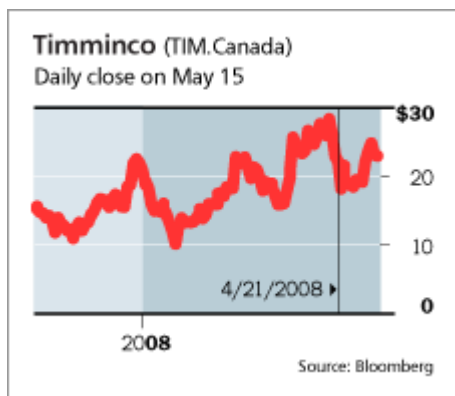




Timminco Holder's IPO Is One to Avoid

CANADA'S MOST CELEBRATED money manager, Eric Sprott, pulled off his investment firm's initial offering last week.

The road show was complicated by our disclosure that his recent returns were attributable in large part to one stock, **Timminco** [ticker: TIM.Canada], an unprofitable smelter that claims it can purify silicon for solar cells at a fraction of the cost of outfits like **MEMC** (WFR) ("**Timminco Generates More Heat Than Light**," April 21). By chance, the day before Sprott's IPO, Timminco paid a solar-industry consultant to stage a conference call assuring investors Timminco can earn 2010 operating profits of C\$1 billion.



Most of Timminco's stock is tightly controlled by Sprott and AMG **Advanced Metallurgical Group** (AMG.Netherlands), Timminco's Euronext-listed parent, through which Timminco management cashed out without depressing Timminco's price. That price dipped from C\$23 to C\$15 following our story, then ramped to a recent C\$28.50 as the Toronto company threatened legal action against critical analysts like Manuel Asensio of New York's Mill Rock investment firm.

Timminco also reported that its March- quarter silicon sales rose 45% to C\$35 million, still with no profit. Timminco's market capitalization of C\$3 billion assumes it will sell a lot more silicon at prices unaffected by the supply plans of other silicon makers and "thin-film" solar alternatives from **First Solar** (FSLR), **Applied Materials** (MAT) and Sharp.

Michael Rogol of Photon Consulting said he called Timminco after our story and offered to visit its plant and report what he saw. Rogol's boost impressed bullish analysts at firms such as Raymond James and Clarus Securities, but the lone sell side bear, at Cormark Securities, said Rogol's profit forecast was preposterous.

At C\$10 a share, **Sprott Inc.'s** (SII.Canada) debut wasn't one of those under priced IPOs you read about. In its first two days on the Toronto exchange, the stock fell to C\$9.70. All shares in the deal were sold by Eric Sprott and other insiders.

-- Bill Alpert