



May 14, 2012

Dear Shareholder,

2011 was a very tough year for investors in the junior mining sector. Resinco was no exception. During the year our NAV dropped by more than two thirds: from \$28.428 million at year end 2010 to \$9.197 million at year end 2011. Since then we have made a modest comeback: by the end of this year's first quarter the NAV stood at \$15.522 million. But we still have a lot of lost ground to recover.

A buoyant junior mining sector is typically accompanied by robust confidence in the capital markets. During 2011 the capital markets were the opposite: they were largely driven by fear and uncertainty. The causes of that fear and uncertainty included the tsunami in Japan and the nuclear disaster at Fukushima that followed it; the debt crisis in the European Union; the lacklustre economic recovery in the US; and the decline in economic growth in China. Collectively, those factors made for a brutal environment for junior mining companies.

Unsurprisingly, our peers also experienced very large NAV declines; but that is scant consolation.

The news is not all grim. We believe that our NAV decline is the result principally of changes in market sentiment rather than of changes in underlying fundamental value. We plan to continue to build the underlying value in the expectation that, when the world emerges from its current economic funk, there will be opportunities to turn some of our investments to cash at attractive valuations.

The first example of an asset increasing materially in underlying value is Woulfe Mining Corp. Woulfe has announced that it is entering into a broad strategic arrangement with International Metalworking Company B.V. in relation to Woulfe's 100%-owned Sangdong tungsten deposit. The elements of that transaction include IMC taking 90% of the mines production in an off-take agreement, financing, on a minimally dilutive basis, the construction of the tungsten mine and an APT plant. Additionally, Woulfe published a NI 43-101 compliant Preliminary Economic Assessment of its Muguk gold deposit identifying a mining inventory of 728,000 tonnes of ore at an average grade of 7.0g/t.

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A second example is Lions Gate Metals Inc. During the year Lions Gate hired Paul Sarjeant, an able, technically savvy, mining executive, as CEO. In August 2011 Lions Gate published a NI-43-101-compliant preliminary resource estimate for the 100% Owned Poplar Copper/Gold/Silver/Molybdenum project. The report estimates a 1.4 billion pound copper deposit at a 0.23% grade. Following a second phase of drilling completed in the fall of 2011, the resource estimate increased to 2.46 billion pounds of copper.

A third example is Teslin River Resource Inc. During 2011 Teslin acquired privately held Queensgate Resources and later acquired an option on 75% of the Frasergold asset owned by Eureka Resources. Frasergold has a NI 43-101-compliant resource estimate of approximately 1.8 million ounces of gold.

A significant development during the year was the sale of CUE Resources Ltd. CUE – along with other junior uranium explorers – faced an extraordinarily difficult financing environment in the wake of the Fukushima disaster. We concluded that the best path to value realization was to sell CUE to Uranium Energy Corp. in a stock-for-stock transaction (the other shareholders of CUE agreed with that conclusion).

On the people front, we were very pleased that Dr. Michael Hitch, P.Geo. P.Eng. agreed to become a director. Michael adds a very welcome technical dimension to the board. We also welcomed David McAdam as our new Chief Financial Officer, Jasmine Currington as Controller, Christina Boddy as Corporate Secretary and Ava Lee as Group Accountant.

So what's next?

We will continue to pursue our core goals:

- 1) Find great projects;
- 2) Hire great people; and
- 3) Maintain a capital cushion.

We think it likely that the markets will continue to be rocky for some time, and we intend to run the business on that assumption. We will exercise caution while recognizing that bad markets make for good acquisition opportunities.

We think that, in the relatively near future, we may be faced with opportunities to take a harvest. If that comes to pass, we may have the advantage of additional liquidity in a buyer's market.

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Before closing, I would like to recognize John Icke and his management team. They have worked like Trojans in a difficult environment. With the wind in their backs again – markets turn; they always do – I expect them to create significant value for the shareholders.

Finally, on behalf of all of the directors and management of Resinco, I would like to thank each and every shareholder for your ongoing support.

Regards,

"Hein Poulus"

Hein Poulus
Chairman of the Board