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Timminco silent on review

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One year back, Timminco Ltd. made an unusual announcement when, in the final prospectus for a \$30-million financing, it said it was "conducting an internal review in respect of such trades [made on April 3] as well as of its internal trading policies."

Since then there has been no public comment of the status of the review. Is it finished, and if so, why hasn't Timminco made any public comment?

CFO Robert Dietrich didn't provide any information. "We have no further comments on that. And there has been no further public comment on that." And he offered a "no comment" on whether the review has been completed, whether it's still being worked on and whether he planned to publish the results of the review.

-On April 3, 2007 John Fenger, a vice-president, purchased 190,000 shares in 30 separate transactions. That buying meant Mr. Fenger, now president of Timminco's magnesium division, owned 316,500 shares. His biggest purchase was 30,000 shares; the smallest, 500 shares. The prices paid ranged from 90¢ to \$1.40. John Walsh, chief executive officer of Timminco, also spent some cash: In one transaction, he bought 200,000 shares at 89.95¢, which brought his ownership to 352,000 shares. On that day, the share price rose 93% to \$1.50, on no news.

-On April 4, 2007 Timminco announced its second commercial contract for high-purity silicon, which called for a minimum of 1,500 tonnes and up to 5,000 tonnes over five years subject to [the company's] increased production capacity and customer agreement. Timminco said the contract, "validates the

interest that solar cell manufacturers have in the high-purity silicon being produced." The stock rose by 40¢ to \$1.90.

-On April 5, 2007 Richard Lister, a director, unloaded 550,000 shares in five transactions at prices from \$2.147 to \$2.74 a share. He then owned 350,500 shares. That day, on huge volume, the stock closed at \$2.94. That's a 522% increase from its close just three days earlier.

-On April 9, 2007 Timminco announced a bought deal to sell 7.9 million shares and then upped to 10 million shares. It filed a preliminary prospectus. Two weeks later when the financing wrapped up, Timminco filed a final prospectus for the sale of 11.5 million shares at \$2.60 a share.

In that prospectus, Timminco said the chief executive and a vice-president purchased 389,000 common shares three weeks earlier. "Both employees have advised the corporation that they were not aware of any material undisclosed information at the time of the trades. Reports of such trades were filed on a timely basis pursuant to applicable securities laws."

It then added that consistent with its code of conduct, it was "conducting an internal review in respect of such trades as well as of its internal trading policies."

-On April 24, 2007, the day of the final prospectus, the stock closed at \$3.45. On April 2, the day before insiders bought 389,000 shares, the price was 75¢.

While Timminco declined comment on the status on the internal review, it recently issued a five-page document titled "Code of Conduct and Ethics." And there is talk it has implemented a new policy on blackout periods -- the period in which insiders aren't allowed to trade. But the company said "it doesn't comment on internal policies and whether changes have been made."

A call was made to the OSC asking whether it is investigating Timminco. As is the norm, it declined comment.

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