

**ALTO VENTURES LTD.**

**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

**FOR THE THREE MONTH PERIOD  
ENDED**

**SEPTEMBER 30, 2005**

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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## **INTRODUCTION**

The following discussion of performance and financial condition should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2005. 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 November 21, 2005.

## **DESCRIPTION OF BUSINESS**

Alto Ventures Ltd. (the "Company") was incorporated under the provisions of the Company Act (British Columbia) 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 mineral projects. There has been no determination whether these properties contain reserves which are economically recoverable.

The recoverability of values assigned to these mineral 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.

## **SELECTED ANNUAL INFORMATION**

	June 30, 2005	June 30, 2004	June 30, 2003
<b>Financial results</b>			
Net loss for period	826,048	599,748	166,997
Basic and diluted loss per share	0.03	0.08	0.04
Expenditures (recovered) on resource properties	853,706	36,669	28,970
<b>Balance sheet data</b>			
Cash and short term deposits	988,286	135,922	896
Resource properties	2,799,396	271,768	768,413
Total assets	3,965,122	421,040	780,602
Shareholders' equity	3,847,069	2,842	522,012

## **RESULTS OF OPERATIONS**

### **Current Quarter**

The Company incurred a \$124,964 loss for the quarter ended September 30, 2005 as compared to a loss of \$299,850 for the same period last year. This amounts to a \$174,886 decrease over the prior period. The decrease is primarily due to no stock-based compensation (2004-\$220,921). Expenses that increased were consulting, administrative services and management fees (\$17,000), expanded investor relations and corporate communications (\$21,000 announced June 21, 2005) and rent (\$5,000).

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

Cash and cash equivalents balance decreased by \$441,433 to \$546,853 at September 30, 2005. The cash spending for mineral properties was \$234,003. Cash expenditures on exploration included \$75,000 on Cote-Archie Lake, \$61,000 on Mud Lake, \$25,000 on Coldstream, \$16,000 on the Despinassy JV and \$52,000 on new projects.

**SUMMARY OF QUARTERLY RESULTS**

The table below present's selected financial data for the Company's eight most recently completed quarters:

In thousands(000's)	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004	December 31, 2003
<b>Financial results</b>								
Net loss for period	125	302	84	140	300	498	50	34
Basic and diluted loss per share	0.01	0.01	-	-	0.02	0.05	0.01	0.01
Expenditures on resource properties	234	215	472	1,702	138	6	22	9
<b>Balance sheet data</b>								
Cash and short term deposits	547	988	1,427	2,051	393	136	-	6
Resource properties	3,038	2,799	2,584	2,046	354	272	804	782
Total assets	3,816	3,965	4,250	4,208	944	421	806	790
Shareholders' equity	3,727	3,847	4,070	4,131	540	3	584	635

**LIQUIDITY**

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

The financial statements from Schedule A 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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	September 30, 2005	June 30, 2005	June 30, 2004
Working capital(deficit)	\$ 678,551	\$ 1,036,943	\$ (59,820)
Deficit	\$ (6,780,265)	\$ (6,655,301)	\$ (5,829,253)

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**TRANSACTIONS WITH RELATED PARTIES**

During the quarter ended September 30, 2005, the Company paid in cash or accrued \$31,500 (2004 – \$24,000) to Directors and Officers or consulting companies controlled by Directors and Officers of the Company for management fees.

During the quarter ended September 30, 2005, the Company paid in cash or accrued \$46,166 (2004 – \$8,000) an Officer of the Company or consulting company controlled by an Officer of the Company for accounting, investor relations and other administrative services.

As at September 30, 2005, the Company had \$16,455 (September 30, 2004 – \$94,678) in amounts due to related parties due to directors or corporations controlled by directors of the Company.

**COMMITMENTS**

The Company has an obligation of \$64,800 for accounting, regulatory and investor relations services for a six month period.

**SHARE CAPITAL INFORMATION**

The table below presents the Company's common share data as of November 21, 2005.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			43,561,543
Securities convertible into common shares			
Warrants	\$0.30	December 30, 2007	11,118,889
Options	\$0.10	August 30, 2007	131,000
	\$0.15	December 2, 2009	1,200,000
	\$0.15	May 12, 2010	885,000
			56,896,432

**SHARE CAPITAL INFORMATION**

Common Shares

657,895 common shares were issued on October 4, 2005 at \$0.11 per common share in settlement of the \$75,000 requirement under the Despinassy Joint Ventures purchase agreement.

Stock Options

No stock options were granted during the three month period ended September 30, 2005. The weighted average remaining contractual life of these outstanding options is 4.1 years.

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**INVESTMENT IN MINERAL PROPERTIES**

The following table shows the comparative of June 30, 2005 to September 30, 2005:

<b>Property</b>	<b>June 30, 2005</b>	<b>Acquisitions</b>	<b>Deferred Explorations</b>	<b>Write-down</b>	<b>September 30, 2005</b>
Alcudia Claims	\$ 109,607		\$ (1,198)	\$ -	<b>108,409</b>
Coldstream Property	191,484		24,782		<b>216,266</b>
Cote Archie Lake	111,802	\$ 5,000	74,694		<b>191,496</b>
Despinassy JV Property	717,423		15,799		<b>733,222</b>
Dog Lake Property	221,055		6,024		<b>227,079</b>
Greenoaks Gold Property	456,090		(244)		<b>455,846</b>
Mud Lake Property	64,331		61,410		<b>125,741</b>
Oxford Lake	894,712		(951)		<b>893,761</b>
Empress-Ridout Property	20,000		1,456		<b>21,456</b>
Generative exploration	12,892		52,231		<b>65,123</b>
<b>Total Mineral Properties</b>	<b>\$ 2,799,396</b>	<b>\$ 5,000</b>	<b>\$ 234,003</b>	<b>\$ -</b>	<b>3,038,399</b>

The following table shows the comparative of 2004 to 2005:

<b>Property</b>	<b>June 30, 2004</b>	<b>Acquisitions</b>	<b>Deferred Explorations</b>	<b>Sale of property/ Write-down</b>	<b>June 30, 2005</b>
Alcudia Claims	\$ 83,203	\$ 5,000	\$ 21,404	\$ -	109,607
Coldstream Property	109,862	-	81,622	-	191,484
Cote Archie Lake Property	-	28,006	83,796	-	111,802
Despinassy JV Property	8,116	130,000	579,307	-	717,423
Dog Lake Property	400	220,000	655	-	221,055
Greenoaks Gold Property	1,200	450,000	4,890	-	456,090
Mud Lake Property	400	22,126	41,805	-	64,331
Oxford Lake Property	12,337	855,040	27,335	-	894,712
Windfall Lake Claims	56,250	-	-	(56,250)	-
Empress-Ridout Property	-	20,000	-	-	20,000
Generative exploration	-	-	12,892	-	12,892
<b>Total Mineral Properties</b>	<b>\$ 271,768</b>	<b>\$ 1,730,172</b>	<b>\$ 853,706</b>	<b>\$ (56,250)</b>	<b>\$ 2,799,396</b>

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

**INVESTMENT IN MINERAL PROPERTIES (continued)**

<b>Deferred Mineral Costs</b>	<b>September 30, 2005</b>	<b>June 30, 2005</b>
Acquisition and claim staking	\$ 42,325	\$ 1,730,172
Diamond drilling	13,544	481,194
Mapping	57,746	60,727
Management and planning of projects	4,764	53,162
Line cutting, trenching and blasting	8,802	49,973
Assessment reports and filing works	25,020	47,954
Geological surveys	47,188	42,006
Airborne geophysics	-	40,618
License, permits and taxes	162	18,821
Travel, camp and other expenses	10,236	18,021
Prospecting	19,388	16,775
Data compilation and digitizing	3,601	15,959
Assays	6,227	6,886
Leases	-	1,610
<b>Deferred Exploration Costs for the Year</b>	<b>239,003</b>	<b>2,583,878</b>
<b>Deferred Exploration Costs – Beginning of Year</b>	<b>2,799,396</b>	<b>271,768</b>
Less: Proceeds on disposal of property	-	(56,250)
Less: Mineral properties written-down	-	-
<b>Deferred Exploration Costs – End of Year</b>	<b>\$ 3,038,399</b>	<b>\$ 2,799,396</b>

Mike Koziol, P.Geol, Alto's Vice President of Exploration is the qualified person responsible for the technical information reported in this Management's Discussion and Analysis.

a) Despinassy Property, Quebec

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 consists of 5,000 hectares of claims of which 4,454 hectares are held by the Despinassy Joint Venture. The Company has entered into a sales and purchase agreement for a 70 % interest in the property from Cameco Corporation with Commander Resources Ltd. as a 30% joint venture partner.

The Company recently completed a 5,307 m drill program in 20 holes in addition to 23,005 m drilled by Cameco and previous operators. Alto's drill program focused on the DAC deposit and testing of IP targets along the 6 km long Despinassy Shear Zone. The Company received the conclusions from a recently completed mineral resource study of the DAC Deposit on the Despinassy Gold Project located in the Abitibi greenstone belt, 75 kilometres(km) northeast of Val d'Or, Quebec. The study, completed by Hubacheck Consulting Geologists (HCG) of Mississauga, Ontario, is based on a total of 30 diamond drill holes and 2,537 gold assays (see News Release dated November 28, 2005 for NI 43-101 disclosure of the study).

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**INVESTMENT IN MINERAL PROPERTIES (continued)**

HCG concluded that a potential gold deposit ranging from 303,000 to 670,000 tonnes and with grades ranging from 6.8 g/t to 7.8 g/t of gold has been outlined along a 300 m strike length and to a depth of 360 m. The results of the report confirm both the continuity of the mineralization of the DAC Deposit as well as the excellent exploration potential of the entire Despinassy project. The Company plans a 5,000 metre drill program this winter to upgrade the gold mineralization to a resource category and expand the resource potential of the project by drilling other gold zones along the Despinassy Shear Zone.

b) Coldstream Property, Ontario

Alto owns a 100% interest in 1,840 hectares. Nearby the past producing North Coldstream Copper/Gold mine in the Shebandowan Greenstone Belt. The Company recently completed a 250 line kilometre, helicopter-borne VTEM magnetic and electromagnetic survey over the entire property. An Induced Polarization (IP) Survey was completed on the East Coldstream gold deposit in August 2005 and 19 anomalies were detected that indicate the potential for expansion of the East Coldstream gold deposit. Gold values up to 37.7 g/t over 1.0 metres and 8.0 g/t over 3.0 metres occur within the East Coldstream deposit in higher grade shoots within a moderate grade envelope. The property has an historical resource estimate of 7.6 million tonnes grading 2.0 grams gold per tonne, totalling 485,000 ounces of gold (see News Release dated May 4, 2005 for NI 43-101 disclosure of this resource estimate).

c) Oxford Lake Property, Manitoba

Alto owns a 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 an historical resource estimate of 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 resource estimate). 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 never been drilled. A prospecting program during the summer, 2005 identified potential exploration targets for Timmins-style shear hosted gold mineralization within volcanics in the permit area. A number of targets must be drilled to evaluate the potential of the property.

d) Mud Lake Property, Ontario

The Mud Lake property, located 25 km northeast of Beardmore, Ontario, consists of 1,696 hectares located in the Beardmore-Geraldton gold camp. The Company can earn a 100% interest in the project by making a final \$15,000 cash and 50,000 share payment in 2006.

A 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. The property has only seen limited drilling since the 1930's. Several of the veined shears that are cut by stringers of pyrite and chalcopyrite carry the best gold values. A 16.9 line kilometre Induced Polarization survey has outlined 20 anomalies along strike of existing surface showings and in overburden covered areas. The Mud Lake property is ready for drilling.

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**INVESTMENT IN MINERAL PROPERTIES (continued)**

e) Cote-Archie Lake Property, Ontario

The Cote Archie Lake property, located 5 km north of Beardmore, Ontario consists of 2,672 hectares in the Beardmore-Geraldton Gold Camp. The Company can earn a 100% interest in the project by making a final \$10,000 cash and 50,000 share payment in 2006. Alto confirmed the existence of an extensive shear hosted gold-quartz vein system (Cote-Archie Shear) that 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.

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) gold. Despite previous work by Placer Dome in the 1980's, the Cote-Archie Shear Zone had not been recognized before and consequently has only been sparsely drilled at its northeast end. The Cote-Archie Shear is a new and highly prospective auriferous vein structure that is ready for drilling.

f) Greenoaks Property, Ontario

The 100% owned Greenoaks property, consisting of 409 hectares is located 43 kilometres northeast of Beardmore, Ontario. A gold bearing quartz vein has been tested to a depth of 30 m with grades averaging 15 g/t. The property is ready for drilling of the down plunge extension of the mineralization.

g) Dog Lake Property, Ontario

The Dog Lake property, located 14km southwest of Missinabie, Ontario, consists of 8 patented claims covering 768 hectares, located in the Michipicoten greenstone belt. Prospecting and geological mapping were conducted on the property in the fall, 2005. A short program of prospecting, mapping and sampling was completed in late September. A 20 to 25 metre wide zone of strong shearing with wide spread carbonate alteration was uncovered. The shear occurs within a blue quartz-eye diorite and it is injected with quartz. Assay results from this program are pending.

h) Alcudia Property, Ontario

The 100% owned Alcudia property totalling 320 hectares is located adjacent to Noront's Windfall Lake property in Urban Township. The Company has identified an area where a sampling program by mechanized trenching and stripping is recommended on Induced Polarization (IP) and structural targets.



**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**INVESTMENT IN MINERAL PROPERTIES (continued)**

i) Empress-Ridout Properties, Ontario

The Empress gold project is comprised of 1,344 hectares and is located adjacent to the Trans-Canada Highway near Terrace Bay in the productive Schreiber-Hemlo greenstone belt, Ontario. The Company has acquired a 100% interest from Cameco Corporation for cash consideration of \$20,000, subject to a 2% net smelter royalty with a buyback of 1% for \$1 million.

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.

Past exploration work in the 1980's, and more recently by Cameco, includes trenching and 3,231 m of core drilling in 22 holes. Gold mineralization encountered includes 22.3 g/t across 3 m in trenching and 44.2 g/t over 0.6 m in drilling. The property is ready for drilling.

**INVESTOR RELATIONS**

The Company continued its activities through participation in investment conferences and contact with existing shareholders, investors and brokers during the quarter.

**FINANCIAL AND OTHER INSTRUMENTS**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of those instruments.

**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.

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**CRITICAL ACCOUNTING ESTIMATES (continued)**

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.
- 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.

**ALTO VENTURES LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2005**

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**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 September 30, 2005 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

**OTHER INFORMATION**

Additional information is available on the Company's website at [www.altoventures.com](http://www.altoventures.com) or on SEDAR at [www.sedar.com](http://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.

**ALTO VENTURES LTD.**  
**(A Development Stage Company)**

Interim Financial Statements  
For the Three Months Ended  
September 30, 2005 and 2004  
(Canadian Funds)

(Unaudited and Prepared by Management)

**Auditor Review** - These interim financial statements and related schedules were prepared by management. They have not been reviewed by the Company's external independent auditor.

**Balance Sheets**

As at September 30 and June 30  
Canadian Funds

ASSETS	September 30, 2005	June 30, 2005
<b>Current</b>		
Cash and cash equivalents (Note 9)	\$ 546,853	\$ 988,286
Marketable securities (Note 3)	56,250	56,250
Receivables	103,055	86,374
Prepaid expenses and deposits	61,176	24,086
	<hr/>	<hr/>
	767,334	1,154,996
<b>Property and Equipment, net of accumulated amortization (Note 4)</b>	10,154	10,730
<b>Mineral Properties (Note 5)</b>	3,038,399	2,799,396
	<hr/>	<hr/>
	\$ 3,815,887	\$ 3,965,122
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 72,327	\$ 90,053
Advances from related parties (Note 7)	16,455	28,000
	<hr/>	<hr/>
	88,782	118,053
	<hr/>	<hr/>
<b>Continuing Operations (Note 1)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 6)</b>	10,246,130	10,241,130
<b>Contributed Surplus (Note 6a)</b>	261,240	261,240
<b>Deficit - Statement 2</b>	(6,780,265)	(6,655,301)
	<hr/>	<hr/>
	3,727,105	3,847,069
	<hr/>	<hr/>
	\$ 3,815,887	\$ 3,965,122
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ON BEHALF OF THE BOARD:

“David Cowan”, Director  
David Cowan

“Richard Mazur”, Director  
Richard Mazur

- See Accompanying Notes -

**Statements of Loss and Deficit**

**As at September 30**  
*Canadian Funds*

	2005	2004
<b>Expenses</b>		
Management fees	\$ 24,000	\$ 24,000
Administrative services	22,466	8,000
Consulting	2,526	-
Professional fees	8,615	14,148
Directors' fees	12,000	-
Investor relations and shareholder information	21,855	1,064
Transfer agent and regulatory fees	1,238	8,594
Office and miscellaneous	16,532	13,615
Rent	8,336	3,000
Travel and promotion	9,037	6,143
Stock-based compensation	-	220,921
Amortization	576	120
Interest and bank charges	719	245
	<b>127,900</b>	299,850
<b>Other Items</b>		
Interest income	(2,936)	-
	<b>(2,936)</b>	-
<b>Net Loss for the Year</b>	<b>124,964</b>	299,850
Deficit - Beginning of year	6,655,301	5,829,253
<b>Deficit - End of Year</b>	<b>\$ 6,780,265</b>	\$ 6,129,103
<b>Loss per Share – Basic and Diluted</b>	<b>\$ 0.01</b>	\$ 0.03

- See Accompanying Notes -

**Statements of Cash Flows**

**As at September 30**  
*Canadian Funds*

<b>Cash Resources Provided By (Used In)</b>	<b>2005</b>	<b>2004</b>
<b>Operating Activities</b>		
Loss for the year	\$ (124,964)	\$ (299,850)
Items not affected by cash:		
Amortization	576	120
Stock option compensation	-	220,921
	<u>(124,388)</u>	<u>(78,809)</u>
Changes in non-cash working capital items	<u>(71,497)</u>	<u>(112,554)</u>
Net cash used in operating activities	<u>(195,885)</u>	<u>(191,363)</u>
<b>Financing Activities</b>		
Advances from related parties	(11,545)	-
Common shares issued	-	800,000
Share subscriptions received in advance	-	(210,000)
Net provided by financing activities	<u>(11,545)</u>	<u>590,000</u>
<b>Investing Activities</b>		
Mineral property expenditures	(234,003)	(138,495)
PP&E purchases	-	(2,983)
Net cash used by investing activities	<u>(234,003)</u>	<u>(141,478)</u>
<b>Net (decrease) increase in Cash and Cash Equivalents</b>	<b>(441,433)</b>	<b>257,159</b>
Cash and cash equivalents - Beginning of year	<u>988,286</u>	<u>135,922</u>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 546,853</b>	<b>\$ 393,081</b>

**Supplementary Disclosure of Non-Cash Financing Activities** *(Note 9)*

- See Accompanying Notes -

**Alto Ventures Ltd.**

*(A Development Stage Company)*

**Notes to Financial Statements**

**As at September 30, 2005 and 2004**

*Canadian Funds*

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**1. Nature of Operations and Continuing Operations**

Alto Ventures Ltd. ("the Company") is engaged in the acquisition, exploration and development of Canadian gold projects with near term production potential. It is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. These financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital of \$678,552(2004 - \$346,460) and accumulated deficit of \$6,780,265 (2004 - \$6,129,103). Its ability to continue as a going concern is dependant upon the continued support of related parties, the ability of the Company to raise equity financing, the discovery of economically recoverable reserves and the attainment of profitable operations. 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.

**2. Significant Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, on the assumption that the Company is a going concern.

Because 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**

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less. The Company places its cash and cash investments with institutions of high credit worthiness. At times, such investments may be in excess of federal insurance limits.

**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 period. 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 earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. 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.

**c) Fair Market Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, marketable securities, GST/QST receivable, advances from related parties and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation



**Alto Ventures Ltd.**

(A Development Stage Company)

**Notes to Financial Statements**

As at September 30, 2005 and 2004

Canadian Funds

---

**2. Significant Accounting Policies - Continued**

**d) Stock-based compensation**

The Company adopted the recommendations of CICA Handbook Section 3870, "*Stock-based Compensation and Other Stock-based Payments*". The standard requires that all stock-based awards made to employees and non-employees be 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.

**e) 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.

**f) Asset Retirement Obligations – Change in accounting policy**

Effective 1 July 2004, the Company adopted the recommendations of CICA Handbook Section 3110, *Asset Retirement Obligations*. This new section requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life.

There is no material impact on the financial statements resulting from the adoption of Section 3110 either in the current or prior years presented.

**g) Income Taxes**

The Company accounts for income taxes using the asset and liability method. Future 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 deferred 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.

**h) Investments**

Investments, in which the Company has less than a 20% interest and where the Company has no significant influence, are recorded at the lower of cost or market value. Investments are written down to market value when the decline in market value is deemed to be other than temporary.

**Alto Ventures Ltd.**

*(A Development Stage Company)*

**Notes to Financial Statements**

**As at September 30, 2005 and 2004**

*Canadian Funds*

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**2. Significant Accounting Policies - Continued**

**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 abandoned. 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. The Company will also reduce its capitalized mineral property costs if no active exploration has been conducted on the property for a period of three or more years.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge; title to all of its properties is in good standing.

**j) Mineral Exploration Tax Credits ("METC")**

The Company recognizes METC amounts when the Company's METC application is approved by Canada Revenue Agency ("CRA") auditors or 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.

**l) Variable Interest Entities - Change in Accounting Policy**

The Accounting Standards Board (AcSB) issued Accounting Guideline AcG 15 "Consolidation of Variable Interest Entities", to harmonize the Guideline with the equivalent FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities." ("VIE") The Guideline provides criteria for identifying VIEs and further criteria for determining what entity, if any, should consolidate them. The Guideline is effective for annual and interim periods beginning on or after November 1, 2004, and upon adoption, will not materially impact the Company's results of operations and financial position.

**Alto Ventures Ltd.**

(A Development Stage Company)

**Notes to Financial Statements**

As at September 30, 2005 and 2004

Canadian Funds

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**2. Significant Accounting Policies - Continued**

m) **Share Capital**

- i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced.

n) **Impairment of Long-Lived Assets**

The Company follows the CICA Handbook Section 3063, "Impairment of Long-Lived Assets" ("HB 3063"). HB 3063 requires the Company to assess 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.

**3. Marketable Securities**

Marketable securities consist of 375,000 shares of Noront Resources Inc. ("Noront") at a cost of \$56,250 and market value of \$63,750 on September 30, 2005. The Company's share ownership in Noront is very minimal and they have no control or significant influence over Noront.

**4. Property and Equipment**

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Computer equipment	\$ 17,021	\$ 7,030	\$ 9,991	\$ 3,561
Furniture and equipment	1,676	1,513	163	196
	\$ 18,697	\$ 8,543	\$ 10,154	\$ 3,757

**Alto Ventures Ltd.***(A Development Stage Company)***Notes to Financial Statements****As at September 30, 2005 and 2004***Canadian Funds***5. Investment - Mineral Properties**

The following table shows the comparative of June 30, 2005 to September 30, 2005

:

<b>Property</b>	June 30, 2005	Acquisitions	Deferred Explorations	Write-down	<b>September 30, 2005</b>
Alcudia Claims	\$ 109,607		\$ (1,198)	\$ -	<b>108,409</b>
Coldstream Property	191,484		24,782		<b>216,266</b>
Cote Archie Lake	111,802	5,000	74,694		<b>191,496</b>
Despinassy JV Property	717,423		15,799		<b>733,222</b>
Dog Lake Property	221,055		6,024		<b>227,079</b>
Greenoaks Gold Property	456,090		(244)		<b>455,846</b>
Mud Lake Property	64,331		61,410		<b>125,741</b>
Oxford Lake	894,712		(951)		<b>893,761</b>
Empress-Ridout Property	20,000		1,456		<b>21,456</b>
Generative exploration	12,892		52,231		<b>65,123</b>
<b>Total Mineral Properties</b>	<b>\$ 2,799,396</b>	<b>\$ 5,000</b>	<b>\$ 234,003</b>	<b>\$ -</b>	<b>\$ 3,038,399</b>

The following table shows the comparative of 2004 to 2005:

<b>Property</b>	June 30, 2004	Acquisitions	Deferred Explorations	Sale of property/ Write-down	June 30, 2005
Alcudia Claims	\$ 83,203	\$ 5,000	\$ 21,404	\$ -	\$ 109,607
Coldstream Property	109,862	-	81,622	-	191,484
Cote Archie Lake Property	-	28,006	83,796	-	111,802
Despinassy JV Property	8,116	130,000	579,307	-	717,423
Dog Lake Property	400	220,000	655	-	221,055
Greenoaks Gold Property	1,200	450,000	4,890	-	456,090
Mud Lake Property	400	22,126	41,805	-	64,331
Oxford Lake Property	12,337	855,040	27,335	-	894,712
Windfall Lake Claims	56,250	-	-	(56,250)	-
Empress-Ridout Property	-	20,000	-	-	20,000
Generative exploration	-	-	12,892	-	12,892
<b>Total Mineral Properties</b>	<b>\$ 271,768</b>	<b>\$ 1,730,172</b>	<b>\$ 853,706</b>	<b>\$ (56,250)</b>	<b>\$ 2,799,396</b>

**Alto Ventures Ltd.***(A Development Stage Company)***Notes to Financial Statements****As at September 30, 2005 and 2004***Canadian Funds***5. Investment - Mineral Properties - Continued**

<b>Deferred Mineral Costs</b>	<b>September 30, 2005</b>	<b>June 30, 2005</b>
Acquisition and claim staking	\$ 42,325	\$ 1,730,172
Diamond drilling	13,544	481,194
Mapping	57,746	60,727
Management and planning of projects	4,764	53,162
Line cutting, trenching and blasting	8,802	49,973
Assessment reports and filing works	25,020	47,954
Geological surveys	47,188	42,006
Airborne geophysics	-	40,618
License, permits and taxes	162	18,821
Travel, camp and other expenses	10,236	18,021
Prospecting	19,388	16,775
Data compilation and digitizing	3,601	15,959
Assays	6,227	6,886
Leases	-	1,610
<b>Deferred Exploration Costs for the Year</b>	<b>239,003</b>	<b>2,583,878</b>
<b>Deferred Exploration Costs – Beginning of Year</b>	<b>2,799,396</b>	<b>271,768</b>
Less: Proceeds on disposal of property	-	(56,250)
Less: Mineral properties written-down	-	-
<b>Deferred Exploration Costs – End of Year</b>	<b>\$ 3,038,399</b>	<b>\$ 2,799,396</b>

**a) Alcudia Claims**

Pursuant to an agreement dated February 22, 1996 the Company acquired from Alcudia Capital Incorporated (“Alcudia”) 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 (\$0.10 per share). The property is subject to a 2% net smelter return royalty (“NSR”) in favour of Alcudia in which a former director has an interest. Pursuant to the agreements dated May 1, 1999, the Company swapped 50% of its interest in these claims for interests in Dennis Lake and Sarah Lake properties.

**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 was granted an option to acquire 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 (\$0.10 per share) to Hidefield and is required to expend \$100,000 (expended) in exploration expenditures over a three-year period. The property is subject to a 2% NSR. The Company also staked twenty mining claims adjoining the property. Pursuant to another letter agreement dated October 28, 2002 with Kinross Gold Corporation (“Kinross”) the Company had granted Kinross an option to acquire a 60% interest in the property. As consideration, Kinross had committed to spend \$200,000 prior to October 17, 2003 and an additional \$1,300,000 by October 17, 2004. On June 10, 2003, Kinross withdrew from the option, and \$8,000 was paid to the Company as complete fulfillment of its commitments on the property.

**Alto Ventures Ltd.**

*(A Development Stage Company)*

**Notes to Financial Statements**

**As at September 30, 2005 and 2004**

*Canadian Funds*

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**5. Investment - Mineral Properties - *Continued***

**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 (Symbol "APF"), in consideration for 4,000,000 common shares of the Company to HIF and 4,000,000 common shares to APF.

By agreement dated March 22, 2005, the Company acquired a 100% interest in additional 150 hectare on the Oxford Lake property from W. Bruce Dunlop Limited NPL, an unrelated party. The consideration for the acquisition includes a cash payment of \$25,000 and the issuance of 200,000 common shares of the Company. Further, the vendor will retain a 2.5% NSR royalty of which the Company can repurchase 1% for \$1,000,000.

In addition to this acquisition, the Company has been granted a 5,516 hectare mineral exploration permit surrounding the Company's existing claims.

**d) Despinassy JV Property**

The Despinassy JV property 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 consists of 113 claims totaling 4453.6 hectares.

Pursuant to an agreement dated September 30, 2004, the Company acquired an option to earn 70% interest in a joint venture with Commander Resources Ltd. ("Commander") from Mirador Management Co. ("Mirador"), a related party, by paying \$10,000 (paid) and issuing 200,000 (issued) common shares to Mirador. To complete the acquisition of its 70% interest the Company must pay an additional \$40,000 (paid), pay a further \$50,000 in cash or shares, at the Company's option, after 6 months (paid in cash), make four further payments of \$100,000, as to \$25,000 in cash and \$75,000 in cash or shares, at the Company's option, on the first to fourth anniversary dates and make a final payment on the fifth anniversary of \$50,000 in cash and \$150,000 in cash or shares, at the Company's option to Commander.

In addition to the payments and share issuances to Mirador, the Company was also required to issue 100,000 common shares (issued) to Commander in closing of the JV agreement.

**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 (issued during the year) of the Company.

**Alto Ventures Ltd.**

*(A Development Stage Company)*

## **Notes to Financial Statements**

**As at September 30, 2005 and 2004**

*Canadian Funds*

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### **5. Investment – Mineral Properties - *Continued***

#### **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 (issued during the year) common shares of the Company. The Dog Lake property consists of 8 patented claims covering 155 hectares, located in the Michipicoten greenstone belt.

#### **g) Mud Lake Property**

On August 1, 2004, the Company obtained the option from, an unrelated party, to acquire a 100% interest in the Mud Lake property by making a cash payment of \$10,000 and issuing 50,000 common shares of the Company (issued and paid) on signing the agreement, a cash payment of \$15,000 (paid) and issuing 50,000 shares upon the first anniversary date of the agreement and a cash payment of \$15,000 and issuing 50,000 shares upon the second anniversary date of the agreement. The vendors will retain a 2.5% NSR and the Company has the right to buyback 1.5% of the NSR for \$500,000. The Mud Lake property consists of 1,664 hectares located in the Geraldton – Beardmore gold camp.

#### **h) Cote-Archie Lake Property**

On September 13, 2004, the Company obtained the option from, an unrelated party, to acquire a 100% interest in the Cote-Archie Lake property by making a cash payment of \$20,000 and issuing 50,000 common shares of the Company (issued and paid) on signing of the agreement, a cash payment of \$10,000 and issuing 50,000 shares upon the first anniversary date of the agreement and a cash payment of \$10,000 and issuing 50,000 shares (issued) upon the second anniversary date of the agreement. The vendors will retain a 2.0% NSR and Alto has the right to buyback 1.0% of the NSR for \$1,000,000. The Cote-Archie Lake property consists of 18 claims totalling 2,352 hectares and covers 12 kilometres of prospective ground east of, and along strike from, the productive vein system developed in the Leitch mine.

#### **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 (paid) upon the closing date of the agreement. The agreement is subject to a 2% NSR with the Company being obligated to pay a 1% NSR to the owners of the property and Cameco retaining an obligation to pay the remaining 1%. The Empress Property consists of 16 claims located in the Syine Township and Santoy Lake area.

**Alto Ventures Ltd.***(A Development Stage Company)***Notes to Financial Statements****As at September 30, 2005 and 2004***Canadian Funds***6. Share Capital****a) Common shares**

Authorized: Unlimited common shares without par value

	Number of Shares	Amount	Contributed Surplus
Issued:			
Balance – June 30, 2004	7,954,798	5,832,095	-
Issued for cash – private placements	19,118,889	2,801,400	-
Issued in exchange for mineral properties	15,300,000	1,540,000	-
Issued pursuant to debt settlement agreement (iv)	365,675	36,568	-
Stock options exercised	128,571	17,857	-
Escrow shares retired	(64,285)	(643)	643
Fair value of options granted	-	-	274,450
Fair value of options exercised	-	13,853	(13,853)
Balance – June 30, 2005	42,803,648	\$ 10,241,130	\$ 261,240
Issued in exchange for mineral properties	50,000	5,000	-
Balance – September 30, 2005	42,853,648	\$ 10,246,130	\$ 261,240

**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, 2004	-	\$ -
Granted	19,118,889	0.26
Balance – June 30, 2005	19,118,889	\$ 0.26
Expired	(8,000,000)	0.20
Balance – September 30, 2005	11,118,889	\$ 0.30



**Alto Ventures Ltd.***(A Development Stage Company)***Notes to Financial Statements****As at September 30, 2005 and 2004***Canadian Funds***6. Share Capital - Continued****b) Warrants - Continued**

Of the warrants outstanding at September 30, 2005, 11,118,889 warrants are exercisable at \$0.30 per share up to December 30, 2006.

**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.

The following is a summary of the Company's options at September 30 and June 30, 2005 and June 30, 2004 and the changes for the year are as follows:

Exercise Price	Outstanding June 30, 2004	Granted	Exercised	Expired or Cancelled	Outstanding June 30, and September 30, 2005	Expiry Date
\$0.10	159,571	-	(28,571)	-	131,000	August 30, 2007
\$0.15	-	1,500,000	(100,000)	(200,000)	1,200,000	September 30, 2009
\$0.15	-	885,000	-	-	885,000	June 20, 2010
	159,571	2,385,000	(128,571)	(200,000)	2,216,000	

For the 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.

**7. Related Party Transactions**

- a) At September 30, 2005, the Company owed \$16,455 (2004: \$94,678) to a Directors and Officers.
- b) The following are related party transactions for the period ended September 30, 2005 and 2004:

	September 30, 2005	September 30, 2004
Hamilton Capital Partners Limited	\$ 7,500	\$ -
RWA Management – administrative services	40,166	-
Mirador Management – management services	24,000	24,000
Robert Anderson – accounting & managerial services	6,000	8,000
Lang Michener – legal services	289	18,978
<b>Total</b>	<b>\$ 77,955</b>	<b>\$ 50,978</b>

**Alto Ventures Ltd.**

*(A Development Stage Company)*

**Notes to Financial Statements**

**As at September 30, 2005 and 2004**

*Canadian Funds*

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**8. Segment Information**

The Company currently conducts substantially all of its operations in Canada in one business segment

**9. Supplementary Cash Flow Information**

<b>Cash and cash equivalents include:</b>	<b>2005</b>		<b>2004</b>	
Cash	\$	<b>6,533</b>	\$	393,081
Term Deposit		<b>540,320</b>		-
	\$	<b>546,853</b>	\$	393,081

  

<b>Supplemental Disclosure of Non-Cash Financing Activities include:</b>	<b>2005</b>		<b>2004</b>	
Shares issued for property costs	\$	<b>5,000</b>	\$	-
Stock-based compensation	\$	-	\$	220,921

**10. Commitments**

The Company entered into an agreement dated January 1, 2005, amended April 1, 2005 with an officer of the Company to provide management services for the next three years. Remuneration was originally \$6,500 per month, but subsequently amended and increased to \$10,800 per month.