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Sprott and the "plumbers."

On March 18th Timminco Limited's (TSX: TIM $19.49) stock traded at $15.25. This price represented a 30% loss for Sprott Asset Management's ("SAM") investors in their huge Timminco holdings in 2008. Not a good fact for Sprott's IPO marketing materials. Then in just 8 days Timminco's stock rose 60% to close the first quarter at $24.40, a price above the year end mark.

This is not the first lucky break for Eric Sprott's big IPO cash out.

On November 22, 2007 Timminco stock traded at $10.07. This was already an over twenty-fold increase from March's pennies per share prices. Then in just 26 trading days Timminco's stock rose 118% to close the year at $21.95.

These two irregular events may be what Toronto's Andrew Willis referred to as "plumbing" in yesterday's Globe and Mail. (<a href="http://www.theglobeandmail.com/servlet/story/RTGAM.20080501.WBstreetwise20080501075648/WBStory/WBstre
here to read.)

During SAM's IPO road show management refers to the historical cost basis of its fund's Timminco holdings. In fact this $6 figure is irrelevant to SAM's IPO investors or the results that investors in its funds will experience. The only figure that matters to SAM's performance is the mark to market price.

A correction in Timminco's stock price could cause a material adverse change in SAM's business. If such an event were to occur SAM's IPO legal counsel would likely advice SAM of the need to amend its offering memorandum. This would result in a postponement or possible withdrawal of SAM's offering.

Mr. Willis' "plumbing" may have helped avoid the above outcome but it will not help Timminco compete against its larger, better-funded, better-researched, more experienced, better-managed long established free trading competitors, which Timminco claims it can do with less than one tenth of the time, R&D and capital investment.