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Timminco Falls on Concern New Technology Won't Satisfy Clients

By Rob Delaney

April 23 (Bloomberg) -- **Timminco Ltd.**, the Canadian solar- grade silicon maker that has risen fourfold in the past year, fell for a fifth session in Toronto trading on concern its low- cost method of purifying silicon may not meet customer demands.

Timminco **dropped** 76 cents, or 4.2 percent, to C$17.47 at 12:33 p.m. on the Toronto Stock Exchange. The shares have fallen 38 percent since the close of regular trading on April 16.

The company hasn't dispelled claims in publications including Barron's and the Globe and Mail that the technology Timminco is using to supply the world's biggest solar-cell manufacturer may not meet specifications, said **John Stephenson**, who helps oversee about $1.62 billion as a portfolio manager at First Asset Investment Management Inc. in Toronto.

``The best one can say is that Timminco's management has handled this poorly,'' Stephenson said. ``It's a headscratcher. How does a company spending about C$2 million on R&D come up with something that Dow Corning can't do?''

Timminco announced on March 27 that its Becancour Silicon unit agreed to supply Thalheim, Germany-based Q-Cells AG with 410 tons of solar-grade silicon in 2008 and 3,000 tons in 2009.

The Toronto-based company is awaiting U.S. and international patents for a process to purify silicon for use in solar cells that it says is cheaper than competitors' methods. Barron's reported on April 20 the company may be overvalued and vulnerable if the technology fails to meet expectations. The patent document that boosted the shares last year is just an application, Barron's said.

Timminco plans to invest $65 million to quadruple production at a plant in Quebec. The investment, which would increase annual production of solar-grade silicon to 14,400 metric tons, will be completed midway through next year, the company said in February.

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