UPDATE 1-Timminco stock slides as silicon plans questioned

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(Adds details)

TORONTO, April 21 (Reuters) - Shares of specialty metals producer Timminco Ltd (TIM.TO: Quote, Profile, Research) tumbled on Monday after a report in the financial magazine Barron's questioned the company's plan for purifying silicon for solar cells.

Meanwhile, the Globe and Mail newspaper reported that Wall Street investor Manuel Asensio, who has a reputation for bringing down companies, has challenged Timminco's assertion that it can purify metallurgical grade silicon in a very cost-efficient way.

Timminco stock fell much as 10 percent in early trading on the Toronto Stock Exchange, but recovered to C$22.27, still down 3 percent, or 68 Canadian cents. The stock fell more than 12 percent on Friday.

The company was one of the best performers on the Toronto market in 2007, soaring from a price of less than C$1 to more than C$22 in the year as it racked up commercial contracts and the price of silicon soared.

The Toronto-based company has said it can purify metallurgical grade silicon at about half of what it costs its competitors.

In December, it began production at its solar silicon unit in Becancour, Quebec. Germany's Q-Cells AG (QCEG.DE: Quote, Profile, Research), the world's largest solar cell maker, signed a supply contract with Timminco subsidiary Becancour Silicon Inc last month.

But on Sunday, Barron's said Timminco's shares were "far ahead of reality," noting the concentrated stock ownership makes valuing the stock problematic. Insiders and stakeholders own about 55 percent of the company, according to Reuters Data.

Timminco's sales fell and its operating losses rose last year, the magazine said, adding: "the stock is far ahead of reality and vulnerable if solar silicon disappoints."

By next year, Timminco expects to produce 14,400 tonnes of solar-grade silicon annually.

Company officials were not immediately available for commment.

($1=$1.01 Canadian) (Reporting by Jonathan Spicer; Editing by Peter Galloway)