

August 11, 2008

Schimmelbusch's Past Cited in Stockwatch and Value Investor Insight

Hedge fund manager Francois Parenteau discusses his reasons for taking a short position in Timminco Limited's (TSX: TIM \$21.23) stock in the July 31st edition of Value Investor Insight. Among the five reasons for Parenteau's skepticism about Timminco are the past dealings of Timminco's CEO, Heinz Schimmelbusch. Parenteau says that Schimmelbusch "was the CEO of the German conglomerate Metallgesellschaft when it almost went bankrupt after losing a huge amount of money on speculative bets on oil futures." To read the Value Investor Insight article, click [here](http://www.asensio.com/TIM/VII.pdf).

Schimmelbusch is also cited in a July 31st article on Stockwatch.com, "Timminco Tells One Expansion Story, AMG Tells Another." Stockwatch characterizes Schimmelbusch as "a busy cosmopolitan executive with roles in a number of ventures." Stockwatch also states that "Mr. Schimmelbusch headed German giant Metallgesellschaft AG until he was ignominiously ousted amid a \$1.4-billion scandal in 1993." To read the Stockwatch.com article, click [here](http://www.asensio.com/TIM/SW73108.pdf).

Taking a deeper look at what happened at Metallgesellschaft AG ("MG") reveals that, in fact, a large part of MG's losses came from its multi-layered dealings with a single Philadelphia-area micro-cap company. While Schimmelbusch was Chairman of the Executive Board at MG, MG established an unusual relationship with Castle Energy Corp. ("Castle").

During this time, Castle's trading with MG represented 87% of Castle's total revenues. Castle's total gain from its dealings with MG, including proceeds from a settlement with MG, was approximately \$772 million. A certified English translation of an action filed by MG against Schimmelbusch in Frankfurt in February 1995, which was filed by MG in a related lawsuit brought by Schimmelbusch in New York, states that MG's losses related to Castle were approximately \$685 million. After Castle's relationship with MG ended, Castle wrote down the value of its refining plant from \$295 million to \$10 million.

asensio.com has compiled a report based on publicly available documents detailing the deal between MG and Castle Energy, and the losses MG sustained with Castle Energy.

To read the report on Castle Energy, titled "CEO Schimmelbusch Cited As a Reason for Timminco Short Sale," with supporting exhibits, click [here](http://www.asensio.com/Reports/ReportView.aspx?ReportId=905&CompanyId=161&CompanyName=Timminco+L).