

May 14, 2008

Will Photon Consulting do more than Timminco's pliant analysts?

Investors should not rely exclusively on Timminco Limited's (TSX: TIM \$25.18) analysts or Photon Consulting's report to determine if the company's claims about its cost, capacity, and contracts, are complete and accurate.

Earlier today asensio.com published a report titled ["Is Michael Rogol's paid-for Timminco report to be believed?"](http://asensio.com/Reports/ReportView.aspx?ReportId=855&CompanyId=161&CompanyName=Report) The report provides information that investors should use to evaluate Timminco's Photon Consulting report. Timminco is substituting the report for detailed factual disclosures of its smelted silicon purification process and the costs associated with that process.

Also earlier this morning, Timminco's investors learned that many of Timminco's analysts and observers had grossly misinterpreted the significance of Timminco's relationship with Q-Cells AG (XETRA: QCE 77.90E). Q-Cells disclosed today that it has identified 16 sources of purified smelted silicon, and that it expected to be "swimming" in the material next year.

In contrast, Timminco's analysts have used Q-Cells as their first response to investors' concerns about insider dealings and concerns that the company cannot deliver a competitive product profitably or at all.

It is becoming clear that some of Timminco's analysts do not have sufficient independent sources of information in the purified smelted silicon industry.

Timminco's investors should not assume that all of Timminco's analysts are capable of admitting their mistake or overcoming the conflicts inherent in their business.

Below is a brief outline of some of Timminco's claims followed by Timminco's statements refusing to provide its analysts with the information they need to fairly advise investors. Investors should be aware that even if the company were to have provided a seemingly reasonable response, Timminco's analysts may not have the knowledge or experience in this esoteric industry sub-segment to judge the answer.

1. Timminco claims that its product has "met the specifications set by the customer" and that it was "tested by an independent laboratory." However, when questioned about its customers' "acceptance process" and whether it is getting test results before it "ship the batches," Timminco did not provide the requested information.

Investors should realize that any post-production testing will not in any way provide the information they need to independently access Timminco's cost and capacity. Pre-production measurements and testing, and monitoring of continuous production of batches, is the only method to possibly estimate Timminco's capacity and cost.

2. Timminco has been asked to provide information useful to assess its "competitive positioning or advantages" claims. Specifically, Timminco claims that it has competitive advantage in "unit cost level," "capex per capacity" and

"scalability" but refuses to provide independent verifiable information to support the validity of its claim. Timminco had admitted that it is "testing different quartz, different coal, pet coal, charcoal" and engaged in a so-called "ramp-up."

Investors have a right to factual information and should not rely on unsupported claims. Investors should seriously consider the contradictions between Timminco claiming it knows its cost and capacity while admitting it's still engaged in process experimentation and a so-called ramp-up over a year after claiming success.

3. Timminco has been asked about "typical batch size." The company refused to provide the information.

Investors should realize that knowing the "typical batch size" does not provide the basis to estimate cost or capacity without also knowing the amount of slag and energy used, or the duration of treatments, and the source and specification of the original materials.

4. Timminco has been asked to provide information on a "fixed cost on a per unit basis." When asked, Timminco responded that it would not "give guidance on specific elements of costs." Timminco also refused to provide any information about its "raw materials" cost outside of the quartz.

Investors should rightfully be concerned with a company that makes very specific cost claims, then refuses to answer questions or provide information that is necessary to verify those same claims.

5. Timminco was asked to provide 2008 productions targets and to explain its production ramp-up. Timminco refused to provide the information.

Investors should note that there is a clear contradiction between claiming a process is fully-developed and simple to operate, and then refusing to set a production target or forecast capacity will be achieved.

6. Timminco admits it has not tested for efficiency or degradation.

Investors have a right to be extremely skeptical of a company that makes outlandish claims especially when its control shareholder, who is controlled by its own managers, aggressively sold stock at prices less than one third its current price.

7. Timminco has not published papers, made any technical presentations and does not have the technical staff that others engaged in the purification of smelted silicon possess. Now it is using a marketing consultant to opine on the validity of its smelted silicon purification scheme.

Investors have a right to question a company that is making claims of immediate superiority in a highly competitive and extremely well-researched product area without any known technical capability and no experience.