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"It will be a miracle if Timminco can deliver on its promises" according to Independent Research Report

Veritas Investment Research, an independent equity research firm, issued an in-depth report on Timminco Limited (TSX: TIM \$16.15) on August 20th. The report is the subject of at least three articles, which are included below. The report concludes that "it will be a miracle if Timminco can deliver on its promises."

Addressing Timminco's cost claims, the Veritas report states, "While Timminco claims that it can produce UMG-Si at a cost of \$10-\$15/kg, we believe that based on 3rd party verified product specifications, the full economic costs of Timminco's Si is approximately \$57.00/kg."

Veritas also reviewed Timminco's patent application. Veritas found "striking similarities between standard text books and Timminco's provisional patent application." Veritas also suggests a lack of novelty in Timminco's patent application, stating "Various scientists at the National Renewable Research Laboratory in the U.S. hold patents on similar processes. Moreover, even if Timminco's process is unique, there are other companies that are using a slightly different process than that of Timminco to achieve similarly higher levels of purity in silicon production."

Veritas even compared Timminco's process, described in the patent application, to the process used by another UMG-Si producer, Solarvalue AG. Veritas finds that "terminology, nuance, and engineering aside, we fail to fathom any significant differences in Solar's process."

Addressing Timminco's use of the rotary drum furnace, the report states "even if such basic equipment can be patented a multitude of others entering the UMG-Si are also filing patents with similar claims."

The report goes on to evaluate Timminco's disclosures of providing customers with "limited rights of return." The report states, "Clearly, Timminco's customers are not entirely convinced by the company's claims and have protected their downside by quality specifications and inserting product return clauses in their contracts."

Veritas concludes the report by stating, "The stock is either worth \$0, or a lot more than where it's trading. We advise erring on the side of caution. Sell."

To read the full Veritas report, click [here](http://www.asensio.com/TIM/Veritas.pdf).

To read a Globe and Mail article on the Veritas report, click [here](http://www.asensio.com/TIM/GlobeMail82208.pdf).

To read a Reuters article on the Veritas report, click [here](http://www.asensio.com/TIM/Reuters82208.pdf).

To read a Financial Post article on the Veritas report, click [here](http://www.asensio.com/TIM/FP82308.pdf).