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Presented by

Timminco-Ceramic overlap II

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In a recent column, we pointed out connections between those involved with Timminco and Ceramic Protection.

The connections included: - Heinz Schimmelbusch, the current chairman and chief executive at Timminco and the executive who sold Alanx Wear Solutions to Ceramic in September, 2004; - John Walsh, a former senior executive at Alanx who became president at Ceramic. In late 2006, Walsh became president of Timminco. He resigned earlier this month, which means he is not an insider for disclosure purposes; - David Tomjenovic, the analyst who at the time was with Clarus Securities. He is now with Sprott Asset Management (SAM). Not only is SAM the second-largest shareholder in Timminco, it was also a big holder of Ceramic.

Here's SAM's ownership: - June 30, 2004. The firm announced its first purchase in Ceramic. In a filing, it said it "exercises control or direction" over 737,600 shares -- or 10.2% of the float. - Dec 31 2004. The firm upped its stake by 2.9% to 14.6%. - July 29, 2005. The firm purchased 651,500 shares to own 1.64 million -- or 17.2% of the float; - March 31, 2006. SAM sold 388,000 shares to own 1.247 million shares, reducing the firm's holding to 12.9%. - May 31, 2006. In its final filing. SAM announced the sale of 460,000 shares. It then owned 787,400 shares --of 8.2% of the float.

On June 30, 2004, Ceramic traded at \$11.15. On May 31, 2006, it closed at \$25.24. Over the period, the average price was \$19.33.

Magellan's vote A footnote to yesterday's column about plans for the one-for-five share consolidation at Magellan Aerospace.

Given that major shareholder Murray Edwards and management intend to support the proposal, the plan has the backing of 30% of the outstanding shares going into the vote. And what's more, that group will vote their shares.

Given that the proposal requires the support of two-thirds of the shares voted at the meeting, the insiders need to attract the backing of about half the public float to get their idea over the line.

And given that the public shareholders opposed to the plan have, in effect, been given a 30% penalty, defeating the plan means they have to garner the support from just over one-third of the public float. To achieve that objective, they have to get about 48% of the public float.

In Magellan's circular, the share consolidation is justified on the grounds that "the anticipated higher share price resulting from the consolidation may assist in generating investor interest." Of course there are no guarantees that the share price will rise after the consolidation and that a higher share price will generate increased investor interest.

The question: Why is Magellan so keen on a share consolidation given the less than great outcome with previous experiments?

Magellan and Ceramic Finally, there are connections between Magellan Aerospace and Ceramic Protection.

Larry Moeller is a director of Magellan and according to the circular owns 1.234 million shares, second only to Edwards in terms of ownership, Moeller is also the chairman of Ceramic Protection.

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