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Sprott's Timminco concentration raises a disclosure issue.

Today the Financial Post published an article about Sprott Asset Management's ("SAM") IPO noting that the offering was in fact a sale of Sprott insider stock to Canada's retail investment public. The article noted that SAM's Timminco Limited (TSE: TIM C$23.85) holding is a concentration risk that should be disclosed as a special risk factor given the retail interest in SAM insider's stock sale. The article is available below.

Timminco is a public company with a thin float that trades based on claims. Timminco has declined to provide investors and analysts with the independent information necessary to verify its claim. Timminco's stock exhibited irregular trading activity at the end of 2007 and the end of March 2008. According to published reports, SAM's condition benefited from these two irregular trading occurrences.

Timminco fell into distress in 2007 and came under the control of Safeguard International Fund LP in 2003. After Safeguard took over, Timminco became the subject of a series of transactions where a Safeguard controlled traditional silicon smelting operation called Becancour Silicon, Inc. ("BSI") was transferred to Timminco in exchange for Timminco stock.

After Safeguard transferred BSI to Timminco it caused Timminco to sell to it control of over approximately 23.2 million Timminco shares at an average price of approximately $0.41 per share during 2006 and 2007. Then Safeguard effectively transferred its interest in Timminco to a newly created company in Amsterdam and sold a material portion of their interest in the new company.

Click here to read today's Financial Post article titled "Sprott IPO pricing today."