ALTO VENTURES LIMITED

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

For the three-month periods ended September 30, 2010 and 2009

Canadian Funds

Reader's Note:

These unaudited interim financial statements for the three months ended September 30, 2010 and 2009 of Alto Ventures Limited. ("Alto" or "the Company") have been prepared by management and have not been reviewed by the Company's auditors.

Alto Ventures Ltd.

Statement 1

(An Exploration Stage Company)

Interim Balance Sheets

Unaudited – Prepared by Management
Canadian Funds

ASSETS	September 30, 2010	June 30, 2010 (Audited)
Current		
Cash	$ **247,347**	$ 317,369
Restricted cash *(Note 5)*	**382,750**	735,000
Receivables	**97,891**	74,834
Marketable Securities *(Note 6)*	**580,292**	369,098
Due from joint venture option partner	**413,220**	194,217
Quebec exploration tax credit	**61,037**	61,037
Prepaids and Deposits	**78,889**	57,634
	1,861,426	1,809,189
Mineral Properties *(Note 8)*	**5,295,729**	5,096,652
Equipment *(Note 7)*	**1,649**	2,356
	$ **7,158,804**	$ 6,908,197

LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 145,645**	$ 103,869
Exploration advances payable	**135,300**	-
Due to related parties *(Note 10a)*	**-**	13,762
	$ 280,945	$ 117,631
SHAREHOLDERS' EQUITY		
Share Capital – *Statement 5 - (Note 9)*	**$ 15,952,423**	$ 15,949,673
Contributed Surplus – Options – *Statement 5 (Note 9)*	**1,043,724**	1,043,724
Contributed Surplus – Warrants – *Statement 5 (Note 9)*	**955,777**	955,777
Accumulated other comprehensive income – *Statement 2*	**343,774**	140,080
Deficit – *Statement 5*	**(11,417,839)**	(11,298,688)
	6,877,859	6,790,566
	$ 7,158,804	$ 6,908,197

Going Concern *(Note 1)*
Commitments *(Note 12)*
Subsequent Events *(Note 13)*

ON BEHALF OF THE BOARD:

"Richard Mazur", Director

"Marian Koziol", Director

- See accompanying notes to the unaudited interim financial statements -

Alto Ventures Ltd.

Statement 2

(An Exploration Stage Company)

Interim Statements of Loss and Deficit

Unaudited – Prepared by Management

Canadian Funds

		For the three months ended September 30, 2010		For the three months ended September 30, 2009
General and administrative expenses				
Office Administration and Miscellaneous	$	**35,258**	$	19,597
Professional Fees		**27,777**		33,562
Salaries and Wages		**19,366**		1,812
Investor and Shareholder Relations		**14,023**		18,953
Directors Fees		**12,000**		12,000
Corporate Administrative Services		**10,147**		12,442
Consulting Fees		**4,500**		4,500
Travel and Promotion		**1,930**		907
Transfer Agent and Filing Fees		**1,778**		1,631
Mineral property write-downs		**1,346**		-
Amortization		**707**		442
Loss before the following		**128,832**		105,846
Interest income		**(1,726)**		(2,944)
Management fee recoveries		**(7,955)**		(2,580)
Net Loss for the period	**$**	**119,151**	$	100,322
Deficit – Beginning of period		**11,298,688**		10,041,546
Deficit – End of period	**$**	**11,417,389**	$	10,141,868
Loss per share				
- Basic and diluted	**$**	**0.00**	$	0.00
Weighted Average Number of Common Shares Outstanding		**120,456,542**		95,976,224

- See accompanying notes to the unaudited interim financial statements -

Alto Ventures Ltd.

Statement 3

(An Exploration Stage Company)

Interim Statements of Comprehensive Loss

Unaudited – Prepared by Management
Canadian Funds

		For the three months ended September 30, 2010		For the three months ended September 30, 2009
Loss for the period	**$**	**119,151**	$	100,322
Other comprehensive gain on change in fair value of marketable securities		**(203,694)**		(32,277)
Comprehensive loss for the period	**$**	**(85,543)**	$	68,045

- See accompanying notes to the unaudited interim financial statements -

Alto Ventures Ltd.

Statement 4

(An Exploration Stage Company)

Interim Statements of Cash Flows

Unaudited – Prepared by Management
Canadian Funds

	For the three months ended September 30, 2010	For the three months ended September 30, 2009
Cash resources provided by (used in)		
Operating activities		
Loss for the period	**$ (119,151)**	$ (100,322)
Items not affecting cash:		
Resource property costs written off	**1,346**	-
Amortization	**707**	442
Changes in non-cash working capital		
Increase in accounts receivable	**(23,057)**	(2,272)
Decrease in prepaid expense	**(21,255)**	(14,283)
Increase in amounts due to related parties	**-**	9,109
Increase in accounts payable	**(42,171)**	18,356
	(203,581)	(88,970)
Investing activities		
Contributions of joint venture partner received	**(219,003)**	348,876
Joint venture recovery of exploration costs	**79,544**	-
Mineral property option receipts	**57,500**	-
Mineral property expenditures	**(258,520)**	(179,776)
	(340,479)	169,100
Financing activities		
Due from related parties	**121,538**	-
Share issuance costs	**250**	-
	121,788	-
Net increase in cash	**(422,272)**	80,130
Cash - Beginning of period	**1,052,369**	771,652
Cash - End of period	**$ 630,097**	$ 851,782

Supplementary Disclosure of Cash Flow Information (Note 11)

Alto Ventures Ltd.

Statement 5

(An Exploration Stage Company)

Interim Statement of Shareholders' Equity

Unaudited – Prepared by Management

Canadian Funds

	Share capital (Number of Shares)	Share capital (Amount)	Contributed Surplus - Warrants	Contributed Surplus - Options	Accumulated Other Comprehensive Income	Deficit	Total
		$	$	$	$	$	$
June 30, 2008	95,685,455	14,806,039	865,714	987,119	-	(8,203,160)	8,455,712
Shares issued for mineral properties	260,000	11,900	-	-	-	-	11,900
Stock-based compensation	-	-	-	10,428	-	-	10,428
Other comprehensive income	-	-	-	-	5,000	-	5,000
Net Loss for the year	-	-	-	-	-	(1,838,386)	(1,838,386)
June 30, 2009	95,945,455	14,817,939	865,714	997,547	5,000	(10,041,546)	6,644,654
Units issued for cash pursuant to flow through private placement	5,000,000	300,000	-	-	-	-	300,000
Units issued for cash pursuant to flow through private placement	13,150,000	789,000	-	-	-	-	789,000
Units issued for cash pursuant to private placement, net of $70,026 allocated to warrants	6,260,000	242,974	70,026	-	-	-	313,000
Share issuance costs	-	(119,490)	20,037	-	-	-	(99,453)
Shares issued for mineral properties	100,000	4,750	-	-	-	-	4,750
Stock-based compensation	-	-	-	46,177	-	-	46,177
Other comprehensive income	-	-	-	-	135,080	-	135,080
Future income taxes on renouncement of flow through shares	-	(85,500)	-	-	-	-	(85,500)
Net Loss for the year	-	-	-	-	-	(1,257,142)	(1,257,142)
June 30, 2010	120,455,455	15,949,673	955,777	1,043,724	140,080	(11,298,688)	6,790,566
Shares issued for mineral properties	50,000	2,500	-	-	-	-	2,500
Share issuance costs (refund)	-	250	-	-	-	-	250
Other comprehensive income	-	-	-	-	203,694	-	203,694
Net Loss for the period	-	-	-	-	-	(119,151)	(119,151)
September 30, 2010	**120,505,455**	**15,952,423**	**955,777**	**1,043,724**	**343,774**	**(11,417,839)**	**6,877,859**

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 its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations 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 written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for mineral properties is dependent upon raising financing, sale or joint venturing of the mineral properties, and/or the attainment of profitable operations.

At September 30, 2010, the Company has working capital of $1,580,481 (which includes $382,750 set aside for qualified exploration expenditures as per flow though shares agreements), incurred losses for the three-month period ended of $119,151 and has accumulated deficit of $11,417,839. 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 dependent upon the ability of the Company to raise additional financing to meet property commitments and administration costs. Management plans to continue to secure the necessary financing through a combination of the issue of new equity instruments and the entering into of joint venture arrangements. However, there is no assurance that the Company will be successful in these actions.

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

2. Basis of Presentation and Consolidation

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information using the same accounting policies and methods of application as the audited financial statements of the Company for the year ended June 30, 2010. These unaudited interim financial statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements of the Company and should be read in conjunction with the audited financial statements of the Company as at June 30, 2010.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year.

3. Recent Accounting Pronouncements

a) Business Combinations; Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations; 1601 – Consolidated Financial Statements; and 1602 – Non-Controlling Interests. These sections replace the former CICA Handbook Section 1581 – Business Combinations and CICA 1600 – Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections are the Canadian GAAP equivalent to IFRS 3 – Business Combinations and IAS 27 – Consolidated are Separate Financial Statements.

CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1692 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Management has not yet evaluated the impact of these standards on the Company's financial statements.

b) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonable estimated at this time.

4. 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. Further information relating to liquidity risk is disclosed in Note 1.

In the management of capital, the Company includes the components of shareholders' equity (through private placements) 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.

5. 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.

Interest rate risk

The Company has non-material exposure at September 30, 2010 to interest rate risk through its financial instruments.

Currency Risk

As at September 30, 2010, all of the Company's cash were held in Canadian dollars, the Company's measurement currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

Credit risk

The Company has some 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 Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

Accounts and other receivables consist of goods and services tax due from the Federal Government of Canada, Quebec exploration tax credits receivable, and amounts due from joint venture and option partners for funds advanced for exploration.

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. Management believes the risk to be minimal.

Liquidity Risk

The Company attempts to manage 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 September 30, 2010, the Company had a cash balance of $630,097 (with $382,750 being held as restricted cash pertaining to flow-through commitments- June 30, 2010 - $735,000) (June 30, 2010 - $1,052,369) to settle current liabilities of $280,945 (June 30, 2010 - $117,631) Further information relating to liquidity risk is disclosed in Note 1. Management believes the risk to be minimal.

Sensitivity analysis

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 $6,300 annually.
- The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

(Canadian Funds)

6. Marketable Securities – Available for Sale

Company	Shares	September 30, 2010 Market Value $
Foundation Resources Inc. (FDN - TSXV)	500,000	275,000
Foundation Resources Inc. (FDN - TSXV) (1)	500,000	275,000
Kodiak Exploration Ltd.(KXL-TSXV)	55,557	19,167
Wescan Goldfields Inc. (WGF – TSXV)	50,000	2,500
Pacific North West Capital Corp. (PFN – TSX- T)	75,000	8,625
	1,180,557	580,292

Company	Shares	June 30, 2010 Market Value $
Foundation Resources Inc. (FDN - TSXV)	500,000	175,000
Foundation Resources Inc. (FDN - TSXV) (1)	500,000	175,000
Kodiak Exploration Ltd.(KXL-TSXV)	55,557	12,223
Wescan Goldfields Inc. (WGF – TSXV)	50,000	3,500
Pacific North West Capital Corp. (PFN – TSX- T)	25,000	3,375
	1,130,557	369,098

(1) Restricted until March 4, 2011

The above investments have been accounted for using the fair value method. The shares owned by the Company represent minor ownership in the all of the companies in the above schedule. During the three month period ended September 30, 2010, the Company received an additional 50,000 shares in conjunction with a joint venture mineral property agreement with PFN. (*See Note 8a*) During the three month period ended September 30, 2010, the Company recognized an unrealized gain on marketable securities of $203,694 (June 30, 2010- $135,080).

7. Equipment

	Cost	Accumulated Amortization	September 30, 2010 Net Book Value
Computer equipment	$ 22,539	$ 20,890	$ 1,649
Furniture and equipment	1,676	1,676	-
	$ 24,215	$ 22,566	$ 1,649

	Cost	Accumulated Amortization	June 30, 2010 Net Book Value
Computer equipment	$ 22,539	$ 20,183	$ 2,356
Furniture and equipment	1,676	1,676	-
	$ 24,215	$ 21,859	$ 2,356

(Canadian Funds)

8. Mineral Properties

The following tables show the activity by property from June 30, 2009 to June 30, 2010 and to September 30, 2010:

	June 30, 2010 Total $	Acquisition Cost $	Deferred Exploration $	Tax Credits, Option Payments, JV Recovery $	Recovered Excess/ Write-Downs $	September 30, 2010 Total $
Alcudia	44,332	-	2,099	-	-	46,431
Coldstream	703,597	-	-	-	-	703,597
Cote-Archie Lake	194,757	-	-	(25,000)	-	169,757
Three Towers	396,054	-	-	-	-	396,054
Destiny	2,480,256	-	79,544	(112,044)	-	2,447,756
Greenoaks	314,756	-	515	-	-	315,271
Mud Lake	390,806	-	2,272	-	-	393,078
Vassal	189,474	-	5,139	-	-	194,613
Expansion Lake	171,334	-	500	-	-	171,834
Miner Lake	145,521	-	148,334	-	-	293,855
Dolsan	-	2,500	660	-	-	3,160
Other exploration	65,765	-	95,903	-	(1,345)	160,323
Total resource properties	5,096,652	2,500	334,966	(137,044)	(1,345)	5,295,729

	June 30, 2009 Total $	Acquisition Cost $	Deferred Exploration $	Tax Credits, Option Payments, JV Recovery $	Recovered Excess/ Write-Downs $	June 30, 2010 Total $
Alcudia	43,672	-	660	-	-	44,332
Coldstream	795,032	65	60,171	(151,671)	-	703,597
Cote-Archie Lake	228,091	-	-	(33,334)	-	194,757
Three Towers	379,449	10,000	6,605	-	-	396,054
Destiny	2,471,649	-	824,022	(843,165)	27,750	2,480,256
Greenoaks	312,543	-	2,213	-	-	314,756
Mud Lake	296,908	-	93,898	-	-	390,806
Oxford Lake	486,023	-	577	-	(486,600)	-
Empress – Ridout	68,033	-	500	-	(68,533)	-
Vassal	64,941	-	185,570	(61,037)	-	189,474
Expansion Lake	160,789	-	10,545	-	-	171,334
Miner Lake	-	1,000	144,521	-	-	145,521
Other exploration	126,601	19,869	40,861	-	(121,566)	65,765
Total resource properties	5,433,731	30,934	1,370,143	(1,089,207)	(648,949)	5,096,652

(Canadian Funds)

8. Mineral Properties – *Continued*

a) Destiny (formerly Despinassy) Property, Quebec

The Destiny Project is located in Despinassy Township, 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 100% owned by Alto subject to certain underlying production royalties.

On July 2, 2009, the Company entered into an option agreement with Pacific North West Capital Corp. ("PFN") to pay the Company $200,000 and complete a total of $3,500,000 in exploration expenditures over a four year period to earn a 60% interest in the Destiny property.

The terms of the agreement are:

Upon execution of agreement	Cash payment of $25,000 (received)	Issuance of 25,000 common shares of PFN (received)	
On or before August 6, 2010	Cash payment of $25,000 (received)	Issuance of 50,000 common shares of PFN (received)	Minimum exploration expenditures of $300,000 (completed)
On or before August 6, 2011	Cash payment of $50,000	Issuance of 75,000 common shares of PFN	Minimum exploration expenditures of $300,000
On or before August 6, 2012	Cash payment of $50,000	Issuance of 100,000 common shares of PFN	Minimum exploration of $400,000
On or before August 6, 2013	Cash payment of $50,000		Minimum exploration expenditures of $400,000

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

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 Destiny Joint Venture was established 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 Destiny Project. The Company acquired all of Commander's interest in the Destiny 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 has the right to buy-down .5% of the NSR on the 83 claims for $500,000.

(Canadian Funds)

8. Mineral Properties – *Continued*

b) <u>Coldstream Property, Ontario</u>

The Coldstream property is located in the Shebandowan greenstone belt west of Thunder Bay, Ontario. The property is 100% owned by Alto.

On May 20, 2009, the Company signed a Property Option Agreement with Foundation Resources Inc. Foundation can earn up to 70% interest in the Coldstream and Burchell Properties. Under the terms of the Agreement, Foundation can acquire a 60% interest in the Properties by issuing the Company a total of 1,000,000 common shares over a two year period and incurring $3,000,000 in expenditures on the Properties over the course of 4 years, a minimum of $400,000 of which must be incurred in the first year.

Upon earning the initial 60% interest in the Properties, Foundation may elect to acquire a further 10% interest by completing a feasibility study on the Properties. In circumstances where Foundation was to earn the 70% interest in the Property the Company would have the right, in lieu of retaining a 30% interest in the Property and proceeding with a joint venture with Foundation, to elect to take a 2.5% net smelter returns royalty, 1% of which could be repurchased by Foundation for $1,000,000.

On July 20, 2009 the Company acquired a new gold property near its Coldstream Gold project in north western Ontario. Under terms of the Option to Purchase Agreement, the Company has the option to acquire 100% interest in the property by making the following cash payments and share issuances:

Upon execution of agreement	Cash payment of $5,000 (paid)	Issuance of 50,000 common shares (issued)
On or before July 20, 2010	Cash payment of $10,000 (paid)	Issuance of 50,000 common shares (issued)
On or before July 20, 2011	Cash payment of $15,000	Issuance of 50,000 common shares
On or before July, 2012	Cash payment of $20,000	Issuance of 50,000 common shares

The Vendor will retain a 2% Net Smelter Returns royalty and Alto has the option to buy back one half (1%) of the royalty for $1 million. On November 18, 2009 the Company signed an Amending Agreement to the Coldstream Option Agreement with Foundation Resources. Under the terms of the Amending Agreement, Alto will add the Kukkee claims to the Coldstream Property and Foundation will assume future obligations for maintaining the Kukkee Option to Purchase Agreement.

c) Mud Lake Property, Ontario

The Company owns 100% interest in the project. On February 2, 2009 the Company received notice from Wescan Goldfields Inc that Wescan was terminating the Mud Lake Option Agreement.

During the three month period ended September 30, 2010 the Company agreed to settle the outstanding claim of $278,948 against Wescan Goldfield pertaining to exploration work completed on the Mud Lake project in 2008. Under the terms of the settlement, the Company received $25,000 in a cash payment on November 1, 2010 and an additional $25,000 in cash is payable on March 31, 2011. Wescan has also issued 3,000,000 of its shares to the Company on November 1, 2010. The shares have an approximately value of $135,000. No further action will be pursued on this matter.

8. Mineral Properties – *Continued*

d) Cote-Archie Lake Property, Ontario

Kodiak exploration is working towards earning 51% interest in the property and has made the fourth and final option payment as required by the Option Agreement. Under the terms of the Option Agreement, 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. Kodiak had approximately $480,000 to complete in exploration work prior to September 4, 2010 to earn its 51% interest in the property. In July, the Company granted a one year extension for Kodiak to complete a new total of $1.1 million in exploration work. Kodiak now has to September 4, 2011 to complete approximately $580,000 in exploration work

e) Greenoaks Property, Ontario

The 100% owned Greenoaks property, consisting of 409 hectares is located 43 kilometres northeast of Beardmore, Ontario.

f) Dog Lake Property, Ontario

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. The Company owns 100% interest in the property.

g) Alcudia Property, Quebec

The Alcudia property is 100% owned by Alto and covers 320 hectares. Alto owns a 0.5% Net Smelter Royalty on any production from the adjoining Windfall property.

h) Empress - Ridout Property, Ontario

Alto owns 100% interest in this 736 hectares property.

i) Vassal, Quebec

The Vassal Property covers approximately 5,660 ha and is 100% owned by Alto.

j) Miner Lake, Ontario

Alto owns 100% interest in the 672 ha (42 claim unit) Miner Lake Property.

k) Oxford Lake

The Company owns 100% interest in 2,870 hectares of mineral claims located 160 km southeast of Thompson, Manitoba.

8. Mineral Properties – *Continued*

l) Dolsan, Quebec

During the three month period ended September 30, 2010, the Company acquired a new gold property in the Abitibi greenstone belt in north western Quebec. The Dolsan property consists of 42 recently staked claims and four purchased claims that together cover 2.238 ha. Under the terms of the Purchase Agreement for 100% interest in the four purchased claims, the Company will pay the Vendor a total one-time payment of 50,000 Common Shares (issued). The Vendor will retain a 1% NSR royalty and the Company will have the right to buyout 100% of the royalty for $1,000,000.

9. Share Capital

Authorized share capital: Unlimited Common shares without par value

Shares issued:

a) On August 5, 2009 the Company issued 50,000 shares pursuant to a property purchase agreement.

b) On December 23, 2009 the Company issued 5,000,000 flow-through common shares for gross proceeds of $300,000.

c) On December 15, 2009, as a finders fee, 323,166 warrants were issued that are exercisable into common shares at $0.10 per share to December 15, 2010.

d) On May 4, 2010 the Company issued 50,000 shares pursuant to a property purchase agreement

e) On June 14, 2010 the Company received a gross $1,102,000 by issuing a combination of 13,150,000 flow-through common shares at a price of $0.06 per share and 6,260,000 units at a price of $0.05 per unit. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of $0.10 per share for a period of eighteen months expiring December 9, 2011, provided that if at any time, which is more than four (4) months and one day following Closing, the volume weighted average trading price of the common shares of the Company, as traded on the TSX Venture Exchange, exceeds $0.25 for 10 consecutive trading days, the Company shall have the right to accelerate the expiry date of the warrants to a date which is thirty (30) days following the date of the notice.

   The Company paid finder's fees to Limited Market Dealer of $63,000 and issued 1,085,000 warrants each exercisable to purchase one common share at a price of $0.10 for a period of one year expiring June 9, 2011. All securities issued in the private placement are subject to a four-month hold period expiring October 10, 2010.

f) On September 29, 2010, the Company issued 50,000 shares pursuant to a property property purchase agreement (*Note 8l*)

(Canadian Funds)

9. Share Capital - *Continued*

Warrants:

Warrants have been issued and are exercisable to purchase common shares of the Company as follows:

	Number of warrants		Weighted Average Exercise Price
Balance – June 30, 2008	12,192,194	$	0.20
Expired	(12,192,194)		0.20
Balance – June 30, 2009	-		-
Granted	3,130,000		0.10
Agent warrants issued	1,408,166		0.10
Balance – June 30 and September 30, 2010	**4,538,166**	**$**	**0.10**

Of the warrants outstanding at September 30, 2010, the following are stock warrants:

a) 3,130,000 warrants are exercisable at $0.10 per share up to December 9, 2011. *(Note 9e)*

Of the warrants outstanding at September 30, 2010 following are agent warrants:

a) 1,085,000 warrants are exercisable at $0.10 per share up to June 9, 2011. (*Note 9e)*
b) 323,166 warrants are exercisable at $0.10 per share up to December 15, 2011. *(Note 9c)*

Warrant 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 warrants. The estimated fair value of the warrants granted and issued during the year was determined using a Black-Scholes option-pricing model with the following assumptions:

	2010	2009
Expected dividend yield	0%	-
Expected stock price volatility	125%	-
Risk free rate	1.73%	-
Expected life of warrants	1.3 years	-

(Canadian Funds)

9. Share Capital - *Continued*

Stock 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 options vest immediately except for investor relations employees which vest quarterly over a one year period.

Stock option transactions were as follows:

	Number of options		Weighted Average Exercise Price
Balance – June 30, 2008	4,055,000	$	0.17
Forfeited	(145,000)		0.18
Balance – June 30, 2009	3,910,000		0.17
Granted	1,765,000		0.10
Forfeited	(725,000)		0.15
Expired	(1,345,000)		0.15
Balance – June 30 and September 30, 2010	**3,605,000**	**$**	**0.15**

i) During the year ended June 30, 2009, 145,000 options were forfeited as the holders were no longer employed by the Company.

ii) During year ended June 30, 2009, the Company recorded stock based compensation expense of $10,428 for investor relations options.

iii) During the year ended June 30, 2010, 1,345,000 options held by officers, directors, and a former director expired and 725,000 options were forfeited as the holders were no longer employed by the Company.

iv) During the year ended June 30, 2010, 1,765,000 options were granted to officers, directors and consultants.

The total fair value of the options granted during the year ended June 30, 2010 was $47,469 with $46,177 recorded as stock-option compensation expense and $1,292 to be expensed upon options vesting.

(Canadian Funds)

9. Share Capital - *Continued*

Stock Options - Continued

The following is a summary of the Company's options outstanding as at September 30, 2010:

Number	Price per share	Expiry date	Options exercisable
450,000	$0.12	December 19, 2011	450,000
105,000	$0.10	May 16, 2012	105,000
1,460,000	$0.20	December 16, 2012	1,460,000
1,540,000	$0.10	December 18, 2012	1,540,000
50,000	$0.10	April 14, 2015	50,000
3,605,000			**3,605,000**

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 granted during the prior year was determined using a Black-Scholes option pricing model with the following assumptions:

	2010	2009
Expected dividend yield	0%	-
Expected stock price volatility	103%	-
Risk free rate	3.01%	-
Expected life of warrants	5 years	-

(Canadian Funds)

10. Related Party Transactions

a) At September 30, 2010, the Company owed $Nil (June 30, 2010: $13,62) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) At September 30, 2010, HRG Management Ltd, with a director and officer in common, owed the Company $Nil due to an amount which was written off during the prior year due to the unlikely collectability of the amount (June 30, 2010: $40,377) relating to a deposit for services and fixed assets. *(See Note 12)*

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

		September 30, 2010		September 30, 2009
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 11)	**$**	**42,945**	$	33,511
Mike Koziol –salary services (Officer and Company with Director in Common)		**39,000**		39,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)		**4,500**		4,500
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)		**2,736**		9,329
Total	**$**	**89,181**	$	86,340

11. Supplementary Disclosure of Cash Flow Information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include:		September 30, 2010		September 30, 2009
Shares issued for property costs	$	2,500	$	1,500
Shares received under mineral property agreement	$	7,500	$	-
Loss (gain) on fair market valuation of marketable securities	$	(203,694)	$	(32,277)
Accounts payable included in mineral properties	$	83,946	$	15,137

12. Commitments

Effective February 1, 2009, the Company entered into a services agreement with HRG Management Ltd. in which the Company agreed to pay a monthly corporate administration fee of $10,833 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services. The agreement can be terminated by either party prior to expiration with 60 days written notice. 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 two directors and an officer in common with HRG. The Company has a $nil (June 30, 2009: $33,952) deposit paid to HRG for management services. (See Note 10b)

13. Subsequent events

Subsequent to September 30, 2010:

a) HRG provided written notice of termination to the Company and the agreement was terminated on October 31, 2010. The Company subsequently entered into a new services agreement with White Label Corporate Services Inc. ("WLM") on November 1, 2010 and has agreed to pay a monthly corporate administration fee of $19,000 that includes office rent, administration, accounting, corporate secretarial, chief financial officer, executive assistant, IT computer maintenance and other related services. The agreement can be terminated by either party prior to expiration with 60 days written notice. The Company shares two officers in common with WLM.

b) The Company has appointed Falcon Point Capital Partners ("Falcon Point") as its Communications and Investor Relations Consultant. Falcon Point is a Vancouver-based firm that provides marketing, communications and investor relations solutions to public companies through its InvestmentBC.com platform. Falcon Point develops and executes IR/PR programs designed to improve marketplace positioning, encourage market engagement, increase brand awareness and to cultivate strategic relationships.

   Falcon Point has been engaged for a six-month contract at a rate of $1,200 per month. In addition, the Company has granted to Falcon Point, in accordance with the Company's stock option plan, incentive stock options to purchase up to an aggregate of 100,000 common shares exercisable on or before November 15, 2015 at a price of $0.10 per share.

   Falcon Point does not have any direct or indirect interest in the Company.

c) Foundation Resources has notified the Company that they have fulfilled the terms of the option agreement on the Coldstream mineral property and has now earned 60 per cent interest by spending $3 million in exploration on the property *(Note 8b).*