

Industry expert repeats view that Timminco is realistic about its solar silicon

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TORONTO - Timminco Ltd. (TSX:TIM), under attack from skeptics who cast doubt whether the company really has a break-through technology for producing silicon for solar cells, presented what they hope is a credible outside expert to back their case Wednesday.

What the specialty metals company delivered was an hour-long discourse on the company's plans and processes by a consultant who advises both Timminco and its customers and who, overall, said he was impressed with what the company has showed him

"Management showed us all of their facilities, as best as we can tell," Michael Rogol, managing director of Photon Consulting, said during a conference call after markets closed Wednesday.

"I've done well beyond a hundred plant visits in various industries, largely in solar and silicon in the past several years, and I would say they - as best as I can tell - they were completely open with us about every aspect of the business we asked about."

His assessment from the one-day visit to Timminco's site, combined with knowledge of the customers and suppliers it deals with, was that they should be able to produce the silicon at the quality and costs within the range the company has given.

"The bottom line is...to the best of our ability, our assessment is that they have the potential of operating income - not including stock options - of \$270 million to \$1 billion in 2010."

In terms of revenue, if they just take the contracts they already have, Timminco could probably sell the silicon at an average price of \$60 per kilogram but "there are real strategic questions about who they want as their partners."

"It wouldn't surprise me if they were to blend fairly high-priced, \$60, \$70, maybe even higher-priced contracts with lower-priced contracts for strategic reasons. . . . It's more them choosing to take lower prices than needing to."

Timminco currently spends "at worst" somewhere in the mid 40s to produce that silicon and the cost of production is likely to fall as they get their new plant up to speed.

Last week, the consultant reported that the operations and processes "have potential for massive growth and, possibly, for reshaping the silicon industry."

It also called the equipment "very impressive, very low-cost."

The finding caused a jump in Timminco's stock, which flattened out recently from an all-time high amid questions - notably from a prominent New York short-seller - over whether its production method is a legitimate breakthrough.

Prior to the call Wednesday, Timminco shares closed on the Toronto Stock Exchange at \$24.90, up 30 cents..

The stock hit a record high of \$28.50 last month after Timminco signed a deal to supply solar grade silicon to Q-Cells AG, the world's largest manufacturer of solar cells.

Last week, the company said it signed a second deal to supply solar grade silicon to Pittsburgh-based Solar Power Industries Inc.

Under the deal with Timminco's subsidiary Becancour Silicon Inc., SPI has committed to buy an additional 3,000 tonnes per year from 2010 to 2015.

That agreement follows an initial supply agreement that anticipated shipments of more than 4,000 tonnes of solar grade silicon over its initial period of five years.

Timminco also recently reported a first-quarter loss of \$556,000 or a penny per share on \$47.6 million in sales for the three months ended March 31, compared with a loss of \$3.1 million or four cents per share on \$42.8 million in revenue in the first three months of 2007.

Timminco processes metallurgical grade silicon into low cost solar grade silicon for use in the manufacture of solar cells.

It also produces silicon metal, magnesium extrusions and other specialty metals for the aluminum, chemical, pharmaceutical, electronics and automotive industries.