

SOLAR SILICON

Timminco ex-CEO trading reviewed

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The former chief executive officer of **Timminco Ltd.** bought 152,000 company shares in the weeks before the company revealed it had developed a "breakthrough" technology to produce solar grade silicon.

The acquisitions by John Walsh included a purchase just 15 days before the first contract with a solar cell maker was announced.

Trading by Mr. Walsh, who left Timminco and its board of directors last month, has been made the subject of "certain reviews and inquiries," the company disclosed this week in a regulatory filing.

Timminco officials declined to discuss the nature of the reviews and inquiries or who was making them.

The contract with an unnamed solar cell maker was announced on March 15, 2007. It was the initial catalyst for an astounding run-up in Timminco shares, which rose from 40 cents each before the solar-grade silicon capability was revealed to \$21.95 by the end of 2007. The stock recently traded above \$28 after Timminco said it won a supply contract with Q-Cells AG, the world's largest solar cell producer.

Trading records filed with regulators show Mr. Walsh, who was named Timminco's president and CEO in December, 2006, bought the 152,000 shares in three separate transactions between Feb. 7 and Feb. 28, 2007 for \$58,250. Based on yesterday's closing price, those shares are now worth more than \$3-million.

On Feb. 7, Mr. Walsh paid 35 cents each for 43,000 shares. On Feb. 21, he bought 101,000 shares at 40 cents a piece, the records show. A week later, Mr. Walsh bought 8,000 shares at 35 cents each. Fifteen days later, Timminco announced it could produce solar grade silicon and the stock began its ascent towards becoming the top performing equity on the Toronto Stock Exchange in 2007.

Mr. Walsh's trading records with the Ontario Securities Commission were amended. He originally said he had purchased 98,000 shares on March, 5, 2007. On April 24, he filed an

amended statement saying the March 5 share purchase had, in fact, taken place on Feb. 28, and was for only 8,000 shares not 98,000.

Timminco officials, including vice-chairman Arthur Spector and chief financial officer Robert Dietrich declined comment. Officials at the Ontario Securities Commission would not answer questions about Timminco. Attempts to reach Mr. Walsh, who is believed to reside in Delaware, were unsuccessful.

In a regulatory filing, Timminco said that during 2007, it "reimbursed approximately \$16,000 to Mr. Walsh, pursuant to an agreement of the corporation to indemnify Mr. Walsh in connection with certain reviews and inquiries related to trading of the common shares of the corporation held by him in April 2007."

The trading records show that Mr. Walsh bought another 200,000 shares for 89 cents each on April 3, 2007. The next day, on April 4, Timminco announced it had won its second solar silicon contract.

Prior to joining Timminco, Mr. Walsh was the chief executive officer of Alanx Wear Solutions Inc., a Delaware headquartered maker of bullet-proof clothing and protective wear. Alanx was sold to Calgary's Ceramic Protection Corp. in 2004. Alanx was controlled by Allied Resource Corp., whose chairman, Heinz Schimmelbusch is also the chairman of Timminco. Mr. Schimmelbusch assumed the CEO duties at Timminco in August, 2007. Mr. Walsh was reassigned to head Timminco's magnesium business. Mr. Walsh left Timminco and its board last month to "pursue other opportunities," the company said.

At the end of January, 2007, a month and a half before the solar silicon deal was announced, Timminco executives including Mr. Schimmelbusch were awarded more than one million Timminco stock options priced at 40 cents each.

In an interview this week, Mr. Dietrich said Timminco had followed all timely disclosure rules and that "there was no certainty until the first customer signed the contract that there would be a contract."