ALTO VENTURES LTD.

(An Exploration Stage Company)

Interim Financial Statements
For the Three and Six Month Periods Ended
December 31, 2008 and 2007
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying un-audited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Management Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management and are in accordance with Canadian generally accepted accounting principles ("GAAP"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has a process in place to evaluate internal control over financial reporting. Based on that evaluation, management has concluded that internal control over financial reporting was effective as of December 31, 2008.

The board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The board's review is accomplished principally through the audit committee. The audit committee meets periodically with management and the auditors to review financial reporting and control matters.

"Kenneth P. Judge"
Chairman of the Board

"Mike Koziol"
President & CEO

February 25, 2009
Vancouver, British Columbia

Alto Ventures Ltd.

(An Exploration Stage Company)
Interim Balance Sheets
As at December 31, 2008 and June 30, 2008
(in Canadian Funds - unaudited)

	December 31 2008	June 30 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 818,471	$ 1,339,481
Restricted cash *(Note 4)*	-	423,263
Receivables	184,330	203,272
Marketable securities *(Note 5)*	17,667	57,500
Due from option partner	278,815	21,774
Quebec exploration tax credit receivable	271,515	271,515
Due from related party *(Note 9)*	32,234	32,402
Prepaid expenses and deposits	44,583	53,044
	1,647,615	2,402,250
Mineral properties *(Note 7)*	6,604,275	6,170,636
Property and equipment *(Note 6)*	5,008	5,892
	$ 8,256,899	$ 8,578,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 89,283	$ 99,921
Due to related parties *(Note 9)*	1,649	2,645
	90,932	102,566
Shareholders' Equity:		
Share capital *(Note 8)*	14,808,539	14,806,039
Contributed surplus *(Note 8a)*	1,863,261	1,852,833
Deficit	(8,461,498)	(8,203,160)
Accumulated other comprehensive income (loss)	(44,335)	20,500
	8,165,967	8,476,212
	$ 8,256,899	$ 8,578,778

Going Concern *(Note 2)*
Subsequent Events *(Note 16)*
Commitments *(Note 12 and 16b)*

On behalf of the Board:

Signed: *"David Cowan"* Director

Signed: *"Mike Koziol"* Director

The accompanying notes are an integral part of these interim financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Interim Statements of Loss and Deficit

For the Three and Six Month Periods ended December 31, 2008 and 2007

(in Canadian Funds - unaudited)

	Three months ended December 31 2008	Three months ended December 31 2007	Six months ended December 31 2008	Six months ended December 31 2007
Expenses:				
Office and miscellaneous	$ 29,461	$ 35,322	$ 67,289	$ 55,348
Professional fees	24,848	21,670	48,748	34,580
Administrative services	22,749	16,536	47,414	33,070
Investor relations and shareholder information	15,252	62,400	37,431	88,392
Directors fees	12,000	15,000	24,000	30,000
Consulting fees	13,375	10,250	23,875	17,750
Rent	9,119	8,400	19,847	16,646
Salaries and wages	7,651	14,330	19,676	41,844
Stock-based compensation	5,214	195,975	10,428	199,977
Transfer agent and filing fees	5,795	14,446	6,877	16,234
Travel and promotion	4,079	6,619	4,706	16,593
Amortization	442	631	884	1,263
	149,985	401,579	311,174	551,697
Other Income:				
Joint venture management fee	(16,421)	(18,229)	(24,745)	(20,677)
Interest income	(11,437)	(17,772)	(28,091)	(19,937)
Net Loss for the period	122,127	365,578	258,338	511,083
Deficit, Beginning of period	8,339,371	7,959,546	8,203,160	7,814,041
Deficit, End of period	$ 8,461,498	$ 8,325,124	$ 8,461,498	$ 8,325,124
Loss per Share - Basic and Diluted	$ -	$ -	$ -	$ 0.01
Weighted Average Shares Oustanding	95,715,455	84,672,023	95,715,292	75,397,571

Alto Ventures Ltd.

(An Exploration Stage Company)

Interim Statements of Cash Flows

For the Three and Six Month Periods ended December 31, 2008 and 2007

(in Canadian Funds - unaudited)

	Three months ended December 31		Six months ended December 31	
	2008	2007	2008	2007
Cash Flows Provided by (Used in):				
Operating Activities:				
Loss for the period	$ (122,127)	$ (365,578)	$ (258,338)	$ (511,083)
Item not affecting cash:				
Amortization	442	631	884	1,263
Stock-based compensation	5,214	195,975	10,428	199,977
	(116,471)	(168,972)	(247,026)	(309,843)
Changes in non-cash working capital items:				
Prepaids and deposits	5,258	(107,933)	8,460	(108,833)
Receivables	27,158	(62,502)	18,942	(70,079)
Accounts payable and accrued liabilities	74,338	2,520	50,479	40,353
Cash used in operating activities	(9,717)	(336,887)	(169,146)	(448,402)
Financing Activities:				
Share issuance costs	(500)	(106,864)	(500)	(106,864)
Common shares issued	-	3,561,020	-	3,561,020
Subscriptions recievable	-	(100,000)	-	(100,000)
Advances from related parties	-	-	168	-
Cash provided by (used in) financing activities	(500)	3,354,156	(332)	3,354,156
Investing Activities:				
Mineral property expenditures	(469,710)	(1,081)	(503,781)	(58,635)
Acquisition of mineral properties	(3,000)	(319,046)	(13,974)	(341,005)
Restricted cash	286,840	-	423,263	-
Contributions from JV partner	(180,628)	182,293	(257,041)	231,773
Cash used in investing activities	(366,498)	(137,834)	(351,533)	(167,867)
Change in cash and cash equivalents during the period	$ (376,715)	$ 2,879,435	$ (521,010)	$ 2,737,887
Cash and cash equivalents - beginning of period	$ 1,195,186	$ 159,575	$ 1,339,481	$ 301,123
Cash and cash equivalents - end of period	$ 818,471	$ 3,039,010	$ 818,471	$ 3,039,010

Supplemental Cash Flow Information - *(Note 11)*

The accompanying notes are an integral part of these interim financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Interim Statements of Comprehensive Loss

For the Three and Six Month Periods ended December 31, 2008 and 2007

(in Canadian Funds - unaudited)

	Three months ended December 31		Six months ended December 31	
	2008	2007	2008	2007
Net loss for the Period	$ 122,127	$ 365,578	$ 258,338	$ 511,083
Unrealized loss on availiable for sale securities	10,890	1,250	64,835	5,500
Comprehensive loss for the period	$ 133,017	$ 366,828	$ 323,173	$ 516,583

The accompanying notes are an integral part of these interim financial statements

1. Basis of Presentation

These unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the year ended June 30, 2008. The accounting policies applied to the preparation of the interim unaudited financial statements are consistent with those applied to the audited financial statements for the year ended June 30, 2008 with the exception of those listed in note 3. These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the six-month period ended December 31, 2008 are not necessarily indicative of the results that may be expected for the full year ending June 30, 2009.

2. Going Concern

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has working capital of $1,556,683 (June 30, 2008 - $2,299,684) and accumulated deficit of $8,461,498 (June 30, 2008 - $8,203,160).

The Company's ability to continue as a going concern is dependent upon its ability to fund its ongoing operating costs and exploration and development of mineral properties, attain profitable mining operations, or receiving proceeds from the disposition of its mineral property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Recent Accounting Pronouncements

a) International Financial Reporting Standards ("IFRS")

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

b) Goodwill and intangible assets

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

4. Restricted Cash

As at December 31, 2008 there was $nil (June 30, 2008: $423,263) in restricted cash as exploration expenditures during the period ended December 31, 2008 had completed required expenditures pursuant to flow-through share agreements. This restricted cash at June 30, 2008 represents the shortfall to be expended on flow-through qualified exploration expenditures.

(in Canadian Funds - unaudited)

5. Marketable Securities

Marketable securities consist of the following holdings:

Company	Shares	Market Value December 31, 2008	Original Cost
Kodiak Exploration (KXL-V)	11,112	$ 8,667	$25,002
Wescan Goldfields Inc. (V-WGF)	50,000	$ 9,000	$37,000
	61,112	$17,667	$62,002

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

During the current period, the Company has recognized $64,835 as other comprehensive loss on marketable securities. During the year ended June 30, 2008, the Company recognized $20,500 as other comprehensive income on marketable securities.

6. Property and Equipment

	Cost	Accumulated Amortization	December 31, 2008 Net Book Value
Computer equipment	$ 22,539	$ 17,531	$ 5,008
Furniture and equipment	1,676	1,676	-
	$ 24,215	$ 19,207	$ 5,008

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

(in Canadian Funds - unaudited)

7. Mineral Properties

The following table shows the activity by property from July 1, 2008 to December 31, 2008:

Property	June 30, 2008	Acquisitions	Deferred Exploration	JV Recovery and option payments	Dec 31, 2008
Alcudia Claims	$ 128,598	$ -	$	$ -	$ 128,598
Coldstream Property	811,221	-	35,190	-	846,411
Cote-Archie Lake Property	252,928	-	-	(25,002)	227,926
Three Towers Property	119,091	13,000	224,626	-	356,717
Despinassy Property	2,421,334	974	25,684	-	2,447,992
Dog Lake Property	233,371	-	-	-	233,371
Greenoaks Gold Property	598,833	-	17,701	-	616,534
Mud Lake Property	287,287	-	247,461	(247,463)	287,285
Oxford Lake Property	970,532	-	1,424	-	971,956
Empress-Ridout Property	64,014	-	67,261	-	131,275
Vassal Property	62,808	-	571	-	63,379
Other exploration properties	220,619	-	72,212	-	292,831
Total Mineral Properties	$ 6,170,636	$ 13,974	$ 692,130	$ (272,465)	$ 6,604,275

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

Property	June 30, 2007	Acquisitions	Deferred Exploration	JV Recovery and option payments	June 30, 2008
Alcudia Claims	$ 128,541	$ -	$ 57	$ -	$ 128,598
Coldstream Property	776,517	4,290	30,414	-	811,221
Cote-Archie Lake Property	272,005	-	5,923	(25,000)	252,928
Three Towers Property	3,564	17,548	97,979	-	119,091
Despinassy Property	1,238,487	665,727	758,314	(241,194)	2,421,334
Dog Lake Property	232,546	-	825	-	233,371
Greenoaks Gold Property	540,847	2,799	55,187	-	598,833
Mud Lake Property	324,363	-	343,380	(380,456)	287,287
Oxford Lake Property	928,222	-	42,310	-	970,532
Empress-Ridout Property	63,886	-	128	-	64,014
Vassal Property	-	6,438	86,690	(30,320)	62,808
Other exploration properties	143,670	52,841	24,108	-	220,619
Total Mineral Properties	$ 4,652,648	$ 749,643	$ 1,445,315	$ (676,970)	$ 6,170,636

(in Canadian Funds - unaudited)

7. Mineral Properties – *Continued*

The following table shows the activity by category of expenditure from July 1, 2008 to December 31, 2008:

Mineral Property Costs		December 31, 2008		June 30, 2008
Stripping and washing	$	137,344	$	92,300
Geological surveys		86,648		9,450
Prospecting		44,057		18,569
Airborne geophysics		25,093		316,500
Acquisition and claim staking		14,665		742,922
Diamond drilling		365,852		800,068
Travel, camp and other expenses		4,013		139
Data compilation and digitizing		8,071		25,699
Management and planning of projects		4,135		8,204
Legal		1,167		4,670
License, leases, permits and taxes		100		54,504
Mineral property option payments (Note 7h)		(25,002)		-
JV partner contribution		(247,463)		(405,455)
Stock based compensation		-		78,415
Assessment reports and filing works		14,959		26,444
Mapping		-		18,741
Line cutting, trenching and blasting		-		18,387
Assays		-		3,724
Property write-downs		-		(23,778)
Exploration tax credits		-		(271,515)
Mineral Property Costs for the Period		433,639		1,517,988
Mineral Property Costs – Beginning of Period		6,170,636		4,652,648
Mineral Property Costs – End of Period	$	6,604,275	$	6,170,636

The Company has investigated ownership of its mineral interests as at December 31, 2008 and, to the best of its knowledge, ownership of its interests is in good standing.

a) **Alcudia Claims**

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

7. Mineral Properties – *Continued*

b) Coldstream Property

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

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

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

c) Oxford Lake Property

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

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

d) Despinassy Property

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

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

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

(in Canadian Funds - unaudited)

7. **Mineral Properties** – *Continued*

e) **Greenoaks Gold Property**

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

f) **Dog Lake Property**

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

g) **Mud Lake Property**

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

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

Upon execution of agreement	Issuance of 50,000 Wescan shares (received)	
On or before June 13, 2008	Issuance of 50,000 Wescan shares (received)	Incur $250,000 in exploration expenditures
On or before June 13, 2009	Issuance of 50,000 Wescan shares	Incur $350,000 exploration expenditures

The Company will remain the project operator until a positive pre-feasibility is completed at which time, Wescan will have the option to become project operator. *(see subsequent event note 16a)*

h) **Cote-Archie Lake Property**

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

(in Canadian Funds - unaudited)

7. **Mineral Properties** – *Continued*

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

Upon execution of agreement	Cash payment of $25,000 or share based equivalent of Kodiak stock (cash payment received)	
On or before July 18, 2008	Cash payment of $25,000 or share based equivalent of Kodiak stock (equivalent share based payment received)	Incur $200,000 in exploration expenditures (incurred $283,000 to date) (incurred $590,916 to date)
On or before July 18, 2009	Cash payment of $25,000 or share based equivalent of Kodiak stock	Incur $300,000 exploration expenditures (for cumulative expenditures totalling $500,000)
On or before July 18, 2010	Cash payment of $25,000 or share based equivalent of Kodiak stock	Incur $500,000 exploration expenditures (for cumulative expenditures totalling $1,000,000)

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

i) **Empress-Ridout Property**

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

j) **Burchell Property**

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

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

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

(in Canadian Funds - unaudited)

7. Mineral Properties – *Continued*

k) **Three Towers Property (formerly Cote 801)**

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

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

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

l) **Vassal Property**

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

m) **Expansion Lake, Ontario**

The Expansion Lake Property is located immediately east of Mud Lake and south of the Hercules Property operated by Kodiak Exploration Ltd. Airborne high-resolution magnetometer and XDS/VLF electromagnetic surveys were completed in May, 2008 followed by prospecting and mechanical stripping programs in October. Property-scale shear zones that are altered and contain anomalous gold values (hundreds ppb) were detected in several areas including five that were stripped and channel sampled. Results from each of the stripped areas indicate strong gold enrichment, in the tens to hundreds ppb gold (up to 745 ppb/1m). Silver is also anomalous in some of the samples, up to 29 g/t.

The Expansion Lake Property covers 2,656 ha and the work completed to date represents only a cursory examination of the property's potential. The results thus far, including identification of extensive shearing, the strength and size of the alteration envelopes and the widespread gold anomalies, are particularly encouraging as they are considered indicative of regional scale gold mineralizing systems and exploration to date has been very limited. The next stage of exploration will include geological work and ground geophysics in preparation for diamond drilling.

(in Canadian Funds - unaudited)

8. Share Capital

a) Common shares

Authorized: Unlimited common shares without par value

	Number of Shares		Amount		Contributed Surplus
Balance – June 30, 2008	95,685,455	$	14,806,039	$	1,852,833
Issued in exchange for mineral properties *(See Note 7k)*	30,000		3,000		-
Share issuance costs	-		(500)		-
Stock based compensation	-		-		10,428
Balance – December 31, 2008	95,715,455	$	14,808,539	$	1,863,261

i. On July 2, 2008, the Company issued 30,000 common shares pursuant to a property purchase agreement (see note 7k) valued at $0.10 per share.

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, 2008	12,192,194	$	0.20
Expired	(12,192,194)		0.20
Balance December 31, 2008	-	$	-

During the quarter ended December 31, 2008, 12,192,194 warrants expired

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.

(in Canadian Funds - unaudited)

8. Share Capital - *Continued*

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance June 30, 2008	4,055,000	$ 0.22
Cancelled	(95,000)	0.18
Balance December 31, 2008	3,960,000	$ 0.17

i) During the current six month period, 95,000 options were cancelled as the holders were no longer employed by the Company.

ii) During the current six month period, investor relations options with a valuation of $10,428 have vested and been recorded as stock-based compensation expense.

The following is a summary of the Company's options as at December 31, 2008 and June 30, 2008 and the changes for the period are as follows:

Exercise Price	Outstanding June 30, 2008	Granted	Cancelled/ Expired	Exercised	Outstanding Dec 31, 2008	Expiry Date
$ 0.15	1,125,000	-	-	-	1,125,000	September 30, 2009
$ 0.15	320,000	-	-	-	320,000	June 20, 2010
$ 0.16	240,000	-	-	-	240,000	March 21, 2011
$ 0.12	475,000	-	(25,000)	-	450,000	December 19, 2011
$ 0.10	105,000	-	-	-	105,000	May 16, 2012
$ 0.20	1,790,000	-	(70,000)	-	1,720,000	December 16, 2012
	4,055,000	-	(95,000)	-	3,960,000	

9. Related Party Transactions

a) At December 31, 2008, the Company owed $1,649 (June 30, 2008: $2,645) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) At December 31, 2008, a management services company with a director and officer in common, owed the Company $32,234 (June 30, 2008: $32,402) relating to a deposit for services and fixed assets paid to HRG Management Ltd. ("HRG"). *(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 and consist of the following items:

(in Canadian Funds - unaudited)

9. Related Party Transactions - *Continued*

		December 31, 2008		December 31, 2007
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 12)	$	78,852	$	64,455
Mike Koziol –salary services (Officer and Company with Director in Common)		78,000		39,504
John Prochnau – consulting (Director)		-		2,750
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)		15,000		15,000
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)		1,063		2,325
Total	$	172,915	$	124,034

10. Segmented Information

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

11. Supplementary Cash Flow Information

		December 31, 2008		December 31,2007
Cash position consists of:				
Cash and cash equivalents	$	818,471	$	1,790,393
Restricted cash – flow-through		-		1,248,617
Cash position end of period	$	818,471	$	3,039,010

Non cash transactions during the periods ended December 31, 2008 and 2007 were as follows:

Non-Cash Financing and Investing Activities include:		December 31, 2008		December 31, 2007
Shares issued for property costs	$	3,000	$	3,000
Shares received under mineral property agreement	$	25,002	$	-
Loss on fair value decrease of marketable securities	$	64,835	$	-
Accounts payable included in mineral properties	$	41,614	$	83,553
Stock based compensation included in mineral properties	$	-	$	78,416

12. Commitments

Effective February 1, 2006, the Company entered into a services agreement with HRG Management Ltd. in which the Company agreed to pay a monthly corporate administration fee of $12,262 (2007 - $13,141) that includes office rent, administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares one director and an officer in common with HRG. The agreement expires December 31, 2008 *(see subsequent event note 16b)* and can be terminated by either party prior to expiration with 90 days written notice. The Company has a 32,234 deposit paid to HRG for management services. (*See Note 9b*)

13. Capital Management

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

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

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

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

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

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

14. Management of Financial Risk

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

Currency Risk

As at December 31, 2008, all of the Company's cash and cash equivalents were held in Canadian dollars, the Company's functional currency. The Company has no operations outside of Canada at this time and as such has no currency risk associated with its operations.

14. Management of Financial Risk - *Continued*

Interest rate and credit risk

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

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

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2008, the Company had a cash balance (excluding restricted cash) of $818,471 (June 30, 2008: $1,339,480) to settle current liabilities of $90,932 (June 30, 2008: $102,566).

Commodity Price Risk

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

Sensitivity analysis

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

As of December 31, 2008, the carrying amount of accounts receivable and payable equals fair market value.

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

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $5,000.
- The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.
- Price risk is remote since the Company is currently not a producing entity.

15. Comparative Figures

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

16. Subsequent Events

a) On February 2, 2009 the Company received notice from Wescan Goldfields that Wescan was withdrawing from the Mud Lake Joint Venture. Following termination of the Mud Lake Option Agreement by Wescan, the Company will retain a 100% ownership interest in the Mud Lake Property *(see note 7g)*.

b) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTH PERIODS ENDED DECEMBER 31, 2008

As of February 25, 2009

INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the financial statements of the Company for the three and six month period ended December 31, 2008. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is February 25, 2009.

DESCRIPTION OF BUSINESS

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

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

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

RESULTS OF OPERATIONS

For the three months ended December 31, 2008

The Company incurred a $122,127 loss for the three months ended December 31, 2008 as compared to a loss of $365,578 for the same period last year. This amounts to a $243,451 decrease over same period last year.

The decrease over the prior year quarter can be mainly attributed to a decrease in stock based compensation ($190,761) and investor and shareholder relations ($47,148) due to reduced investor relations activity and directors fees ($3,000) due to resignation of a director.

Administrative services increased ($6,213) in the second quarter due to increases in computer hardware, software and support services and telephone, and consulting fees ($3,125) due to usage of services of a former director.

Cash and cash equivalents balance decreased by $376,715 to $818,471 at December 31, 2008. The cash spending for mineral properties was $469,710. Expenditures on exploration included Mud Lake ($163,966), Moose Mountain ($20,409), Coldstream ($14,406), Greenoaks ($4,921), Three Towers (formerly Cote 801) ($154,343), Despinassy ($18,677), Empress ($62,829) and Expansion Lake ($29,190). During the three month period ended December 31, 2008, the Company recovered $286,840 through its joint exploration property agreements.

For the six months ended December 31, 2008

The Company incurred a $258,338 loss for the six months ended December 31, 2008 as compared to a loss of $511,083 for the same period last year. This amounts to a $252,745 decrease over same period last year.

RESULTS OF OPERATIONS (continued)

The decrease over the prior year six months can be mainly attributed to a decrease in stock based compensation ($189,549) and investor and shareholder relations ($50,961) due to reduced investor relations activity, salaries and wages ($22,168) due to less administrative time of officer allocated to salaries and wages, directors fees ($6,000) due to resignation of a director and travel and promotion ($11,887) due to less travel incurred by the Company. An increase in interest income ($8,154) and joint venture management fees ($4,068) have also contributed to the decrease.

Significant expenses that increased were office and miscellaneous ($11,941) due to an administrative adjustment in costs for furniture, computer hardware, software and support services and telephone, ($14,344), professional fees ($14,168) due to increases in audit fees and corporate administration fees, rent ($3,201), and consulting fees ($6,125) due to usage of services of a former director.

During the first six months Cash and cash equivalents balance decreased by $521,010 to $818,471 at December 31, 2008. The six month cash spending for mineral properties was $503,781. Expenditures on exploration included Mud Lake ($247,461), Coldstream ($35,190), Greenoaks ($17,701), Three Towers (formerly Cote 801), ($237,626), Despinassy ($26,658), Empress ($67,621), Expansion Lake ($50,945) and Moose Mountain ($20,409). During the six month period ended December 31, 2008, the Company recovered $272,465 through its joint exploration property agreements. During the period the company fulfilled its flow-thru obligations of $423,263.

SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarters. Q4 2008 Expenditures on resource properties includes $271,515 in Quebec exploration tax credits.

(In $000's except per share data)

	Years ended June 30							
	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial results								
Expenditures on resource properties	307	126	(115)	1,398	216	18	61	350
Net loss (gain) for period	122	136	(271)	150	365	145	167	158
Per share	$ -	$(0.01)	$ -	$ -	$0.01	$ -	$0.01	$ -
Balance Sheet Data								
Cash and short-term deposits	818	1,195	1,762	2,260	3,038	159	301	365
Resource properties	6,604	6,297	6,170	6,284	4,885	4,670	4,653	4,594
Total assets	8,257	8,476	8,578	8,858	8,368	5,058	5,126	5,265
Shareholder's equity	8,166	8,294	8,476	8,556	8,272	4,911	5,082	5,223

INVESTMENT IN MINERAL PROPERTIES

The following table shows the activity by property from July 1, 2008 to December 31, 2008:

Property	June 30, 2008	Acquisitions	Deferred Exploration	JV Recovery and option payments	Dec 31, 2008
Alcudia Claims	$ 128,598	$ -	$	$ -	$ 128,598
Coldstream Property	811,221	-	35,190	-	846,411
Cote-Archie Lake Property	252,928	-	-	(25,002)	227,926
Three Towers Property	119,091	13,000	224,626	-	356,717
Despinassy Property	2,421,334	974	25,684	-	2,447,992
Dog Lake Property	233,371	-	-	-	233,371
Greenoaks Gold Property	598,833	-	17,701	-	616,534
Mud Lake Property	287,287	-	247,461	(247,463)	287,285
Oxford Lake Property	970,532	-	1,424	-	971,956
Empress-Ridout Property	64,014	-	67,261	-	131,275
Vassal Property	62,808	-	571	-	63,379
Other exploration properties	220,619	-	72,212	-	292,831
Total Mineral Properties	$ 6,170,636	$ 13,974	$ 692,130	$ (272,465)	$ 6,604,275

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

Property	June 30, 2007	Acquisitions	Deferred Exploration	JV Recovery and option payments	June 30, 2008
Alcudia Claims	$ 128,541	$ -	$ 57	$ -	$ 128,598
Coldstream Property	776,517	4,290	30,414	-	811,221
Cote-Archie Lake Property	272,005	-	5,923	(25,000)	252,928
Three Towers Property	3,564	17,548	97,979	-	119,091
Despinassy Property	1,238,487	665,727	758,314	(241,194)	2,421,334
Dog Lake Property	232,546	-	825	-	233,371
Greenoaks Gold Property	540,847	2,799	55,187	-	598,833
Mud Lake Property	324,363	-	343,380	(380,456)	287,287
Oxford Lake Property	928,222	-	42,310	-	970,532
Empress-Ridout Property	63,886	-	128	-	64,014
Vassal Property	-	6,438	86,690	(30,320)	62,808
Other exploration properties	143,670	52,841	24,108	-	220,619
Total Mineral Properties	$ 4,652,648	$ 749,643	$ 1,445,315	$ (676,970)	$ 6,170,636

INVESTMENT IN MINERAL PROPERTIES (continued)

Mineral Property Costs	December 31, 2008	June 30, 2008
Stripping and washing	$ 137,344	$ 92,300
Geological surveys	86,648	9,450
Prospecting	44,057	18,569
Airborne geophysics	25,093	316,500
Acquisition and claim staking	14,665	742,922
Diamond drilling	365,852	800,068
Travel, camp and other expenses	4,013	139
Data compilation and digitizing	8,071	25,699
Management and planning of projects	4,135	8,204
Legal	1,167	4,670
License, leases, permits and taxes	100	54,504
Mineral property option payments	(25,002)	-
JV partner contribution	(247,463)	(405,455)
Stock based compensation	-	78,415
Assessment reports and filing works	14,959	26,444
Mapping	-	18,741
Line cutting, trenching and blasting	-	18,387
Assays	-	3,724
Property write-downs	-	(23,778)
Exploration tax credits	-	(271,515)
Mineral Property Costs for the Period	433,639	1,517,988
Mineral Property Costs – Beginning of Period	6,170,636	4,652,648
Mineral Property Costs – End of Period	$ 6,604,275	$ 6,170,636

The Company has investigated ownership of its mineral interests as at December 31, 2008 and, to the best of its knowledge, ownership of its interests are in good standing. Mike Koziol, P.Geo, Alto's President, CEO and Director is the qualified person responsible for the technical information reported in this Management's Discussion and Analysis.

a) Despinassy Property, Quebec

The Despinassy Project is located in Despinassy Township, approximately 75 km northeast of Val d'Or, Quebec and lies within the Archean age Abitibi greenstone belt in the eastern Superior Province in Quebec. The property is now 100% owned by Alto subject to certain underlying production royalties.

Current activity and Future Plans

In March 2008, the Company acquired all of the interest held by Commander Resources Ltd. ("Commander"), its Joint Venture Partner for a one time cash payment of $375,000 and the issue of 1,875,000 shares of the Company to Commander. Since the acquisition of Commander's interest, the Company staked additional ground and merged its 100% Despinassy East Project to hold an impressive land package covering more than 7,390 hectares.
Helicopter borne electromagnetic (using the Geotech Ltd. VTEM system) and magnetometer surveys were flown over the entire Despinassy property in February and an interpretation report was received in June showing a number of strong geophysical targets that have not been drilled previously.

INVESTMENT IN MINERAL PROPERTIES (continued)

a) Despinassy Property, Quebec – (continued)

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

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

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

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

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

INVESTMENT IN MINERAL PROPERTIES (continued)

a) Despinassy Property, Quebec – (continued)

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

Historical Information

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

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

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

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

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

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

b) Coldstream Property, Ontario

Current activity and Future Plans

The Company has increased the size of the property through staking and now owns a 100% interest in 4,357 hectares, subject to certain underlying production royalties on some of the claims. A prospecting program was completed in September, 2008. Prospectors located several gold bearing sulphide occurrences including three which are new showings with gold values of up to 2.0 g/t in grab samples (see Alto news release dated January 15, 2009).

INVESTMENT IN MINERAL PROPERTIES (continued)

b) Coldstream Property, Ontario – (continued)

Historical Information

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

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

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

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

c) Oxford Lake Property, Manitoba

Current activity and Future Plans

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

Historical Information

The Company owns 100% interest in 2,870 hectares of mineral claims located 160 km southeast of Thompson, Manitoba. Noranda outlined historical resources estimated at 800,000 tonnes grading 6 grams gold per tonne, totalling 154,000 ounces of gold at the Rusty Zone (see SEDAR Filing dated December 23, 2004 for NI43-101 disclosure on this project).

INVESTMENT IN MINERAL PROPERTIES (continued)

c) Oxford Lake Property, Manitoba – (continued)

Further gold mineralization up to 10 g/t gold over 2 metres was encountered by Noranda, 2 km east of the Rusty Zone in the same oxide iron formation. In total, 6 km of strike length of prospective auriferous iron formation has been identified on the property that has been only sparsely drilled. A consolidation of the land position in the past years has positioned the property for joint venture.

d) Mud Lake Property, Ontario

Current activity and Future Plans

Surface work started with prospecting in May and was followed by geological mapping, mechanical stripping and sampling during the summer months. Diamond drilling totalling 1,032 m in 12 holes was completed in October, 2008 (see Alto news release dated December 11, 2008). The drilling confirmed the presence of the Mud Lake Shear Zone, a major gold bearing structure that traverses the property, but did not intersect significant gold mineralization. Future work will focus in the area of the Oliver Severn Showing where previous drilling returned high grade gold values.

Historical Information

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

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

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

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

Hole	From (m)	To (m)	Width (m)	Au (g/t)	Zone
MUD07-01**	15.1	16.1	1.0	0.99	Trench 6
MUD07-03**	15.3	16.0	0.7	3.2	Trench 6
MUD07-06**					
	12.3	18.4	6.1	3.39	Oliver-Seven Zone 1
	14.9	15.4	0.5	9.64	
	17.4	18.4	1.0	13.97	
	28.6	29.6	1.0	5.56	Oliver-Severn Zone 2
MUD07-11**	26.5	28.5	2.0	2.11	Clarke Zone 1
	51.5	53.2	1.7	2.35	Clarke Zone 2
MUD07-12**	80.0	88.8	8.0	0.94	Clarke

INVESTMENT IN MINERAL PROPERTIES (continued)

d) Mud Lake Property, Ontario – (continued)

Includes	82.8	84.8	2.0	2.16	
MUD07-14*	19.0	21.0	2.0	2.12	Showing #3
MUD07-16*	21.1	21.6	0.5	6.34	Showing #4
MUD07-17*	23.7	24.7	1.0	3.77	Showing #4
MUD07-19*	61.3	62.3	1.0	1.44	Showing #5
MUD08-22	36.6	37.6	1.0	7.25	Oliver Severn
MUD08-23	23.8	24.7	0.9	2.0	Oliver Severn
MUD08-24	19.0	21.0	2.0	1.21	Clarke Showing
MUD08-25	42.5	43.5	1.0	3.2	Clarke Showing

* reported previously in the Second Quarter,, 2008
** reported previously in the Third Quarter, 2007

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

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

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

e) Cote-Archie Lake Property, Ontario

Current activity and Future Plans

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

INVESTMENT IN MINERAL PROPERTIES (continued)

e) Cote-Archie Lake Property, Ontario – (continued)

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

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

Historical Information

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

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

In February 2007, the Company attempted to drill two holes but only one was completed and the other was terminated before reaching its target. COT07-01 was drilled to test the Cote Shear and it intersected the target, a well developed and altered shear zone that is twenty metres wide and contains variable quartz veining including a 2.4 m wide quartz vein/vein breccia that contains minor amounts of sulphides.

INVESTMENT IN MINERAL PROPERTIES (continued)

e) Cote-Archie Lake Property, Ontario – (continued)

Although the assay results obtained from this first hole are not economic, the intersection of strongly sheared rocks that contain auriferous quartz veins is very encouraging for a first-pass drill program (please see table below).

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

f) Greenoaks Property, Ontario

Current activity and Future Plans

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

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

The Company has no immediate plans to drill this property.

Historical Information

The 100% owned Greenoaks property, consisting of 409 hectares is located 43 kilometres northeast of Beardmore, Ontario. Five holes, totaling 331 metres (m) were completed at Greenoaks in 2007. Two of the five holes intersected visible gold with assays including 12.5 g/t gold across 0.4 m and 7.08 g/t gold across 0.8m. Historical surface work resulted in the discovery of four zones along a 400 m segment of a west-northwest trending shear where gold-bearing quartz veins have been emplaced. Previous drilling, dating back to the 1960s, focused only on Zone 1 and intersected high grade gold mineralization

INVESTMENT IN MINERAL PROPERTIES (continued)

f) Greenoaks Property, Ontario – (continued)

including 1.2 ounces per ton (41 g/t) gold across 5 feet (1.5 m). Zones 3 and 4 were not drilled prior to the 2007 program.

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

Table of Significant Results from Greenoaks

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

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

g) Dog Lake Property, Ontario

Current activity and Future Plans

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

Historical Information

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

INVESTMENT IN MINERAL PROPERTIES (continued)

h) Alcudia Property, Quebec

Current activity and Future Plans

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

Historical Information

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

i) Empress Property, Ontario

Current activity and Future Plans

Two diamond drill holes totalling 333 m were completed in October, 2008 to test the Empress Structure, a gold bearing shear zone that has been traced on surface for over 1.6 km on the property (see Alto news release dated January 15, 2009). The Alto holes intersected impressive looking quartz veins mineralized with pyrite, chalcopyrite, galena and sphalerite. Anomalous gold was also intersected in each of the holes, up to 0.6 g/t across 2.3m including a higher grade section containing 2.0 g/t across 0.5 m. The results are encouraging and indicate that additional drilling is required especially to test beneath the wide gold zones exposed on surface where no previous drilling was carried out.

Historical Information

The Empress gold project is comprised of 736 hectares and is located adjacent to the Trans-Canada Highway near Terrace Bay in the productive Schreiber-Hemlo greenstone belt, Ontario. The Company owns 100% interest in the property.

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

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

INVESTMENT IN MINERAL PROPERTIES (continued)

j) Three Towers (formerly Cote-801) Property, Ontario

Current activity and Future Plans

Summer exploration work started with prospecting in May and continued through the summer months with geological mapping, mechanical stripping and sampling. Six diamond drill holes were completed in October to test sections of a 400 m long gold-mineralized corridor where gold values of up to 15.5 g/t were obtained from surface grab samples (see Alto news release dated January 15, 2009). Three of six holes intersected highly anomalous gold including 2.34 g/t gold across 0.75 m in TT08-01, 2.4 g/t gold across 1.1 m in TT08-04, and 2.48 g/t gold across 0.5 m in TT08-06. Results from the drilling are particularly significant as they confirm the gold mineralization exposed on surface does extend to a depth of at least 100 m. The mineralization is open along strike and to depth and additional drilling is required in 2009 to evaluate this corridor. The Company is currently compiling the data to select targets.

Historical Information

In July, 2007 the Company acquired the 1,056 ha Cote-801 Property through an Option to Purchase Agreement. The property is located along Provincial Highway 11 approximately 20 km east of the Town of Beardmore, Ontario and 7 km south of Alto's Mud Lake Project.

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

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

k) Vassal, Quebec

The Vassal Property is located in the Vassal Township approximately 75 km north of Val d'Or and less than 5 km northwest of the Despinassy Project. To date the property covers approximately 5,660 ha and is 100% owned by Alto. Helicopter borne VTEM electromagnetic and magnetometer surveys were flow over the property in March, 2008 and several strong conductors were delineated. These could be caused by sulphides and the sulphides may be enriched in gold and base metals. Very little previous work is recorded for this area and this is still a grass-roots project.

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

INVESTMENT IN MINERAL PROPERTIES (continued)

l) Expansion Lake, Ontario

The Expansion Lake Property is located immediately east of Mud Lake and south of the Hercules Property operated by Kodiak Exploration Ltd. Airborne high-resolution magnetometer and XDS/VLF electromagnetic surveys were completed in May, 2008 followed by prospecting and mechanical stripping programs in October. Property-scale shear zones that are altered and contain anomalous gold values (hundreds ppb) were detected in several areas including five that were stripped and channel sampled. Results from each of the stripped areas indicate strong gold enrichment, in the tens to hundreds ppb gold (up to 745 ppb/1m). Silver is also anomalous in some of the samples, up to 29 g/t.

The Expansion Lake Property covers 2,656 ha and the work completed to date represents only a cursory examination of the property's potential. The results thus far, including identification of extensive shearing, the strength and size of the alteration envelopes and the widespread gold anomalies, are particularly encouraging as they are considered indicative of regional scale gold mineralizing systems and exploration to date has been very limited. The next stage of exploration will include geological work and ground geophysics in preparation for diamond drilling.

SUBSEQUENT EVENTS

On February 2, 2009 the Company received notice from Wescan Goldfields that Wescan was withdrawing from the Mud Lake Joint Venture. Following termination of the Mud Lake Option Agreement by Wescan, the Company will retain a 100% ownership interest in the Mud Lake Property.

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.

LIQUIDITY

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

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

	December 31,2008	June 30, 2008	June 30, 2007
Working capital	$ 1,556,683	$ 2,299,684	$ 408,980
Deficit	$ (8,461,498)	$ (8,203,160)	$ (7,802,541)

TRANSACTIONS WITH RELATED PARTIES

a) At December 31, 2008, the Company owed $1,649 (June 30, 2008: $2,645) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) At December 31, 2008, a management services company with a director and officer in common, owed the Company $32,234 (June 30, 2008: $32,402) relating to a deposit for services and fixed assets paid to HRG Management Ltd. ("HRG"). (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 and consist of the following items:

	December 31, 2008	December 31, 2007
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 12)	$ 78,852	$ 64,455
Mike Koziol –salary services (Officer and Company with Director in Common)	78,000	39,504
John Prochnau – consulting (Director)		2,750
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)	15,000	15,000
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)	1,063	2,325
Total	$ 172,915	$ 124,034

COMMITMENTS

The Company entered into a services agreement, effective February 1, 2006, with HRG Management Ltd. in which the Company will pay a monthly corporate administration fee of approximately $12,262 which includes office administration, accounting, corporate secretarial, chief financial officer, investor relations and other related services at cost. HRG is a management company jointly owned by the Company and certain other public companies, all of which share office space and staff on a cost recovery basis. The Company shares one director and an officer in common with HRG. The agreement expires December 31, 2009 and can be terminated by either party prior to expiration with 60 days written notice. The Company has a $32,402 deposit paid to HRG for management services. (See transactions with related parties (b) above)

SHARE CAPITAL INFORMATION

The table below presents the Company's common share data as of February 25, 2009.

	Price	Expiry date	Number of common shares
Common shares, issued and outstanding			95,715,455
Securities convertible into common shares			
Options	$0.15	September 30, 2009	1,125,000
	$0.15	June 20, 2010	320,000
	$0.16	March 21, 2011	240,000
	$0.12	December 19, 2011	450,000
	$0.10	May 16, 2012	105,000
	$0.20	December 16, 2012	1,720,000
			99,675,455

Common Shares

During the period, the Company issued 30,000 shares in accordance with their Three Towers mineral property (formerly Cote-801 property).

Stock Options

During the current period, $10,428 of investor relations options vested in relation to the December 14, 2007 grant and has been recorded as stock option compensation expense.

Warrants

During the six month period, 12,192,194 warrants expired without being exercised.

CHANGES IN ACCOUNTING POLICIES

The Company did not implement any new accounting policies during the period ended December 31, 2008.

RECENT ACCOUNTING PRONOUNCEMENTS

a) Goodwill and intangible assets

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

RECENT ACCOUNTING PRONOUNCEMENTS – (continued)

b) International Financial Reporting Standards ("IFRS")

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

FINANCIAL AND OTHER INSTRUMENTS

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

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

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

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

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

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

FINANCIAL AND OTHER INSTRUMENTS (continued)

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

CRITICAL ACCOUNTING ESTIMATES

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

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies.

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

RISKS AND UNCERTAINTIES

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

a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.

b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the period, but there is no assurance that such sources will be available on acceptable terms in the future.

c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.

RISKS AND UNCERTAINTIES (continued)

d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.

e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future.

f) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at December 31, 2008 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure and Internal Controls

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There have been no changes in the Company's internal controls during the period ended December 31 2008.

APPROVAL

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

OTHER INFORMATION

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

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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