



SALAZAR RESOURCES LTD: PRESIDENT'S LETTER

Vancouver, BC – June 3, 2008. Salazar Resources Ltd. (SRL: TSX-V CCG: FSE).

Dear fellow shareholders,

As President and CEO of Salazar Resources Ltd., I would like to report on the past year and preview our upcoming work and future opportunities in 2008.

On April 18, 2008, Ecuador's constitutional assembly passed a decree which has created confusion over the status of the tenure of our mining concessions in Ecuador. We are working towards a full and complete assessment of this new law. As currently drafted our interpretation of how we will be impacted by the new law is that we will only be able to retain tenure to three mining concessions with the balance to be cancelled. Fortunately, our most prospective targets at Curipamba are encompassed within three concessions. The Mandate also stated that no exploration can be conducted for a period of 180 days from the enactment of this decree. It is not clear what happens once this 180 day period is up. It is also not clear if there will be amendments to this Mandate, primarily to the status of our mining concessions.

To date, we have not received any formal order to cease or suspend any of our operations nor have we received any formal notification regarding title to our mineral concessions. We will be working with the government in helping formulate the new law with the objective of generating a law allowing for the development of mining in Ecuador for the benefit of mining companies, communities, and the country as a whole. Pending clarification of the Mandate, we have suspended exploration activities and reduced our workforce in Ecuador. We will carry out maintenance activities and control of our properties until the status of our concessions is clarified and the new proposed mining law is enacted and put into effect.

In regards to the mining Mandate, some important facts to consider is that our project is not in an area affected by "protected area status", nor does our recent VMS discovery at Las Naves Central exemplify an open pit mining scenario. Also, the project's concessions are in good standing and all environmental permits were accepted by the current government. These are important factors that the government will be reviewing for all projects, factors that are favourable to our company. The recent introduction of the new mining Mandate was a shock and surprise to all of the mining community in Ecuador. While we will respect the rule of law we believe the recent changes to the mining tenure needs to be re-assessed and we will work hard to encourage change.

Not to lose sight of a very productive and successful year for exploration and the exciting work programs planned for the upcoming year, I would like to take a moment to highlight these many positive events.

Over the past year we implemented a multi-faceted and aggressive exploration program on several of our projects. The primary focus was at our premiere Curipamba Project in Central West Ecuador. Based on phase 1 results, we believe both Sesmo Sur and Las Naves Central at Curipamba have the potential to be large tonnage poly-metallic deposits. These are our two highest priority target areas where a phase 2 follow-up work program will commence as soon as all mining mandate issues are resolved.

We had numerous achievements this past year. These include receiving our Environmental Impact Assessment for the Curipamba Project in August, 2007; closing a \$10.4 million bought deal in May 2007; and, carrying out a successful Phase 1 exploration program at our Curipamba project. The amount of work completed to date has been tremendous with a workforce of over 120 personnel conducting sampling, trenching, mapping, ground geophysics and drilling at our two highest priority targets at the Curipamba Project - Sesmo Sur and Las Naves Central.

The Phase 1 drilling program at Curipamba totaled 9945 meters in 51 diamond drill holes. Based on the results of the drill program, several important anomalies were identified for phase 2 follow-up drilling; these include: Sesmo Sur, El Gallo and El Domo.

At Sesmo Sur, results from our ground geophysics program indicated a significant Volcanogenic Massive Sulfide (VMS) target. Eighteen drill holes were completed at the target and confirmed both the geophysical signature and surface mineralization at depth. Mineralization in the drill holes was intersected primarily from surface. All drill holes are being modeled for a follow-up drill program planned as soon as clarification to the mining tenure is achieved. The ground geophysics program also confirmed two additional anomalous areas, La Vaquera and Agua Santa, located approximately 2 kilometers west and 1.5 kilometers northeast of Sesmo Sur respectively. Both anomalies require priority follow-up work in the next phase of the exploration program.

At our Las Naves Central Area, a second drill was added at the end of December, 2007 to test the extensive anomalies we had encountered through our initial exploration program. The Las Naves Central area comprises over 12 significant mineralized geochemical anomalies discovered at surface plus an additional 5 geophysical anomalies over an area 4km x 2km. The recent discovery of the El Domo anomaly validates our belief that the Las Naves Central area may become Ecuador's next major VMS district. We plan to focus our highest priority exploration efforts at El Domo to prove up what we believe can be a significant VMS discovery. We remain confident that the Curipamba project can host more than one discovery and our systematic exploration efforts to identify other discoveries will continue once exploration resumes in Ecuador.

The newly discovered El Domo body is a massive sulphide rich in chalcopyrite-sphalerite-pyrite-galena with 50-90% sulphides; the width of the mineralized body defined at this stage of development varies between 5.8 and 19 meters and the length to date is greater than 300 metres.

Some of the significant values of mineralization defined from the drilling program at El Domo include:

- 12.37 meters with 3.62 g/t gold, 51.75 g/t silver, 1.19 % copper and 4.54% zinc in drill hole 39;

- 8.58 meters with 1.78 g/t gold, 47.94 g/t silver, 0.9 % copper and 7.53 % zinc in drill hole 42;
- 16.33 meters with 3.59 g/t gold, 114.2 g/t silver, 3.42 % copper and 5.52 % zinc in drill hole 46
- 18.95 meters with 3.41 g/t gold, 61.08 g/t silver, 2.83 % copper and 3.18 % zinc in drill hole 48.

Our exploration programs at Curipamba were beginning to show positive results and we were eagerly looking forward to continued developments with positive news. We had an extensive follow-up work program planned which included:

- A regional ground geophysics program; an extension of the ground geophysics grid 10 km by 4 km at the Las Naves Central concession with additional coverage at Sesmo Sur and LaVaquera.
- Phase 2 - 10,000 meter drilling program at additional geochemistry and geophysics anomalies at Sesmo Sur, La Vaquera, and at Las Naves Central;
- 5,000 meters of drilling in 30 holes at the El Domo area with the purpose to further define the mineralized area. This includes testing 4 other geophysical anomalies which were interpreted with similar geophysical signatures;
- Detailed mapping at a scale of 1:2,000 at Sesmo Sur and Las Naves Central.
- Trenching, sampling area-wide

These proposed work programs may resume or change in reaction to what new mining laws are introduced.

To conclude, we feel we are in a favourable position being well financed and having assembled a strong and experienced exploration team. While expenditures in Ecuador will be curtailed and placed on a care and maintenance basis until clarification of the Mandate, we will focus our efforts on reviewing other opportunities and resource properties outside of Ecuador. We are currently evaluating a number of exciting opportunities with our geologists on the ground in several countries in South America. We hope to announce a significant new project in the near future that will diversify our property portfolio.

In closing, I would like to take this opportunity to express my gratitude to the employees of Salazar Resources for a year of hard work, and dedicated service through these trying times; to our shareholders for their loyal support and understanding over the past year; and to our directors and officers who have worked so hard to get us to where we are today. We look forward in the coming months as we continue to explore for new projects and continue consulting with the government of Ecuador for the generation of the new mining law.

Sincerely,

“Fredy Salazar”

Fredy Salazar,
President & CEO