u>	<u>          </u>

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

Members' capital is classified as equity where the LLP has an unconditional right to refuse repayment of capital or when the puttables exception applies. The puttables exception applies in this case.

## TRONOX INTERNATIONAL FINANCE LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 12 Financial commitments, guarantees and contingent liabilities

The assets of the LLP 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 2017 was \$2.1 billion.

#### 13 Related party transactions

Tronox Sands Investment Funding Limited, a fellow subsidiary of Tronox Limited, incurs all expenses relating to the Tronox entities in the UK, and recharges 20% of all expenses to Tronox International Finance LLP. This recharge totalled \$60,355 (2016: \$35,800) in the year. The balance due to Tronox Sands Investment Funding Limited at year end (after movement arising from foreign currency translation and repayments of amounts due) was \$147,384 (2016: \$65,002) which is included within creditors due within one year. No interest is payable on this balance.

In the previous year the LLP repaid \$138,646 of amounts due to Tronox US Holdings Inc, a fellow subsidiary of Tronox Limited. The balance due at the year end which was included in creditors due within one year was \$nil (2016: \$nil), no interest was payable on this balance.

Included in creditors due within one year is an amount of \$500,001 (2016: \$500,001) due to Tronox Limited, the ultimate parent company. No interest is payable on this balance.

During the year the LLP received funding of \$625,000 (2016: \$1,103,821) from Tronox Finance LLC, a fellow subsidiary of Tronox Limited. The balance due at the year end was \$1,728,921 (2016: \$1,103,921) which is included in creditors due within one year. No interest is payable on this balance.

During the year the LLP provided funding of \$628,500 (2016: \$1,205,787) to Tronox Sands Investments Funding Limited, a fellow subsidiary of Tronox Limited. The total amount outstanding at year end (after movement arising from foreign currency translation) and included in debtors falling due within one year was \$5,272,569 (2016: \$4,182,766). No interest is charged on this balance.

During the year the LLP provided funding of \$nil (2016: \$92,588) to Tronox Sands LLP, a fellow subsidiary of Tronox Limited. The total amount outstanding at the year end (after movement arising from foreign currency translation) and included in debtors falling due within one year was \$292,378 (2016: \$275,872).

At the year end the LLP was owed \$100 (2016: \$100) from Tronox Limited and \$9,900 (2016: \$9,900) from Tronox Global Holdings PTY Limited, a fellow subsidiary of Tronox Limited. These amounts are included in debtors falling due within one year. No interest is charged on these amounts.

# TRONOX INTERNATIONAL FINANCE LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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### 13 Related party transactions (Continued)

In the prior year the LLP held investments in Tronox Pigments (Australia) Pty Limited, a fellow subsidiary of Tronox Limited. The details were as follows:

On 15 June 2012, the LLP exchanged \$321,488,154 of redeemable preference shares in Tronox Pigments Australia Pty Limited for AU\$226,000,000 of redeemable preference shares in Tronox Holdings (Australia) Limited, plus the accrued dividends due to the previous holder on those shares. The Tronox Holdings (Australia) Limited redeemable preference shares accrued a preference dividend at 7.94%. This resulted in \$11,307,989 of dividend income being accrued from Tronox Holdings (Australia) Limited in 2016. The full amount of the redeemable preference shares and the accrued interest were received on maturity in October 2016.

In the prior year the LLP held investments in fellow subsidiaries of Tronox Limited. All of these investments and accrued dividends were distributed to the members as a repayment of members' capital as part of the restructure of the group in 2016.

Details of these investments and of the amounts relating to them included in profit and loss in 2016 were as follows:

The LLP held a convertible loan note issued by Tronox Pigments Pty Limited and redeemable preference shares issued by Tronox Pigments Australia Pty Limited and Tronox Pigments Australia Holdings Pty Limited.

On 15 June 2012, the LLP received a convertible loan note (\$452,637,743) and redeemable preference shares (\$1,329,743,363) from Tronox Pigments Australia Pty Limited and redeemable preference shares (\$589,472,870) from Tronox Pigments Australia Holdings Pty Limited from its members at that time, Tronox Limited and Tronox Global Holdings Pty Limited in exchange for capital in the LLP. The convertible loan note was not interest bearing and was due to be exchanged on maturity, on 15 June 2017 for 452,637,743 ordinary shares in Tronox Pigments Australia Pty Limited.

The redeemable preference shares accrued a preference dividend at 6.82%. In 2016 this resulted in \$61,604,117 of dividends being accrued from Tronox Pigments Australia Pty Limited and \$36,016,631 from Tronox Pigments Australia Holdings Pty Limited for the year.

In the prior year the LLP held a loan due from Tronox US Holdings Inc., a fellow subsidiary of Tronox Limited. The loan and all accrued interest were contributed to Tronox Finance GmbH (a subsidiary undertaking) in December 2016 as part of the restructure of the group. Details of this loan and of the amounts relating to it included in profit and loss in 2016 were as follows:

A loan of \$4,010,542,412 made on 15 June 2012. The loan was issued at a discount of 23.12% and earned interest of 3.25% on the face value. The effective interest rate of the discount and interest was 6.5%. Interest earned on this loan in 2016 was \$130,358,033 and amortisation of the discount in 2016 was \$87,212,707.

### 14 Controlling party

At 31 December 2017 the LLP's ultimate parent company was Tronox Limited, a company registered in Australia.

Tronox Limited is the parent of the smallest and largest group to consolidate these financial statements. The consolidated accounts of Tronox Limited can be obtained at Lot 22, Mason Road, Kwinana Beach, Western Australia 6167.

## **TRONOX INTERNATIONAL FINANCE LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **15 Events after the reporting date**

After the reporting date, following a restructure of the group headed by Tronox Limited, the LLP received a distribution of \$3.4 billion from one of its subsidiary undertakings in the form of a loan note receivable from another group company. The loan note was subsequently exchanged with another group company for proceeds of the same amount in the form of another loan note.