



(An Exploration Stage Company)

Annual Financial Statements
For the Years Ended
June 30, 2008 and 2007

Auditors' Report

To the Shareholders of Alto Ventures Ltd.:

We have audited the balance sheets of Alto Ventures Ltd. as at June 30, 2008 and 2007 and the statements of loss and deficit, cash flows and comprehensive loss for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia
October 15, 2008

Management Responsibility for Financial Reporting

The accompanying financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles and contains estimates based on management's judgment. A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

The audit committee of the Board of Directors, which is comprised of a majority of independent directors, has met with the Company's independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

"Kenneth P. Judge"
Chairman of the Board

"Mike Koziol"
President & CEO

October 15, 2008
Vancouver, British Columbia

Alto Ventures Ltd.
(An Exploration Stage Company)
Balance Sheets

Statement 1

As at June 30, 2008 and 2007
Canadian Funds

ASSETS	June 30, 2008	June 30, 2007
Current		
Cash and cash equivalents	\$ 1,339,480	\$ 305,509
Restricted cash <i>(Note 4)</i>	423,263	-
Receivables	203,272	65,222
Marketable securities <i>(Note 5)</i>	57,500	17,500
Due from option partner	21,774	-
Quebec Exploration Tax Credit receivable	271,515	23,038
Due from related party <i>(Note 9)</i>	32,402	27,402
Prepaid expenses and deposits	53,044	26,025
	2,402,250	464,696
Mineral Properties <i>(Note 7)</i>	6,170,636	4,652,648
Property and Equipment <i>(Note 6)</i>	5,892	8,417
	\$ 8,578,778	\$ 5,125,761
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 99,921	\$ 52,381
Advances from related parties <i>(Note 9)</i>	2,645	3,335
	102,566	55,716
SHAREHOLDERS' EQUITY		
Share Capital <i>(Note 8a)</i>	14,806,039	12,030,090
Contributed Surplus <i>(Note 8a)</i>	1,852,833	853,996
Deficit - <i>Statement 2</i>	(8,203,160)	(7,814,041)
Accumulated Other Comprehensive Income - <i>Statement 4</i>	20,500	-
	8,476,212	5,070,045
	\$ 8,578,778	\$ 5,125,761

Going Concern and Nature of Operations *(Note 1)*
Subsequent events *(Note 17)*
Commitments *(Notes 12)*

ON BEHALF OF THE BOARD:

"David Cowan"
David Cowan
Director

"Mike Koziol"
Mike Koziol
Director

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

Statement 2

*(An Exploration Stage Company)***Statements of Loss and Deficit****For the years ended June 30, 2008 and 2007***Canadian Funds*

	June 30, 2008	June 30, 2007
Expenses		
Stock-based compensation	\$ 218,287	\$ 13,632
Investor relations and shareholder information	177,299	151,969
Office and miscellaneous	105,788	101,455
Administrative services	76,999	69,382
Salaries and wages	61,005	19,006
Professional fees	57,700	70,040
Directors' fees	54,000	51,000
Consulting fees	40,128	38,464
Rent	35,040	36,314
Travel and promotion	30,915	7,775
Transfer agent and regulatory fees	23,976	24,083
Property write-downs	23,778	-
Property investigations	6,142	29,583
Amortization	2,525	3,810
Management fees	-	30,500
Interest and bank charges	-	3,289
	913,582	650,302
Other Income		
Joint venture management fees	(34,345)	-
Interest income	(68,347)	(11,355)
Gain on sale of marketable securities	(19,700)	(24,340)
Loss Before Income Taxes	(122,392)	(35,695)
Income Taxes		
Future income tax recovery on flow through share renouncement (<i>Note 13</i>)	(402,071)	-
Net Loss for the Year	389,119	614,607
Deficit – Beginning of Year	7,814,041	7,199,434
Deficit – End of Year	\$ 8,203,160	\$ 7,814,041
Weighted Average Shares Outstanding	85,141,701	60,196,131
Loss per Share – Basic and Diluted	\$ 0.00	\$ 0.01

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.*(An Exploration Stage Company)***Statements of Cash Flows****For the years ended June 30, 2008 and 2007***Canadian Funds*Statement 3

	June 30, 2008	June 30, 2007
Cash Resources Provided By (Used In)		
Operating Activities		
Loss for the year	\$ (389,119)	\$ (614,607)
Items not affected by cash:		
Amortization	2,525	3,810
Stock based compensation	218,287	13,632
Future income tax recovery	(402,071)	-
Gain on sale of marketable securities	(19,700)	(24,340)
Changes in non-cash working capital items		
Increase (decrease) in prepaids and deposits	(27,019)	(1,180)
Increase in Quebec tax credit accounts receivable	(248,477)	168,662
Increase (decrease) in receivables	(138,050)	44,863
Increase (decrease) in other liabilities	102,480	(114,453)
Net cash used in operating activities	<u>(901,144)</u>	<u>(523,613)</u>
Financing Activities		
Advances from related parties	(5,000)	(27,402)
Share issuance costs	(106,864)	(26,250)
Proceeds from private placements	2,658,860	1,057,500
Proceeds from exercise of warrants	989,810	-
Proceeds from exercise of options	57,750	-
Net cash used by financing activities	<u>3,594,556</u>	<u>1,003,848</u>
Investing Activities		
Mineral property expenditures	(1,173,888)	(611,508)
Acquisition of mineral properties	(446,172)	(184,270)
Restricted cash	(423,263)	-
Proceeds on sale of marketable securities	37,200	33,340
Contributions of joint venture partner received	346,682	-
Net cash used by investing activities	<u>(1,659,441)</u>	<u>(762,438)</u>
Net increase (decrease) in Cash and Cash Equivalents	1,033,971	(282,203)
Cash and cash equivalents - Beginning of Year	<u>305,509</u>	<u>587,712</u>
Cash and Cash Equivalents - End of Year	\$ 1,339,480	\$ 305,509

Supplementary Cash Flow Information (Note 11)

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.Statement 4*(An Exploration Stage Company)***Statements of Comprehensive Loss****For the years ended June 30, 2008 and 2007***Canadian Funds*

	June 30, 2008	June 30, 2007
Loss for the year	\$ 389,119	\$ 614,607
Unrealized gain on available for sale securities	<u>(20,500)</u>	-
Comprehensive loss for the year	\$ 368,619	\$ 614,607

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

1. Going Concern and Nature of Operations

Alto Ventures Ltd. ("the Company") is engaged in the acquisition, exploration and development of Canadian gold projects. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for mineral properties is dependant upon raising financing, sale or joint venturing of the mineral properties, and/or the attainment of profitable operations.

The Company has working capital of \$2,299,684 (2007 - \$408,980) and accumulated deficit of \$8,203,160 (2007 - \$7,814,041). These conditions give rise to significant doubt about the Company's ability to continue as going concern. Its ability to continue as a going concern is dependant upon the ability of the Company to raise financing and the ability to meet property commitments and administration costs. Management plans to secure the necessary financing through a combination of the issue of new equity instruments, the entering into of joint venture arrangements or the exercise of warrants for the purchase of common shares. However, there is no assurance that the Company will be successful in these actions.

These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant Accounting Policies

As a precise determination of certain assets and liabilities is dependant on future events, the preparation of the financial statements involves the use of estimates based on careful judgement and actual results could differ from such estimates. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased. Cash raised for exploration activities through the issuance of flow-through shares that remains unspent is restricted and is shown on the balance sheet as "Restricted Cash."

b) Loss per Share

Loss per share is computed by dividing losses attributable to common shareholders by the weighted average number of common shares outstanding during the year ended June 30, 2008. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. All potentially dilutive instruments were anti-dilutive for the years presented.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

2. Significant Accounting Policies – Continued

c) Comprehensive income

Effective July 1, 2007, the Company adopted the CICA Handbook Section 1530, “Comprehensive Income”, which establishes standards for presentation and disclosure of a statement of comprehensive income (loss). Other comprehensive income represents changes in shareholders’ equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. The components of comprehensive income are disclosed on the consolidated statements of comprehensive income (loss). This adoption had no significant impact.

d) Financial Instruments – Recognition and Measurement

On July 1, 2007 the Company adopted Section 3855 of the CICA Handbook which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with gains and losses recognized in the Company’s loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in other comprehensive income (“OCI”) upon adoption.

Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in the Company’s loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which is recognized in OCI.

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

2. Significant Accounting Policies – *Continued*

d) Financial Instruments – Recognition and Measurement - *Continued*

The Company's financial instruments consist of cash and cash equivalents, restricted cash, marketable securities, receivables, due from joint venture partner, advances from related parties, accounts payable and accrued liabilities. The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity. The Company has designated each of its significant categories of financial instruments as of July 1, 2007 as follows:

Cash and cash equivalents	Held-for-trading
Restricted cash	Held-for-trading
Marketable securities	Available-for-sale
Accounts receivable	Loans and receivables
Due from option partner	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

Amounts due to and from related parties are carried at cost. Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

e) Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. The Company recognizes compensation expense for each grant on the later of the date of regulatory approval of the grant and the date of vesting, as applicable. Portions of the stock based compensation are capitalized to mineral properties as appropriate.

For newly granted options, compensation expense is based on the fair value of the options at the grant date. For any options that have alteration in their conditions, compensation expense is based on the fair value of the options on the alteration date less the fair value of the original options based on the shorter of the remaining expanded life of the old option or the expected life of the modified option.

f) Property and Equipment

Property and equipment are valued at cost less accumulated amortization. The Company provides for amortization for all property and equipment classes using the declining balance method at rates between 20% and 45% and applies only one-half of the applicable rate in the year of acquisition.

g) Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at June 30, 2008, the Company does not have any asset retirement obligations.

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

2. Significant Accounting Policies - Continued

h) Income Taxes

The Company accounts for income taxes using the asset and liability method. Future income taxes are recognized for the tax consequences of “temporary differences” by applying enacted or substantively enacted statutory tax rates applicable to future years on differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income during the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

i) Mineral Properties

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is sold, abandoned, or determined to be impaired. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its mineral properties, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

The Company assesses its capitalized mineral property costs on a regular basis. A property is written down or written off when the Company determines that a permanent impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments is recorded as a gain on option or disposition of mineral property.

j) Quebec Exploration Tax Credit receivable

The Company is entitled to refundable mining rights tax credits on certain mining exploration expenditures incurred in Quebec. The Company recognizes amounts when the amount to be received can be reasonably estimated and collection is reasonably assured.

k) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as resource property costs or recoveries when the payments are made or received.

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(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

2. Significant Accounting Policies - Continued

l) Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, which consist primarily of property, plant and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of the asset to its fair value. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

m) Joint Venture Accounting

A portion of the Company's exploration activities is conducted jointly with others when the Company enters into agreements that provide for specified percentage interests in mineral properties. Joint venture accounting, which reflects the Company's proportionate interest in mineral properties, is applied by the Company only when the parties enter into formal comprehensive agreements for ownership and mining participation terms.

n) Flow-through Shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital. If a company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as future income tax recovery up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

o) Capital Disclosures

Effective January 1, 2008, the Company adopted CICA Handbook Section 1535 – Capital Disclosures. Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose the following:

- i. its objectives, policies and processes for managing capital;
- ii. summary quantitative data about what the Company views as capital;
- iii. whether during the period, it complied with any externally imposed capital requirements to which it is subject;
- iv. when the entity has not complied with such requirement, the consequences of such non-compliance.

The Company has included the disclosures recommended by the new Handbook section in Note 14 to these financial statements.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

2. Significant Accounting Policies – Continued

p) Financial Instruments

Effective January 1, 2008, the Company adopted CICA Handbook Sections 3862 (Disclosures) and Section 3863 (Presentation). These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The Company has included the disclosures recommended by the new Handbook section in Note 15 to these financial statements.

q) Going Concern

Effective January 1, 2008, the Company adopted an amendment to CICA Handbook Section 1400, "General Standards of Financial Statement Presentation" in relation to going concern. These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption did not have a material impact on the consolidated financial statements for any of the periods presented.

3. Recent Accounting Pronouncements

a) International Financial Reporting Standards ("IFRS")

In January 2006, CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

b) Goodwill and intangible assets

In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

4. Restricted Cash

As at June 30, 2008 there was \$423,263 (2007 -\$NIL) in restricted cash as exploration expenditures during the year ended June 30, 2008 was less than the required expenditures pursuant to flow-through share agreements. This restricted cash represents the shortfall of what must still be spent on flow-through qualified exploration expenditures.

5. Marketable Securities

Marketable securities consist of the following holdings:

Company	Shares	Market Value June 30, 2008	Original Cost
Wescan Goldfields Inc. (V-WGF)	50,000	\$57,500	\$37,000
	50,000	\$57,500	\$37,000

Company	Shares	Market Value June 30, 2007	Original Cost
Wescan Goldfields Inc. (V-WGF)	50,000	\$17,500	\$17,500
	50,000	\$17,500	\$17,500

During the year ended June 30, 2008, the Company recognized \$20,500 as other comprehensive income on marketable securities.

6. Property and Equipment

	Cost	Accumulated Amortization	June 30, 2008 Net Book Value
Computer equipment	\$ 22,539	\$ 16,647	\$ 5,892
Furniture and equipment	1,676	1,676	-
	\$ 24,215	\$ 18,323	\$ 5,892

	Cost	Accumulated Amortization	June 30, 2007 Net Book Value
Computer equipment	\$ 22,539	\$ 14,122	\$ 8,417
Furniture and equipment	1,676	1,676	-
	\$ 24,215	\$ 15,798	\$ 8,417

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties

The following table shows the activity by property from July 1, 2007 to June 30, 2008:

Property	June 30, 2007	Acquisitions	Deferred Explorations	JV and Tax Credit Recovery	June 30, 2008
Alcudia Claims	\$ 128,541	\$ -	\$ 57	\$ -	\$ 128,598
Coldstream Property	776,517	4,290	30,414	-	811,221
Cote-Archie Lake Property	272,005	-	5,923	(25,000)	252,928
Three Towers Property	3,564	17,548	97,979	-	119,091
Despinassy Property	1,238,468	659,006	765,035	(241,194)	2,421,315
Dog Lake Property	232,546	-	825	-	233,371
Greenoaks Gold Property	540,847	2,799	55,187	-	598,833
Mud Lake Property	324,363	-	343,380	(380,456)	287,287
Oxford Lake Property	928,222	-	42,310	-	970,532
Empress-Ridout Property	63,886	-	128	-	64,014
Vassal Property	-	6,438	86,690	(30,320)	62,808
Other exploration properties	143,689	52,841	24,108	-	220,638
Total Mineral Properties	\$ 4,652,648	\$ 742,922	\$ 1,452,036	\$ (676,970)	\$ 6,170,636

The following table shows the activity by property from July 1, 2006 to June 30, 2007:

Property	June 30, 2006	Acquisitions	Deferred Explorations	JV and Tax Credit Recovery	June 30, 2007
Alcudia Claims	\$ 108,774	\$ -	\$ 19,767	\$ -	\$ 128,541
Coldstream Property	614,059	-	162,458	-	776,517
Cote Archie Lake Property	204,381	16,500	51,124	-	272,005
Three Towers Property	-	3,564	-	-	3,564
Despinassy Property	985,554	150,000	125,952	(23,038)	1,238,468
Dog Lake Property	231,928	-	618	-	232,546
Greenoaks Gold Property	457,072	-	83,775	-	540,847
Mud Lake Property	146,846	9,886	185,131	(17,500)	324,363
Oxford Lake Property	922,529	-	5,693	-	928,222
Empress-Ridout Property	26,277	-	37,609	-	63,886
Other exploration	91,734	16,000	35,955	-	143,689
Total Mineral Properties	\$ 3,789,154	\$ 195,950	\$ 708,082	\$ (40,538)	\$ 4,652,648

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

The following table shows the activity by category of expenditure from July 1, 2007 to June 30, 2008:

Mineral Property Costs	June 30, 2008	June 30, 2007
Diamond drilling	\$ 800,068	\$ 365,360
Acquisition and claim staking	742,922	200,270
Airborne geophysics	316,500	-
Stripping and washing	92,300	-
Stock based compensation	78,415	47,411
License, leases, permits and taxes	54,504	36,498
Assessment reports and filing works	26,444	53,628
Data compilation and digitizing	25,699	26,835
Mapping	18,741	48,940
Prospecting	18,569	26,123
Line cutting, trenching and blasting	18,387	43,829
Geological surveys	9,450	2,195
Management and planning of projects	8,204	55,186
Legal	4,670	-
Assays	3,724	(2,617)
Travel, camp and other expenses	139	374
Property write-downs	(23,778)	-
Exploration tax credits	(271,515)	(23,038)
JV partner contribution	(405,455)	(17,500)
Mineral Property Costs for the Year	1,517,988	863,494
Mineral Property Costs – Beginning of Year	4,652,648	3,789,154
Mineral Property Costs – End of Year	\$ 6,170,636	\$ 4,652,648

The Company has investigated ownership of its mineral interests as at June 30, 2008 and, to the best of its knowledge, ownership of its interests is in good standing. During the year, the Company wrote down \$23,778 in mineral property costs related to the Denton Lake property (other properties) due to expiration and non-renewal of certain mineral claims.

a) Alcudia Claims

Pursuant to an agreement dated February 22, 1996 the Company acquired a 100% interest in 20 mineral claims located in Urban Township, Province of Quebec. As consideration, the Company issued 100,000 common shares valued at \$10,000. The property is subject to a 2% net smelter return royalty (“NSR”).

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

b) Coldstream Property

Pursuant to a letter of agreement dated August 1, 2002 with Hidefield Gold, PLC (“Hidefield”), a company with directors in common with the Company, the Company acquired a 100% interest in 71 contiguous patented claims and licenses of occupation in the Burchell Lake area, Thunder Bay, Ontario. As consideration, the Company issued 800,000 shares valued at \$80,000 and was required to expend \$100,000 in exploration expenditures over a three-year period (incurred). The property is subject to a 2% NSR. The Company also staked twenty mining claims adjoining the property.

On May 16, 2006, the Company acquired a 100% interest in 416 hectares immediately west of the existing property. The claims were acquired by making a cash payment of \$20,000 and issuing 250,000 common shares valued at \$43,750.

Pursuant to an agreement dated May 8, 2006, the Company acquired a 100% interest in 3 mineral claims located in the Burchell Lake area, Thunder Bay, Ontario. The consideration for the acquisition was a cash payment of \$4,000 and the issuance of 50,000 common shares of the Company valued at \$10,000. The vendors retain a 2.0% NSR royalty and the Company has the right to buyout 1% of the NSR at anytime for \$1,000,000.

c) Oxford Lake Property

By agreements dated June 4, 2004 the Company purchased the Oxford Lake Gold property located in the Gods Lake area of northern Manitoba from Hidefield, a company with directors in common with the Company, and Anglo Pacific Group plc (“APF”), in consideration for 4,000,000 common shares of the Company to Hidefield and 4,000,000 common shares to APF.

By agreement dated March 22, 2005, the Company acquired a 100% interest in an additional 150 hectares on the Oxford Lake property. Consideration for the acquisition was a cash payment of \$25,000 and the issuance of 200,000 common shares of the Company. Further, the vendor retained a 2.5% NSR royalty of which the Company can repurchase 1% for \$1,000,000.

In addition to this acquisition, also on June 4, 2004, the Company has been granted a 5,516 hectare mineral exploration permit surrounding the Company’s existing claims.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

d) Despinassy Property

Pursuant to an agreement dated September 30, 2004, the Company acquired a 70% interest in the Despinassy property from Cameco Corporation for total consideration of \$350,000 in cash and shares.

On May 8, 2007, the Company received a confirmation letter establishing the new participation interest in the Despinassy Joint Venture as 75.5% for the Company and 24.5% for Commander Resources Ltd.

On January 8, 2008, the Company entered into a Letter of Intent (LOI) with Commander Resources Ltd (“Commander”) to purchase Commander’s 24.5% participating interest in the Despinassy Project. The Company acquired all of Commander’s interest in the Despinassy Joint Venture for a one time cash payment of \$375,000 and issuance to Commander of 1,875,000 common shares of the Company. The property consists of 113 claims and Commander will retain a 1% NSR royalty on 83 claims and 0.25% NSR on the other 30 claims. The Company will have the right to buy-down .5% of the NSR on the 83 claims for \$500,000.

e) Greenoaks Gold Property

By agreements dated June 4, 2004, the Company acquired the Greenoaks Gold property comprising 15 leasehold patents located in the Beardmore-Geraldton Gold District, Northwest Ontario from Hidefield in consideration for 4,500,000 common shares of the Company.

f) Dog Lake Property

By agreements dated June 4, 2004, the Company purchased the Dog Lake Gold property located approximately 14 kilometres southwest of Missinabie, Ontario from Hidefield in consideration for 2,200,000 common shares of the Company.

g) Mud Lake Property

By an agreement dated August 1, 2004, the Company acquired a 100% interest in the Mud Lake property by making cash payments totalling \$40,000 and issuing 150,000 common shares of the Company. The vendors retain a 2.5% NSR and the Company has the right to buyback 1.5% of the NSR for \$500,000.

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

g) Mud Lake Property - Continued

On June 13, 2007, the Company entered into an Option Agreement with Wescan Goldfields Inc. (“Wescan”). Under the term of the agreement, Wescan has the option to earn a 50% interest in the Mud Lake property by issuing shares of Wescan to the Company and incurring exploration expenditures as follows:

Upon execution of agreement	Issuance of 50,000 Wescan shares (received)	Incur NIL exploration expenditures
On or before June 13, 2008	Issuance of 50,000 Wescan shares (received)	Incur \$250,000 in exploration expenditures (incurred \$397,956 to date)
On or before June 13, 2009	Issuance of 50,000 Wescan shares	Incur \$350,000 exploration expenditures

The Company will remain the project operator until a positive pre-feasibility is completed at which time, Wescan will have the option to become project operator.

h) Cote-Archie Lake Property

On September 13, 2004, the Company acquired a 100% interest in the Cote-Archie Lake property by making cash payments totalling \$45,000 and issuing 150,000 common shares of the Company. The vendors retain a 2.0% NSR and Alto has the right to buyback 1.0% of the NSR for \$1,000,000. On July 18, 2007 the Company entered into an Option Agreement with Kodiak Exploration Ltd. Under the terms of the agreement, Kodiak has the option to earn a 51% interest in the Cote-Archie Lake property by spending \$1,000,000 on exploration work and by making \$100,000 in cash payments or issuing share based equivalent payments of Kodiak stock on the Effective Date of the Agreement, that being September 1, 2007, as follows:

Upon execution of agreement	Cash payment of \$25,000 or share based equivalent of Kodiak stock (cash payment received)	Incur NIL exploration expenditures
On or before July 18, 2008	Cash payment of \$25,000 or share based equivalent of Kodiak stock (equivalent in shares received subsequent to year end – Note 17)	Incur \$200,000 in exploration expenditures (incurred \$283,000 to date)
On or before July 18, 2009	Cash payment of \$25,000 or share based equivalent of Kodiak stock	Incur \$300,000 exploration expenditures (for cumulative expenditures totalling \$500,000)
On or before July 18, 2010	Cash payment of \$25,000 or share based equivalent of Kodiak stock	Incur \$500,000 exploration expenditures (for cumulative expenditures totalling \$1,000,000)

Upon earning a 51% interest, Kodiak then has the option to earn an additional 19% interest (for a total of 70%) by funding the completion of a positive feasibility study. Once Kodiak has earned a 70% interest in the project, the Company will have the option to participate in a 70%-30% Joint Venture or convert its interest to a 2.5% NSR royalty.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

i) Empress-Ridout Property

On June 15, 2005, the Company entered into an agreement with Cameco Corporation (“Cameco”) to acquire a 100% interest in the Empress-Ridout Property located in the province of Ontario by making a cash payment of \$20,000. The agreement is subject to a 2% NSR payable to original owners of the property. The Company has the option to buyout the 1% NSR for \$1,000,000.

j) Burchell Property

On May 3, 2006, the Company entered into an agreement with Canadian Golden Dragon Resources Ltd. to acquire a 100% interest in the Burchell Property located in the province of Ontario by making cash and share based payments as follows:

Upon execution of agreement	Cash payment of \$5,000 (paid)	Issuance of 25,000 common shares of the Company (issued)
On or before May 3, 2007	Cash payment of \$10,000 (paid)	Issuance of 50,000 common shares of the Company (issued)
On or before May 3, 2008	Cash payment of \$25,000 (paid)	Issuance of 125,000 common shares of the Company (issued)
On or before May 3, 2009	Cash payment of \$50,000	Issuance of 200,000 common shares of the Company.

The vendors retain a 2.0% NSR. The Company is required to incur exploration expenditures to maintain the property in good standing.

k) Three Towers Property (formerly Cote 801)

On July 5, 2007 the Company entered into an agreement to acquire the Three Towers Property. Under the terms of the agreement, the Company has the option to acquire 100% interest by making cash and share based payments as follows:

Upon execution of agreement	Cash payment of \$10,000 (paid)	Issuance of 30,000 common shares of the Company (issued)
On or before July 5, 2008	Cash payment of \$10,000 (paid)	Issuance of 30,000 common shares of the Company (issued)
On or before July 5, 2009	Cash payment of \$10,000	Issuance of 30,000 common shares of the Company

The vendors will retain a 2% NSR royalty and the Company has the option to buyout 1% for \$1,000,000.

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

7. Mineral Properties – Continued

1) Vassal Property

The Company has been gradually accumulating land through staking of open ground in the Vassal Township since late 2007. The property lies approximately 75 km north of Val d'Or and less than 5 km northwest of the Despinassy Project, is 100% owned by Alto and covers approximately 5,660 ha of potentially prospective ground. There are no underlying royalties.

8. Share Capital

a) Common shares

Authorized: Unlimited common shares without par value

	Number of Shares	Amount	Contributed Surplus
Balance – June 30, 2006	55,071,543	\$ 11,161,682	\$ 610,101
Units issued for cash pursuant to private placement, net of \$178,842 allocated to warrants (i)	10,575,000	878,658	178,842
Share issuance costs	-	(52,500)	-
Fair value of options granted	-	-	65,053
Finder fees	262,500	26,250	-
Issued in exchange for mineral properties	150,000	16,000	-
Balance – June 30, 2007	66,059,043	\$ 12,030,090	\$ 853,996
Units issued for cash pursuant to private placement, net of \$720,814 allocated to warrants (ii)	22,232,362	1,938,046	720,814
Issued in exchange for mineral properties (<i>See Notes 7d, 7j & 7k</i>)	2,030,000	296,750	-
Issued in exchange for warrants	4,949,050	989,810	-
Issued in exchange for options	415,000	57,750	-
Share issuance costs	-	(251,764)	-
Fair value of agent's warrants granted	-	-	144,900
Future income taxes on renouncement of flow-through shares issued	-	(402,071)	-
Fair value of warrants exercised	-	104,439	(104,439)
Stock based compensation	-	-	280,551
Fair value of options exercised	-	42,989	(42,989)
Balance – June 30, 2008	95,685,455	\$ 14,806,039	\$ 1,852,833

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

8. Share Capital - *Continued*

a) Common shares - *Continued*

- i. During the fiscal year ended June 30, 2007, the Company completed a private placement raising \$1,057,500 through the issuance of 10,575,000 units in two tranches. Finder's fees of 262,500 units valued at \$26,250 were issued and \$24,500 in cash was paid. Each unit was sold at \$0.10 and consists of one common share and one warrant. Each warrant will entitle the holder to purchase an additional common share at a price of \$0.20 during the first year. The warrants attached have been valued at \$178,842 based upon the Black Scholes model using the assumptions as follows: Expected dividend yield of nil, Expected stock price volatility of 91%, Risk-free interest rate of 3.80% and Expected life of warrants of 12 months.

The terms and conditions of the warrants also contain an accelerated exercise provision that, if the Company's shares trade on a weighted average of \$0.30 for 20 consecutive trading days, warrant holders will be given notice that they have 30 days to exercise or their warrants will expire.

- ii. During the year ended June 30, 2008, the Company completed a private placement raising \$2,658,860 through the issuance of 10,664,998 flow-through shares at a price of \$0.13 per share and 11,567,964 non-flow-through units at a price of \$0.11 per unit in three separate tranches. Each non-flow-through unit will consist of one common share and one purchase warrant which entitles the holder to purchase an additional common share at a price of \$0.20 exercisable within one year of closing. Finder's fees paid on this financing amounted to \$80,983 in cash, 581,780 in broker's warrants at \$0.13 per warrant on the flow-through portion and 105,000 in broker's warrants at \$0.11 per warrant on the unit portion. All broker warrants are exercisable for a period of one year.

The warrants attached to the above private placement have been valued at \$720,814 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 112-114%, Risk-free interest rate of 4.06-4.22%, and Expected life of warrants of 12 months.

The broker warrants attached to the above private placement have been valued at \$144,900 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 112-114%, Risk-free interest rate of 4.18-4.22%, and Expected life of warrants of 12 months.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

8. Share Capital – Continued

b) Warrants

Warrants have been granted and are exercisable in whole or in part allowing the holders to purchase common shares of the Company as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – June 30, 2006	22,515,589	\$ 0.22
Granted	10,575,000	0.20
Agents warrants granted	262,500	0.20
Expired	(11,118,889)	0.30
Balance – June 30, 2007	22,234,200	0.20
Granted	11,567,964	0.20
Agents warrants granted	686,780	0.20
Exercised	(4,949,050)	0.20
Expired	(17,347,700)	0.20
Balance – June 30, 2008	12,192,194	0.20

During the year ended June 30, 2008, 4,949,050 warrants were exercised for total proceeds of \$989,810. As part of the exercises, there was \$104,439 in fair value associated with these warrants upon original grant that have been transferred from contributed surplus to common shares.

Of the warrants outstanding at June 30, 2008:

- 900,000 warrants are exercisable at \$0.20 per share up to October 24, 2008
- 484,830 warrants are exercisable at \$0.13 per share up to October 24, 2008
- 63,000 warrants are exercisable at \$0.11 per share up to October 24, 2008
- 42,000 warrants are exercisable at \$0.11 per share up to October 31, 2008
- 8,712,816 warrants are exercisable at \$0.20 per share up to October 31, 2008
- 35,000 warrants are exercisable at \$0.13 per share up to October 31, 2008
- 1,954,548 warrants are exercisable at \$0.20 per share up to November 6, 2008

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

8. Share Capital – Continued

c) Share Purchase Options

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

Stock option transactions were as follows:

	Number of options	Weighted Average Exercise Price
Balance, June 30, 2006	2,361,000	\$ 0.17
Granted	700,000	0.12
Cancelled	(105,000)	0.15
Balance, June 30, 2007	2,956,000	0.14
Granted	1,795,000	0.20
Exercised	(415,000)	0.14
Cancelled	(281,000)	0.13
Balance, June 30, 2008	4,055,000	\$ 0.22

During the year ended June 30, 2008, the Company granted a total of 1,795,000 stock options, exercisable on or before December 16, 2012 at a price of \$0.20. The total fair value of the options granted during the year ended June 30, 2008 was \$299,478. Since the options for investor relations vest over time, \$14,599 of the fair value has not yet been recorded in the Company's accounts. \$191,866 has been recorded as stock-option compensation expense, and \$78,415 has been charged to mineral property costs. During the year ended June 30, 2008, \$14,599 of investor relations options vested in relation to the December 16, 2007 grant and has been recorded as stock option compensation expense. In addition, investor relations options granted in 2006 vested during the year ended June 30, 2008 in the amount of \$11,822 and has been recorded as stock option compensation expense.

During the year ended June 30, 2008, 415,000 options were exercised for total proceeds of \$57,750. As part of the exercises, there was \$42,989 in fair value associated with these options upon original grant that have been transferred from contributed surplus to common shares.

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

8. Share Capital – Continued

c) Share Purchase Options -continued

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The estimated fair value of the stock options was determined using a Black-Scholes option pricing model with the following assumptions, Expected dividend yield – 0%, Expected stock price volatility – 107%, Risk free rate – 3.84%, and Expected life of options – 5 years.

The following is a summary of the Company's options as at June 30, 2008 and June 30, 2007 and the changes for the period are as follows:

Exercise Price	Outstanding June 30, 2007	Granted	Cancelled/ Expired	Exercised	Outstanding June 30, 2008	Expiry Date
\$0.10	131,000	-	(131,000)	-	-	August 30, 2007
\$0.15	1,170,000	-	-	(45,000)	1,125,000	September 30, 2009
\$0.15	715,000	-	(145,000)	(250,000)	320,000	June 20, 2010
\$0.16	240,000	-	-	-	240,000	March 21, 2011
\$0.12	550,000	-	-	(75,000)	475,000	December 19, 2011
\$0.10	150,000	-	-	(45,000)	105,000	May 16, 2012
\$0.20	-	1,795,000	(5,000)	-	1,790,000	December 16, 2012
	2,956,000	1,795,000	(281,000)	(415,000)	4,055,000	

9. Related Party Transactions

- At June 30, 2008, the Company owed \$2,645 (2007: \$3,335) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.
- At June 30, 2008, a management services company with a director and officer in common, owed the Company \$32,402 (2007: \$27,402) relating to a deposit for services paid to HRG Management Ltd. ("HRG"). (See Note 12)

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

9. Related Party Transactions - Continued

- c) The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts and consist of the following items:

	June 30, 2008	June 30, 2007
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 12)	\$ 173,633	\$ 173,470
Mike Koziol – salary services (Officer and Company with Director in Common)	144,000	144,000
Mirador Management – management fees (Company with a Director in Common)	-	61,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)	30,000	30,000
John Prochnau – consulting services (Former Director)	8,750	7,250
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)	1,611	6,349
Total	\$ 357,994	\$ 422,069

10. Segmented Information

The Company currently conducts substantially all of its operations in Canada in one business segment, being mining exploration.

11. Supplementary Cash Flow Information

	June 30, 2008	June 30, 2007
Cash position consists of:		
Cash and cash equivalents	\$ 1,339,480	\$ 305,509
Restricted cash – flow-through	423,263	-
Cash position end of year	\$ 1,762,743	\$ 305,509

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

11. Supplementary Cash Flow Information - Continued

Non cash transactions during the year ended June 30, 2008 and 2007 were as follows:

Non-Cash Financing and Investing Activities include:	June 30, 2008	June 30, 2007
Shares issued for property costs	\$ 296,750	\$ 16,000
Shares received under mineral property agreement	\$ 37,000	\$ 17,500
Quebec exploration tax credit	\$ 271,515	\$ 23,038
Gain on fair value increase of marketable securities	\$ 20,500	\$ -
Share issuance costs	\$ 144,900	\$ 26,250
Accounts payable included in mineral properties	\$ 55,628	\$ 79,488
Stock based compensation included in mineral properties	\$ 78,415	\$ 45,094

12. Commitments

The Company entered into a services agreement, effective February 1, 2006, with HRG Management Ltd. ("HRG") in which the Company will pay a monthly corporate administration fee of approximately \$12,262 (2007 - \$13,141) which includes office administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services at cost. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares one director and an officer in common with HRG. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice. The Company has a \$32,402 deposit paid to HRG for management services. (See Note 9b)

13. Income Taxes

The income taxes shown in the statement of loss, comprehensive loss and deficit differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2008	2007
Statutory tax rate	29.00%	34.12%
Expected income tax recovery	\$ (235,158)	\$ (218,009)
Non-deductible differences	74,735	(5,624)
Share issuance costs	(11,025)	(2,097)
Unrecognized tax losses	168,448	225,730
Future income tax arising from flow-through share renouncement	(402,071)	-
Income tax provision (recovery)	\$ (402,071)	\$ -

Alto Ventures Ltd.

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Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

13. Income Taxes - Continued

The significant components of the Company's future tax assets are as follows:

	2008	2007
Mineral properties	\$ (227,814)	\$ 209,581
Operating loss carry-forwards	825,526	819,344
Capital losses	221,595	260,677
Property, plant and equipment	5,314	5,391
Share issuance costs	36,229	6,291
Less: valuation allowance	(860,850)	(1,301,284)
	<hr/>	<hr/>
Net future income tax asset (liability)	\$ -	\$ -

As at June 30, 2008, the Company has renounced for tax purposes \$1,386,450 of the flow-through expenditures.

The Company has accumulated losses of \$2,846,641 which may be used to reduce future year's taxable income. These losses expire as follows:

2008	\$ 136,289
2009	95,840
2010	189,916
2014	55,836
2015	593,359
2016	548,013
2027	636,187
2028	591,201
	<hr/>
	\$ 2,846,641

Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance because of uncertainty of their recovery.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

14. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents, receivables, investments and investment tax credit receivable balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

15. Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at June 30, 2008, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's functional currency. The Company has no operations outside of Canada at this time and as such has no currency risk associated with its operations.

Interest rate and credit risk

The Company has significant cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Accounts and other receivable consist of goods and services tax due from the Federal Government of Canada, amounts due from joint venture and option partners, and funds advanced for exploration. Management believes that the credit risk concentration with respect to receivables is remote.

Alto Ventures Ltd.

(An Exploration Stage Company)

Notes to the Financial Statements

For the years ended June 30, 2008 and 2007

Canadian Funds

15. Management of Financial Risk - *Continued*

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at June 30, 2008, the Company had a cash balance (excluding restricted cash) of \$1,339,480 (June 30, 2007 - \$305,509) to settle current liabilities of \$102,566 (June 30, 2007 - \$55,716).

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As of June 30, 2008, the carrying amount of accounts receivable and payable equals fair market value.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$13,395.
- The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.
- Price risk is remote since the Company is currently not a producing entity.

16. Comparative Figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

17. Subsequent Events

Subsequent to year end, the Company received 11,112 in Kodiak shares, valued at \$25,000 under the terms of the mineral property agreement. (See Note 7h)



**MANAGEMENT DISCUSSION AND
ANALYSIS**

FOR THE YEAR ENDED JUNE 30, 2008

INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the financial statements of the Company for the year ended June 30, 2008. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is October 15, 2008.

DESCRIPTION OF BUSINESS

Alto Ventures Ltd. (the "Company") was incorporated under the provisions of the British Columbia Business Corporations Act (formerly the BC Company Act) on June 6, 1987. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol - **ATV**.

The Company is in the business of acquiring and exploring gold projects. There has been no determination whether these properties contain reserves which are economically recoverable.

The recoverability of values assigned to these gold properties is dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

RESULTS OF OPERATIONS

Quarter-to-date

The Company incurred a \$271,181 gain for the three months ended June 30, 2008 as compared to a loss of \$192,594 for the same period last year. This amounts to a \$463,775 increase over same period last year.

The increase over the prior year quarter can be mainly attributed to a decrease in office and miscellaneous (\$9,451), professional fees (\$17,890), salaries and wages (\$6,899), transfer agent and filing fees (\$6,648) and property investigations (\$23,441). Increases in interest income (\$15,495), gain on sale of marketable securities (\$19,700) and recognition of a future income tax recovery on flow through share renouncement (\$402,071) have also contributed to the increase.

Expenses that increased were property write-downs (\$23,778), administrative services (\$8,197) and travel and promotion (\$4,291).

Cash and cash equivalents balance decreased by \$213,457 to \$1,339,480 at June 30, 2008. The cash spending for mineral properties was \$193,828. Cash expenditures on exploration included Coldstream (\$3,054), Greenoaks (\$40,790), Three Towers (formerly Cote 801), (\$79,919), Despinassy (\$20,067), Vassal (\$25,593) and Mud Lake (\$27,920). During the year ended June 30, 2008, the Company recovered \$336,808 through its joint exploration property agreements, Quebec tax credits and acquisition costs of \$29,886.

RESULTS OF OPERATIONS**Year-to-date**

The Company incurred a \$389,119 loss for the year ended June 30, 2008 as compared to a loss of \$614,607 for the same period last year. This amounts to a \$225,488 decrease over same period last year. Expenses that increased were investor and shareholder relations, due to a hire of a full time investor relations consultant, (\$25,330), stock based compensation (\$204,655), salaries and wages (\$41,999) due to allocation of officer administration time, and travel and promotion (\$23,140) due to conferences attended, and mineral property write-downs (\$23,778) due to mineral claims expiration. Expenses that decreased were management fees, due to resignation of a former officer, (\$30,500), and property investigation (\$23,442) due to less potential mineral property examinations. Increases in joint venture management fees (\$34,345) interest income (\$58,993) and recognition of a future income tax recovery on renouncement of flow through shares (\$402,071) have also contributed to the year to date change.

Cash and cash equivalents balance increased by \$1,033,971 to \$1,339,480 at June 30, 2008 due to net proceeds from a private placement totalling \$2,577,877. The cash spending for mineral properties was \$1,923,444. Cash expenditures on exploration included Despinassy (\$1,182,849), Three Towers (formerly Cote-801) (\$115,527), Vassal (\$62,808), Oxford Lake (\$42,310), Mud Lake (\$343,380), Greenoaks (\$57,986) and other projects (\$118,584). During the year ended June 30, 2008, the Company recovered \$405,456 through its joint exploration property agreements.

SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarter. * Includes \$271,515 in Quebec exploration tax credits.

In thousands(000's)	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
Financial results								
Net loss (gain) for period	(271)	150	365	145	167	158	143	135
Basic and diluted loss per share	(0.01)	-	0.01	-	0.01	-	-	0.01
Expenditures on * resource properties	(115)	1,398	216	18	61	350	92	312
Balance sheet data								
Cash and short term deposits	1,762	2,260	3,038	159	301	365	87	83
Resource properties	6,170	6,284	4,885	4,670	4,653	4,594	4,278	4,133
Total assets	8,578	8,858	8,368	5,058	5,126	5,265	4,910	4,527
Shareholders' equity	8,476	8,556	8,272	4,911	5,082	5,223	4,713	4,447

INVESTMENT IN MINERAL PROPERTIES

The following table shows the activity by property from July 1, 2007 to June 30, 2008:

Property	June 30, 2007	Acquisitions	Deferred Explorations	JV and Tax Credit Recovery	June 30, 2008
Alcudia Claims	\$ 128,541	\$ -	\$ 57	\$ -	\$ 128,598
Coldstream Property	776,517	4,290	30,414	-	811,221
Cote-Archie Lake Property	272,005	-	5,923	(25,000)	252,928
Three Towers Property	3,564	17,548	97,979	-	119,091
Despinassy Property	1,238,468	665,727	758,314	(241,194)	2,421,315
Dog Lake Property	232,546	-	825	-	233,371
Greenoaks Gold Property	540,847	2,799	55,187	-	598,833
Mud Lake Property	324,363	-	343,380	(380,456)	287,287
Oxford Lake Property	928,222	-	42,310	-	970,532
Empress-Ridout Property	63,886	-	128	-	64,014
Vassal Property	-	6,438	86,690	(30,320)	62,808
Other exploration properties	143,689	52,841	24,108	-	220,638
Total Mineral Properties	\$ 4,652,648	\$ 749,643	\$ 1,445,315	\$ (676,970)	\$ 6,170,636

The following table shows the activity by property from July 1, 2006 to June 30, 2007:

Property	June 30, 2006	Acquisitions	Deferred Explorations	JV and Tax Credit Recovery	June 30, 2007
Alcudia Claims	\$ 108,774	\$ -	\$ 19,767	\$ -	\$ 128,541
Coldstream Property	614,059	-	162,458	-	776,517
Cote Archie Lake Property	204,381	16,500	51,124	-	272,005
Three Towers Property	-	3,564	-	-	3,564
Despinassy Property	985,554	150,000	125,952	(23,038)	1,238,468
Dog Lake Property	231,928	-	618	-	232,546
Greenoaks Gold Property	457,072	-	83,775	-	540,847
Mud Lake Property	146,846	9,886	185,131	(17,500)	324,363
Oxford Lake Property	922,529	-	5,693	-	928,222
Empress-Ridout Property	26,277	-	37,609	-	63,886
Other exploration	91,734	16,000	35,955	-	143,689
Total Mineral Properties	\$ 3,789,154	\$ 195,950	\$ 708,082	\$ (40,538)	\$ 4,652,648

INVESTMENT IN MINERAL PROPERTIES (continued)

<i>Mineral Property Costs</i>	June 30, 2008	June 30, 2007
Diamond drilling	\$ 800,068	\$ 365,360
Acquisition and claim staking	742,922	200,270
Airborne geophysics	316,500	-
Stripping and washing	92,300	-
Stock based compensation	78,415	47,411
License, leases, permits and taxes	54,504	36,498
Assessment reports and filing works	26,444	53,628
Data compilation and digitizing	25,699	26,835
Mapping	18,741	48,940
Prospecting	18,569	26,123
Line cutting, trenching and blasting	18,387	43,829
Geological surveys	9,450	2,195
Management and planning of projects	8,204	55,186
Legal	4,670	-
Assays	3,724	(2,617)
Travel, camp and other expenses	139	374
Property write-downs	(23,778)	-
Exploration tax credits	(271,515)	(23,038)
JV partner contribution	(405,455)	(17,500)
<i>Mineral Property Costs for the Year</i>	1,517,988	863,494
<i>Mineral Property Costs – Beginning of Year</i>	4,652,648	3,789,154
<i>Mineral Property Costs – End of Year</i>	\$ 6,170,636	\$ 4,652,648

The Company has investigated ownership of its mineral interests as at June 30, 2008 and, to the best of its knowledge, ownership of its interests are in good standing. Mike Koziol, P.Geo, Alto's President, CEO and Director is the qualified person responsible for the technical information reported in this Management's Discussion and Analysis.

a) Despinassy Property, Quebec

Current activity and Future Plans

The Despinassy Project is located in Despinassy Township, approximately 75 km northeast of Val d'Or, Quebec and lies within the Archean age Abitibi greenstone belt in the eastern Superior Province in Quebec. The property is now 100% owned by Alto subject to certain underlying production royalties. In March 2008, the Company acquired all of the interest held by Commander Resources Ltd., its Joint Venture Partner for a one time cash payment of \$375,000 and the issue of

INVESTMENT IN MINERAL PROPERTIES (continued)a) Despinassy Property, Quebec – (continued)*Current activity and Future Plans*

1,875,000 Alto shares to Commander. Since the acquisition of Commander's interest, the Company staked additional ground and merged its 100% Despinassy East Project to hold an impressive land package covering more than 7,390 hectares.

Helicopter borne electromagnetic (using the Geotech Ltd. VTEM system) and magnetometer surveys were flown over the entire Despinassy property in February and an interpretation report was received in June showing a number of strong geophysical targets that have not been drilled previously.

In 2008, the Company completed 17 holes totalling 4,338 m of diamond drilling (see Alto news release dated May 8, 2008). Gold was intersected in each of the 17 holes completed including high grade of 20.6 grams per tonne ("g/t") gold across 0.8 m at the Darla Zone. This high grade occurs within a wider mineralized section averaging 7.0 g/t gold across 2.5 m in DES08-104. DES08-114 intersected 5.3 g/t across 0.5 m at Zone 21 in Area 3. (See table below)

There are no immediate plans for additional work because of recent uncertainty to effectively finance significant programs in the current volatile market conditions. All of the claims are protected for a minimum of one year due to banked assessment credits accumulated from past work.

INVESTMENT IN MINERAL PROPERTIES (continued)a) Despinassy Property, Quebec – (continued)*Current activity and Future Plans (continued)*

The table below provides a listing of the winter 2008 drill intercepts with gold values of > 1 g/t.

Table of Significant (Au > 1.0 g/t) Assay Results from Holes DES08-103 to DES08-119

Hole	From (m)	To (m)	Width (m)*	Au (g/t)	Comments
DES08-103	54.4	58.6	4.2	0.55	Darla Zone
Includes	55.5	56.6	1.2	1.07	
	120.0	130.1	10.1	0.53	
includes	120.0	121.0	1.0	2.82	
and	129.0	130.1	1.1	1.45	
DES08-104	104.5	107.0	2.5	7.02	Darla Zone
includes	105.2	106.0	0.8	20.63	2 grains of visible gold observed
	114.5	136.7	22.2	0.35	
includes	119.0	120.0	1.0	1.24	
	168.5	169.5	1.0	2.3	4 grains of very fine visible gold observed
DES08-105	203.0	204.0	1.0	1.3	Darla Zone
DES08-106	116.4	124.6	8.2	1.19	Darla Zone
includes	117.1	117.9	0.8	2.35	
and	123.2	124.6	1.4	3.82	
	146.4	147.4	1.0	1.39	
DES08-108	34.2	34.7	0.5	2.2	Darla Zone
DES08-111	309.6	314.6	5.0	0.96	Zone 20
includes	311.6	312.6	1.0	2.04	
DES08-112	365.2	366.2	1.0	1.6	Zone 20
DES08-114	246.0	246.5	0.5	5.3	Zone 21
	270.6	272.6	2.0	1.38	
DES08-115	85.7	87.7	2.0	1.63	Zone 21
DES08-119					Darla Zone
	196.0	198.0	2.0	2.81	5 grains of very fine VG
	253.0	254.0	1.0	2.37	

*Mineralized intervals reported are down-hole lengths as there is insufficient drill-hole density to estimate true widths.

INVESTMENT IN MINERAL PROPERTIES (continued)a) Despinassy Property, Quebec – (continued)*Historical Information*

Pursuant to an agreement dated September 30, 2004, the Company acquired a 70% interest in the Despinassy property from Cameco Corporation for total consideration of \$350,000 in cash and shares when it made the final cash payment of \$150,000 on August 31, 2006.

On May 8, 2007, the Company received a confirmation letter from Commander Resources, its Joint Venture partner that Commander has reduced its interest in the Property by not participating in exploration work. The new participating interest in the Despinassy Joint Venture was established as 75.5% for the Company and 24.5% for Commander Resources Ltd.

Prior to the Company's acquisition of the property in 2004, a total of 23,005 metres (m) was drilled by previous operators, resulting in the discovery of the DAC deposit with gold mineralization encountered to a depth of 600 m. Drilling along the Despinassy Shear Zone encountered gold for more than six km strike extent.

In 2005 and 2006 the Company completed over 10,400 m of diamond drilling to provide sufficient data to prepare a Mineral Resource Estimate consistent with guideline set out in National Instrument 43-101. The Resource Estimate was prepared by Hubacheck Consulting Geologists (HCG) of Mississauga, Ontario in January 2007. At the 3.0 g/t gold cut-off grade, HCG estimates that the Indicated Mineral Resources of the DAC Deposit total 167,000 tonnes at an average grade of 6.88 g/t. In addition, at the 2.0 g/t gold cut-off grade, HCG estimates that the Inferred Mineral Resources total 445,000 tonnes at an average grade of 4.46 g/t gold. Deep drilling by an earlier operator intersected significant gold mineralization at 600 m depth that is not included in the current resource estimates. Some of the intercepts from this deep drill hole include 26.6 g/t gold over 1.1 m, 8.4 g/t over 1.0 m and 9.4 g/t over 1.4m.

Drilling one kilometre to the east of the DAC Deposit along the same shear/alteration corridor resulted in the discovery of the Darla Zone where 19.5 g/t gold over 2.1 m was intersected. The discovery of the Darla Zone demonstrates potential for additional near-surface gold resources and further demonstrates the exploration potential of the 6 km long Despinassy Shear.

Drilling by an earlier operator three kilometres east of the DAC Deposit, and previously referred to as Area 3, intersected two gold zones grading 4.4 g/t gold across 2.0 m and 2.4 g/t gold across 6.0 m respectively. These zones were not followed up by additional drilling.

INVESTMENT IN MINERAL PROPERTIES (continued)b) Coldstream Property, Ontario*Current activity and Future Plans*

The Company has increase the size of the property through staking and now owns a 100% interest in 4,357 hectares, subject to certain underlying production royalties on some of the claims. A prospecting program was completed in August and the results are pending.

Historical Information

The Coldstream property is located in the Shebandowan greenstone belt approximately 100 km west of Thunder Bay, Ontario. The property includes the former producing North Coldstream copper-silver-gold mine and the East Coldstream gold deposit. During the past few years the Company made strategic land acquisitions through staking and purchases to cover over 10 km of a prospective mineralized structure. In 2006 a program consisting of 2,062 m of diamond drilling was completed testing the East Coldstream gold deposit.

Drilling has confirmed the presence of wide zones of gold mineralization with some intersections up to 68 m in core length and grading 1.2 g/t gold. The mineralized gold system has now been traced for two km at East Coldstream and remains open along strike and to depth.

The East Coldstream gold deposit occurs at the northeast end of a linear corridor that extends west-southwest for over 20 km and includes the North Coldstream copper-gold-silver mine (historical production of 102 million pounds of copper, 440,000 ounces of silver and 22,000 ounces of gold from 2.7 million tons of ore), the Company's Burchell claims with multiple gold zones of up to 0.95 g/t gold over 34 m, the Moss Lake gold deposit owned by Moss Lake Mines Ltd with a NI43-101 resource estimate of 50.9 million tonnes grading 0.92 g/t gold (1.5 million contained ounces of gold) and several other significant mineral occurrences to the southwest.

The styles of alteration and mineralization at East Coldstream display many characteristics of Iron-Oxide- Copper-Gold (IOCG) deposits found in other parts of the world. Recognition of this style of mineralization is significant since IOCG deposits are typically large, ranging in size from tens of millions of tonnes to several hundred million tonnes with substantial quantities of gold. Recognition of geology and alteration consistent with IOCG style of mineralization in proximity to the 50 million tonnes Moss Lake gold deposit confirms the potential for the presence of huge deposits on the Coldstream property.

‘INVESTMENT IN MINERAL PROPERTIES (continued)c) Oxford Lake Property, Manitoba*Current activity and Future Plans*

There were no exploration activities during this reporting period. Technically, the Oxford Lake property has great potential to host gold deposits as was demonstrated with the discovery of the historical Rusty Zone. However, because of the Company's current focus in the Abitibi of Quebec and the Beardmore-Geraldton area, Ontario, no work is planned for Oxford Lake in the immediate future. This property is an excellent candidate for farm-out and potential Joint Venture partners are being sought.

Historical Information

The Company owns 100% interest in 2,870 hectares of mineral claims and a 5,516 hectare mineral exploration permit, located 160 km southeast of Thompson, Manitoba. Noranda outlined historical resources estimated at 800,000 tonnes grading 6 grams gold per tonne, totalling 154,000 ounces of gold at the Rusty Zone (see SEDAR Filing dated December 23, 2004 for NI43-101 disclosure on this project). Further gold mineralization up to 10 g/t gold over 2 metres was encountered by Noranda, 2 km east of the Rusty Zone in the same oxide iron formation. In total, 6 km of strike length of prospective auriferous iron formation has been identified on the property that has been only sparsely drilled. A consolidation of the land position in the past years has positioned the property for joint venture.

d) Mud Lake Property, Ontario*Current activity and Future Plans*

Surface work started with prospecting in May and was followed by geological mapping, mechanical stripping and sampling during the summer months. All this work is in preparation for diamond drilling which started on October 6. There are no results to report yet.

In January, 2008 the Company completed the diamond drilling program that was started in November 2007. Eighteen holes, totalling 1,283 m of drilling were completed during this program. The Alto-Wescan Mud Lake Project is located 25 km northeast of Beardmore, Ontario and is made up of 162 claim units totalling 2,592 hectares. These claims lie on strike and to the northeast of the Brookbank Gold Deposit which is currently being explored by Ontex Resources and to the south of the Hercules Project operated by Kodiak Exploration Ltd.

Significant results were obtained from the January 2008 phase of drilling including 7.2 g/t across 1.0 m from the Oliver Severn Showing. The results from this program and previous drilling are very encouraging and warrant additional exploration work.

The table below provides a listing of drill intercepts with gold values of > 1 g/t that were obtained from the current and past drilling programs on the property.

INVESTMENT IN MINERAL PROPERTIES (continued)d) Mud Lake Property, Ontario*Current activity and Future Plans (continued)*

Table of Significant (Au . 1 g/t) Assay Results from the 2007-2008 Mud Lake Drilling

Hole	From (m)	To (m)	Width (m)	Au (g/t)	Zone
MUD07-01**	15.1	16.1	1.0	0.99	Trench 6
MUD07-03**	15.3	16.0	0.7	3.2	Trench 6
MUD07-06**	12.3	18.4	6.1	3.39	Oliver-Seven Zone 1
	14.9	15.4	0.5	9.64	
	17.4	18.4	1.0	13.97	
	28.6	29.6	1.0	5.56	Oliver-Severn Zone 2
MUD07-11**	26.5	28.5	2.0	2.11	Clarke Zone 1
	51.5	53.2	1.7	2.35	Clarke Zone 2
MUD07-12**	80.0	88.8	8.0	0.94	Clarke
Includes	82.8	84.8	2.0	2.16	
MUD07-14*	19.0	21.0	2.0	2.12	Showing #3
MUD07-16*	21.1	21.6	0.5	6.34	Showing #4
MUD07-17*	23.7	24.7	1.0	3.77	Showing #4
MUD07-19*	61.3	62.3	1.0	1.44	Showing #5
MUD08-22	36.6	37.6	1.0	7.25	Oliver Severn
MUD08-23	23.8	24.7	0.9	2.0	Oliver Severn
MUD08-24	19.0	21.0	2.0	1.21	Clarke Showing
MUD08-25	42.5	43.5	1.0	3.2	Clarke Showing

* reported previously in the Second Quarter, 2008

** reported previously in the Third Quarter, 2007

Historical Information

The Company owns 100% interest in the project and in June, 2006 has signed an Option Agreement with Wescan Goldfields Inc. Under the terms of the Agreement, Wescan can earn 50% interest in the project by funding \$600,000 worth of exploration and issuing 150,000 Wescan shares to Alto over two years. The Company will remain the project operator until a positive pre-feasibility is produced.

INVESTMENT IN MINERAL PROPERTIES (continued)d) Mud Lake Property, Ontario*Historical Information (continued)*

The 2005 summer exploration program identified 10 main gold showings ranging from 4.1 to 50.6 g/t in grab samples. Gold occurs principally within quartz-carbonate veins and areas of silicification along a major auriferous shear structure that extends for 6 kilometres along strike within the Coyle Lake Intrusive. A 16.9 line kilometre Induced Polarization survey was completed in the same year and has outlined 20 anomalies along strike of existing surface showings and in overburden covered areas.

In February, 2007, the Company drilled 12 shallow holes totalling 753 m to test three (Clarke, Oliver-Severn and Trench 6) of the showings along the 6 km shear structure. Nine holes, totalling 625 m were drilled in December to test another three of the surface gold showings. A summary of the significant results from the 2007 February and December drilling is included in the table above.

e) Cote-Archie Lake Property, Ontario*Current activity and Future Plans*

In June, Kodiak Explorations Ltd, project Operator, informed the Company that Kodiak drilled 12 holes totalling 1,951 m. The work was completed to fulfill terms of a 2007 Option Agreement where Kodiak can earn an initial 51% interest in the project by spending \$1,000,000 on exploration work and paying Alto \$100,000 in cash or Kodiak shares over the same period. With the drill program and payments in cash and shares made to Alto, Kodiak has fulfilled its first year obligations and has indicated that it is proceeding to year two of the Option but has no immediate plans for exploration work. Some highlights of the Kodiak drilling are tabled below.

INVESTMENT IN MINERAL PROPERTIES (continued)e) Cote-Archie Lake Property, Ontario*Current activity and Future Plans (continued)*

Highlight from Kodiak's 2008 Summer Drilling at Cote-Archie Lake

HOLE ID	FROM (M)	TO (M)	LENGTH (M)	GOLD G/T
CA08-01	41.88	42.8	0.92	1.48
	44.53	45.15	0.62	1.24
	45.37	45.8	0.43	1.35
	94.9	95.2	0.3	3.0
CA08-02	52.1	52.5	0.4	1.19
	115.4	115.6	0.2	1.63
CA08-04	84.6	84.8	0.2	2.06
	86	86.5	0.5	1.01
CA08-05	57.5	58.6	1.1	1.29
	59.15	59.5	0.35	1.32
	77.85	78.85	1	1.11
	100.7	101.4	0.7	1.54
CA08-06	37.1	37.4	0.3	1.75
	42.4	42.8	0.4	1.23
	46.7	47	0.3	1.17
	84.2	84.5	0.3	3.48
CA08-07	94.2	94.8	0.6	2.05
CA08-11	59.25	59.45	0.2	1.17
CA08-12	146.8	147.4	0.6	1.15

Historical Information

The Cote Archie Lake property is located 5 km north of Beardmore, Ontario in the Beardmore-Geraldton Gold Camp. The property consists of 2,672 ha and is owned 100% by Alto. In July, 2007 the Company has entered into an Option Agreement with Kodiak Exploration Ltd where Kodiak can earn 51% interest. The existence of an extensive shear system (Cote-Archie Shear) containing gold-bearing quartz veins was confirmed by prospecting and trenching and it was traced along strike for over two kilometres on the property. Individual shears are up to 12 metres wide and carry highly anomalous gold values, with higher grades up to 11.2 g/t over 1.0m continuous chip sample.

INVESTMENT IN MINERAL PROPERTIES (continued)e) Cote-Archie Lake Property, Ontario*Historical Information (continued)*

The Cote-Archie Shear is a major auriferous shear system that is interpreted to lie on strike with the shear system associated with the Leitch Mine which produced 860,000 ounces gold at an average grade of 0.92 opt (31.5 grams per tonne) prior to its closure in 1968. Despite previous work in the area, the Cote-Archie Shear is a highly prospective auriferous vein structure that has not been recognized before and consequently has only been sparsely drilled at its northeast end.

In February 2007, the Company attempted to drill two holes but only one was completed and the other was terminated before reaching its target. COT07-01 was drilled to test the Cote Shear and it intersected the target, a well developed and altered shear zone that is twenty metres wide and contains variable quartz veining including a 2.4 m wide quartz vein/vein breccia that contains minor amounts of sulphides. Although the assay results obtained from this first hole are not economic, the intersection of strongly sheared rocks that contain auriferous quartz veins is very encouraging for a first-pass drill program (please see table below).

In May, 2007 the Company completed a prospecting program on the Angle Lake block, located 5km east of the drilled area. Prospectors have located a northeast trending shear zone that returned up to 8 g/t gold in grab samples.

f) Greenoaks Property, Ontario*Current activity and Future Plans*

Surface work started with mechanical stripping and sampling in May to extend the known gold-mineralized quartz veins along strike. Significant gold values (up to 59 g/t gold in grab samples) were obtained from narrow quartz-sulphide veins (See Alto's July 24, 2008 news release). In August the Company completed channel sampling of some of these veins returning up to 34.1 g/t gold across 1.0 m wide sample. Additional channel sample results are tabulated below.

INVESTMENT IN MINERAL PROPERTIES (continued)f) Greenoaks Property, Ontario*Current activity and Future Plans (continued)*

Sample Number	Width (Metres)	Au (g/t)
NW of Greenoaks Mine		
744153	0.5	1.01
744154	1.0	1.26
744164	0.5	5.56
744167	0.5	1.26
744168	0.5	4.87
744169	1.0	9.01
744170	1.0	34.16
744176	0.5	1.58
744183	1.0	1.59
744184	1.0	1.87
744186	1.0	1.69
744196	0.5	2.17
SE of Greenoaks Mine		
	0.9	3.74
	0.5	1.8
	0.6	1.57

The Company has no immediate plans to drill this property.

Historical Information

The 100% owned Greenoaks property, consisting of 409 hectares is located 43 kilometres northeast of Beardmore, Ontario. Five holes, totaling 331 metres (m) were completed at Greenoaks in 2007. Two of the five holes intersected visible gold with assays including 12.5 g/t gold across 0.4 m and 7.08 g/t gold across 0.8m. Historical surface work resulted in the discovery of four zones along a 400 m segment of a west-northwest trending shear where gold-bearing quartz veins have been emplaced. Previous drilling, dating back to the 1960s, focused only on Zone 1 and intersected high grade gold mineralization including 1.2 ounces per ton (41 g/t) gold across 5 feet (1.5 m). Zones 3 and 4 were not drilled prior to the 2007 program.

The 2007 drilling has confirmed the mineralization in Zone 1 and indicates that more drilling is required to evaluate Zone 1 as well as Zones 3 and 4. The results presented in the table below are very encouraging.

INVESTMENT IN MINERAL PROPERTIES (continued)f) Greenoaks Property, Ontario*Historical Information (continued)*

Table of Significant Results from Greenoaks

Hole	From (m)	To (m)	Width (m)	Au (g/t)	Zone
GRN07-01	13.2	13.6	0.4	12.5	Zone 1, Visible Gold
GRN07-04	12.0	12.5	0.5	2.1	Zone 4, Visible Gold
GRN07-04	21.9	22.7	0.8	7.08	Zone 3, Visible Gold
GRN07-05	61.8	63.0	1.2	0.11	Zone 1, deepest mineralized intersection on the property

Hole GRN07-05 intersected Zone 1 at 50 m vertical depth and this is the deepest test of this zone. The zone was intersected from 61.8 m to 63.0 m downhole and it consists of solid quartz vein containing 5% sulphide minerals including pyrrhotite and chalcopyrite. The vein is visually impressive but since no visible gold was observed in the drill core, the gold assays are lower.

g) Dog Lake Property, Ontario*Current activity and Future Plans*

No exploration work was completed during this period and because the Company is currently focused in the Abitibi area of Quebec and the Beardmore-Geraldton area, Ontario. The Company is seeking a joint venture partner.

Historical Information

The Dog Lake property, located 14 km southwest of Missinabie, Ontario, in the Michipicoten greenstone belt, consists of 8 patented claims that cover 155 hectares. Previous work delineated gold bearing quartz veins with dimensions up to 34 metres long by 3 metres thick containing an average of 0.19 oz. /t gold. A short program of prospecting, mapping and sampling completed in 2005 located a shear zone that is from 20 to 25 metre wide and extends for approximately 1.5 kilometres across the property. Wide spread carbonate alteration and quartz veining are associated with the shear zone which occurs within a blue quartz-eye diorite. Results from the Company's 2005 work program returned up to 26.8 g/t gold and up to 0.41 g/t Pt+Pd.

INVESTMENT IN MINERAL PROPERTIES (continued)h) Alcudia Property, Quebec*Current activity and Future Plans*

No work was completed during this period. Although there are several drill ready targets on the property, the Company is currently focused on its other projects and timing for drilling at Alcudia is dependent on results of the underground exploration work currently in progress on the adjoining Noront Windfall Property. This could be as early as the winter of 2009

Historical Information

The 100% owned Alcudia property covers 320 hectares and is located adjacent to Noront's Windfall Lake property in Urban Township. A surface hydraulic stripping-trenching and sampling program was completed on the property in September 2006. Future work on this project will be based in part on the results obtained from underground exploration that is being initiated by Noront Resources on the adjoining Windfall Property. Alto owns a 0.5% Net Smelter Royalty on any production from the Windfall property.

i) Empress, Ontario*Current activity and Future Plans*

No exploration work was completed during this period. Diamond drilling started in late September of 2008 to test the Empress Shear where previous drilling intersected 44.4 g/t gold across 0.6m. There are no results to report yet. Future exploration plans are dependant upon results from the fall 2008 drilling program.

Historical Information

The Empress gold project is comprised of 800 hectares and is located adjacent to the Trans-Canada Highway near Terrace Bay in the productive Schreiber-Hemlo greenstone belt, Ontario. The Company owns 100% interest in the property.

Gold mineralization on the project claims occurs within a 15-25 m wide shear zone identified at the historic Empress gold mine immediately to the west and traceable for 1.8 km within the property.

A summer program of mapping and prospecting was completed in 2006. The work has confirmed the presence of a well mineralized shear zone that extends for almost 2 kilometres across the property. The shear zone is up to 25 metres wide and locally contains high gold grades. Gold mineralization obtained from previous work includes 22.3 g/t gold across 3 metres in surface trenching and 44.4 g/t gold over 0.6 metres in diamond drilling. The 2006 work has identified specific diamond drill targets along the mineralization shear zone. No work was completed in 2007 and the property was reduced in size from the previous 1312 hectares.

INVESTMENT IN MINERAL PROPERTIES (continued)j) Three Towers (formerly Cote-801) Property, Ontario

Summer exploration work started with prospecting in May and continued through the summer months with geological mapping, mechanical stripping and sampling. All this work is in preparation for diamond drilling that is scheduled to start in mid-October.

In July, 2007 the Company acquired the Cote-801 Property through an Option to Purchase Agreement. The property is located along Provincial Highway 11 approximately 20 km east of the Town of Beardmore, Ontario and 7 km south of Alto's Mud Lake Project.

Previous work in the project area dates back to the early 1990s and was limited to prospecting, ground geophysics, mechanical stripping and sampling. This work resulted in discovery of highly anomalous gold values along a 200 m corridor. Results reported include gold values up to 61.5 g/t (1.8 oz/ton) in grab samples and up to 4.5 g/t gold across 0.3m in surface channel samples. The gold is reported to reside with pyrite, arsenopyrite and quartz veins in sheared and sulphidized iron formation bands. These results are very encouraging as the style of mineralization found on the Cote-801 Project is similar to the gold deposits previously mined in the Geraldton area.

In late October 2007, the Company completed prospecting and sampling programs which confirmed the gold anomalous corridor to extend for over 400 m.

k) Vassal, Quebec

During the last nine months the Company has been accumulating land through staking of open ground in the Vassal Township, approximately 75 km north of Val d'Or and less than 5 km northwest of the Despinassy Project. To date the property covers approximately 5,660 ha and is 100% owned by Alto. Helicopter borne VTEM electromagnetic and magnetometer surveys were flown over the property in March and several strong conductors were delineated. These could be caused by sulphides and the sulphides may be enriched in gold and base metals. Very little previous work is recorded for this area and this is still a grass-roots project.

Future work on this project will depend on financing. There are sufficient banked assessment credits to maintain this property for more than one year before any new work is required.

SUBSEQUENT EVENTS

Subsequent to year end, the Company received 11,112 in Kodiak shares, valued at \$25,000 under the terms of the mineral property agreement. (See Note 7h to the financial statements)

LIQUIDITY

The Company's exploration programs for the current financial year have been budgeted and can be completed with current finances.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management believes that it will be able to secure the necessary financing through a combination of the issue of new equity instruments, the entering into of joint venture arrangements or the exercise of warrants for the purchase of common shares. However, there is no assurance that the Company will be successful in these actions.

	June 30, 2008	June 30, 2007	June 30, 2006
Working capital	\$ 2,299,684	\$ 408,980	\$ 770,968
Deficit	\$ (8,203,160)	\$ (7,802,541)	\$ (7,199,434)

TRANSACTIONS WITH RELATED PARTIES

- a) At June 30, 2008, the Company owed \$2,645 (2007: \$3,335) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.
- b) At June 30, 2008, a management services company with a director and officer in common, owed the Company \$32,402 (2007: \$27,402) relating to a deposit for services paid to the related company. (See Note 9)

TRANSACTIONS WITH RELATED PARTIES (continued)

- c) The following related party transactions were in the normal course of operations and are measured at fair value being their exchange amounts and consist of the following items:

	June 30, 2008	June 30, 2007
HRG Management Ltd. – administrative services, fixed assets (Company with Director in Common, see Note 10)	\$ 173,633	\$ 173,470
Mike Koziol – salary services (Officer and Company with Director in Common)	144,000	144,000
Mirador Management – management fees (Company with a Director in Common)	-	61,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)	30,000	30,000
John Prochnau – consulting services (Former Director)	8,750	7,250
Lang Michener – legal services (Legal Company with a Company Director)	1,611	6,349
Total	\$ 357,994	\$ 422,069

COMMITMENTS

The Company entered into a services agreement, effective February 1, 2006, with HRG Management Ltd. (“HRG”) in which the Company will pay a monthly corporate administration fee of approximately \$12,262 (2007 - \$13,141) which includes office administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services at cost. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares one director and an officer in common with HRG. The agreement expires December 31, 2008 and can be terminated by either party prior to expiration with 90 days written notice. The Company has a \$32,402 deposit paid to HRG for management services. (See transactions with related parties (b) above)

SHARE CAPITAL INFORMATION

The table below presents the Company's common share data as of October 15, 2008.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			95,715,455
Securities convertible into common shares			
Warrants	\$0.11	October 24, 2008	63,000
	\$0.20	October 24, 2008	900,000
	\$0.13	October 24, 2008	484,830
	\$0.13	October 31, 2008	35,000
	\$0.11	October 31, 2008	42,000
	\$0.20	October 31, 2008	8,712,816
	\$0.20	November 6, 2008	1,954,548
Options	\$0.15	September 30, 2009	1,125,000
	\$0.15	June 20, 2010	320,000
	\$0.16	March 21, 2011	240,000
	\$0.12	December 19, 2011	450,000
	\$0.10	May 16, 2012	105,000
	\$0.20	December 16, 2012	1,740,000
			111,887,649

Common Shares

- a) During the year ended June 30, 2008, the Company completed a private placement raising \$2,658,860 through the issuance of 10,664,998 flow-through shares at a price of \$0.13 per share and 11,567,964 units at a price of \$0.11 per unit in three separate tranches. Each non-flow-through unit will consist of one common share and one purchase warrant which entitles the holder to purchase an additional common share at a price of \$0.20 exercisable within one year of closing. Finder's fees paid on this financing amounted to \$80,983 in cash, 581,780 in broker's warrants at \$0.13 per warrant on the flow-through portion and 105,000 in broker's warrants at \$0.11 per warrant on the unit portion. All broker warrants are exercisable for a period of one year.

The warrants attached to the above private placement have been valued at \$720,814 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 112-114%, Risk-free interest rate of 4.06-4.22%, and Expected life of warrants of 12 months.

SHARE CAPITAL INFORMATION (continued)*Common Shares (continued)*

The broker warrants attached to the above private placement have been valued at \$144,900 based upon the Black Scholes model which utilizes the following assumptions: Expected dividend yield of nil, Expected stock price volatility of 112-114%, Risk-free interest rate of 4.18-4.22%, and Expected life of warrants of 12 months.

- b) During the year ended June 30, 2008, 1,875,000 common shares were issued pursuant to property purchase agreement involving the Company's Despinassy mineral property. (See Despinassy mineral property description)
- c) During the year ended June 30, 2008, the Company issued 125,000 shares in accordance with their Burchell mineral property.
- d) During the year ended June 30, 2008, the Company issued 30,000 shares in accordance with their Three Towers mineral property (formerly Cote-801 property).
- e) Subsequent to year end, the Company issued 30,000 shares in accordance with their Three Towers mineral property (formerly Cote-801 property).

Stock Options

During the year ended June 30, 2008, the Company granted a total of 1,795,000 stock options, exercisable on or before December 16, 2012 at a price of \$0.20. The total fair value of the options granted during the year ended June 30, 2008 was \$299,478. Since the options for investor relations do not vest immediately, \$14,599 of the fair value has not yet been recorded in the Company's accounts. \$175,608 has been recorded as stock-option compensation expense, and \$78,415 has been charged to mineral property costs. During the year ended June 30, 2008, \$14,599 of investor relations options vested in relation to the December 16, 2007 grant and has been recorded as stock option compensation expense. In addition, investor relations options granted in 2006 vested during the year ended June 30, 2008 in the amount of \$11,929 and has been recorded as stock option compensation expense.

During the year ended June 30, 2008, 415,000 options were exercised for total proceeds of \$57,750. As part of the exercises, there was \$42,989 in fair value associated with these options upon original grant that have been transferred from contributed surplus to common shares.

SHARE CAPITAL INFORMATION (continued)Warrants

During the year ended June 30, 2008, the Company received the \$100,000 in subscriptions receivable related to the exercise of warrants during the year. During the year ended June 30, 2008, 4,949,050 warrants were exercised for total proceeds of \$989,810. As part of the exercises, there was \$104,439 in fair value associated with these warrants upon original grant that have been transferred from contributed surplus to common shares. In addition, during the year ended June 30, 2008, 17,347,700 warrants expired without exercise.

Subsequent to year end, 75,000 stock options were cancelled due to the resignation of an investor relations consultant.

CHANGES IN ACCOUNTING POLICIES

The Company implemented the following accounting policy changes during the year.

Effective January 1, 2008, the Company adopted three new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”); Section 1535 – Capital Disclosures, Section 3862 – Financial Instruments – Disclosure, Section 3863 – Financial Instruments – Presentation. These standards were adopted on a prospective basis, and as such prior periods have not been restated.

- a) Section 1535, “Capital Disclosures”, establishes standards for disclosing information about an entity’s capital and how it is managed. These standards require an entity to disclose the following:
 - i. its objectives, policies and processes for managing capital;
 - ii. summary quantitative data about what the Company views as capital;
 - iii. whether during the period, it complied with any externally imposed capital requirements to which it is subject;
 - iv. when the entity has not complied with such requirement, the consequences of such non-compliance.

- b) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity’s key management personnel.

CHANGES IN ACCOUNTING POLICIES (continued)

c) Going Concern

Effective January 1, 2008, the Company adopted an amendment to CICA Handbook Section 1400, "General Standards of Financial Statement Presentation" in relation to going concern. These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption did not have a material impact on the consolidated financial statements for any of the periods presented.

d) Comprehensive income

Effective July 1, 2007, the Company adopted the CICA Handbook Section 1530, "Comprehensive Income", which establishes standards for presentation and disclosure of a statement of comprehensive income (loss). Other comprehensive income represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale. The components of comprehensive income are disclosed on the consolidated statements of comprehensive income (loss). This adoption had no significant impact.

RECENT ACCOUNTING PRONOUNCEMENTS

a) Goodwill and intangible assets

In October 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

b) International Financial Reporting Standards ("IFRS")

In January 2006, CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

FINANCIAL AND OTHER INSTRUMENTS

On July 1, 2007 the Company adopted Section 3855 of the CICA Handbook which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and financial liabilities, including derivatives, be recognized on the Balance Sheet when the Company becomes a party to contractual provisions of the financial instrument or a derivative contract. All financial instruments should be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial assets and financial liabilities held-for-trading are measured at fair value with gains and losses recognized in the Company's loss for the period. Financial assets held-to-maturity, loans and receivables and financial liabilities, other than those held-for-trading, are measured at amortized cost using the effective interest method of amortization. Available-for-sale financial assets are measured at fair value with unrealized gains and losses including changes in foreign exchange rates being recognized in other comprehensive income ("OCI") upon adoption.

Derivative instruments must be recorded on the balance sheet at fair value including those derivatives that are embedded in financial instruments or other contracts but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in the Company's loss for the period, except for derivatives that are designated as a cash flow hedge, the fair value change for which is recognized in OCI.

Other significant accounting implications arising on adoption of Section 3855 include the initial recognition of certain financial guarantees at fair value on the balance sheet and the immediate expensing of any related transaction costs, fees or premiums.

The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, Quebec exploration tax credit receivable, advances from related parties, accounts payable and accrued liabilities. The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity. The Company has designated each of its significant categories of financial instruments as of July 1, 2007 as follows:

Cash and cash equivalents	Held-for-trading
Restricted cash	Held-for-trading
Marketable securities	Available-for-sale
Accounts receivable	Loans and receivables
Due from option partner	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities`

Amounts due to and from related parties is carried at cost. Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the period, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.

RISKS AND UNCERTAINTIES (continued)

- d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.
- f) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at June 30, 2008 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**Disclosure and Internal Controls**

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

There have been no changes in the Company's internal controls during the year ended June 31, 2008.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of ALTO has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

OTHER INFORMATION

Additional information is available on the Company's website at www.altoventures.com or on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.