ALTO VENTURES LTD.

(An Exploration Stage Company)

Annual Financial Statements
For the Years Ended
June 30, 2010 and 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone +1 604 806 7000
Facsimile +1 604 806 7806
www.pwc.com/ca

AUDITORS' REPORT

To the Shareholders of Alto Ventures Ltd.

We have audited the balance sheets of Alto Ventures Ltd. (the "Company") as at June 30, 2010 and 2009 and the statements of loss and deficit, comprehensive loss, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2010 and 2009 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
October 29, 2010

Management Responsibility for Financial Reporting

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

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

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

"Richard Mazur"	***"Mike Koziol"***
Director	**President & CEO and Director**

October 29, 2010
Vancouver, British Columbia

Alto Ventures Ltd.

(An Exploration Stage Company)

Balance Sheets

As at June 30, 2010 and 2009

(in Canadian Funds)

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents *(Note 4)*	$ 1,052,369	$ 771,652
Receivables	74,834	35,097
Marketable securities - Available for Sale *(Note 5)*	369,098	99,612
Due from option partners *(Note 7c)*	194,217	281,845
Quebec exploration tax credit receivable	61,037	19,158
Due from related party *(Note 9b)*	-	33,952
Prepaid expenses and deposits	57,634	31,195
	1,809,189	1,272,511
Mineral properties *(Note 7)*	5,096,652	5,433,731
Property and equipment *(Note 6)*	2,356	4,124
	$ 6,908,197	$ 6,710,366
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 103,869	$ 55,139
Due to related parties *(Note 9a)*	13,762	10,573
	117,631	65,712
Shareholders' Equity:		
Share capital *(Note 8a)*	15,949,673	14,817,939
Contributed surplus *(Note 8a)*	1,999,501	1,863,261
Deficit	(11,298,688)	(10,041,546)
Accumulated other comprehensive income	140,080	5,000
	6,790,566	6,644,654
	$ 6,908,197	$ 6,710,366

Going Concern and Nature of Operations *(Note 1)*

Commitments *(Note 11)*

Subsequent Events *(Note 15)*

On behalf of the Board:

Signed: *"Richard Mazur"* Director

Signed: *"Marian Koziol"* President, CEO and Director

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Loss and Deficit

For the years ended June 30, 2010 and 2009

(in Canadian Funds)

	2010	2009
Expenses:		
Office and miscellaneous	$ 83,330	$ 109,491
Professional fees	125,275	114,013
Administrative services	131,544	70,020
Write off amount due from related party *(Note 9b)*	40,377	-
Investor relations and shareholder information	93,650	65,598
Directors fees	48,000	48,000
Consulting fees	18,000	32,875
Rent	30,596	35,789
Salaries and wages	27,866	33,906
Stock-based compensation	46,177	10,428
Transfer agent and filing fees	15,176	14,790
Travel and promotion	16,771	12,288
Property investigation	11,306	1,821
Amortization	1,768	1,768
Bad debt expense	116,020	-
Property write-downs *(Note 7)*	648,949	1,308,774
	1,454,805	1,859,561
Other Income:		
Joint venture management fee	(83,686)	(24,945)
Interest income	(5,155)	(43,620)
Loss on sale of marketable securities	-	47,390
Loss for the year before income taxes	1,365,964	1,838,386
Future income tax recovery	(108,822)	-
Loss for the year	1,257,142	1,838,386
Deficit, beginning of year	10,041,546	8,203,160
Deficit, end of year	$ 11,298,688	$ 10,041,546
Loss per Share - Basic and Diluted	$ 0.01	$ 0.02
Weighted Average Shares Oustanding	99,557,708	95,760,428

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Cash Flows

For the years ended June 30, 2010 and 2009

(in Canadian Funds)

	2010	2009
Cash Flows Provided by (Used in):		
Operating Activities:		
Loss for the year	$ (1,257,142)	$ (1,838,386)
Item not affecting cash:		
Amortization	1,768	1,768
Stock-based compensation	46,177	10,428
Bad debts	116,020	-
Future income tax recovery	(108,822)	-
Write-down of mineral properties	676,699	1,308,774
Write down of marketable securities	-	47,390
Write down related parties	40,376	-
	(484,924)	(470,026)
Changes in non-cash working capital items:		
Prepaids and deposits	(26,439)	21,849
Due from option partner	(6,316)	(260,071)
Receivables	(77,143)	168,175
Advances due to and from related parties	12,097	(10,132)
Accounts payable and accrued liabilities	(14,198)	(44,782)
Other liabilities	-	55,976
Cash used in operating activities	(596,923)	(539,011)
Financing Activities:		
Proceeds from private placments	1,402,000	-
Share issuance costs	(99,453)	-
Cash provided by financing activities	1,302,547	-
Investing Activities:		
Mineral property expenditures	(1,337,717)	(679,913)
Quebec tax credit receipts	19,158	252,357
Acquisition of mineral properties	(26,184)	(39,691)
Mineral property option receipts	27,750	-
Contributions of joint venture partners received	892,086	15,167
Cash used in investing activities	(424,907)	(452,080)
Change in cash and cash equivalents during the year	$ 280,717	$ (991,091)
Cash and cash equivalents - beginning of year	$ 771,652	$ 1,762,743
Cash and cash equivalents - end of year	$ 1,052,369	$ 771,652

Supplemental Cash Flow Information - *(Note 10)*

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Comprehensive Loss

For the years ended June 30, 2010 and 2009

(in Canadian Funds)

		2010		2009
Loss for the year	$	1,257,142	$	1,838,386
Loss reclassed to net earnings		-		(47,390)
Unrealized (gain) loss on change in fair value of marketable securities		(135,080)		62,940
Comprehensive loss for the year	$	1,122,062	$	1,853,936

The accompanying notes are an integral part of these financial statements

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 June 30, 2010, the Company has working capital of $1,785,504 (which includes $735,000 set aside for qualified exploration expenditures as per flow though shares agreements), incurred losses for the year of $1,257,142 and has accumulated deficit of $11,298,688. 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 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. Significant Accounting Policies

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ materially from those estimated.

a) Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased. Cash raised for exploration activities through the issuance of flow-through shares that remains unspent is shown on the balance sheet as Cash and Cash Equivalents. (Note 4)

b) Loss per Share

Loss per share is computed by dividing losses attributable to common shareholders by the weighted average number of common shares outstanding during the year ended June 30, 2010. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share by application of the treasury stock method. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. All potentially dilutive instruments were anti-dilutive for the years presented and accordingly basic and diluted earnings per share are the same.

2. Significant Accounting Policies

c) Financial Instruments – Recognition and Measurement

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

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

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

d) Stock-based compensation

All stock-based awards made to employees and non-employees are measured and recognized at fair value using a Black-Scholes validation model. For employees, the fair value of the options at the date of the grant is accrued and charged to operations or capitalized to a resource property, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period.

For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date which the equity instruments are granted if they are fully vested and non-forfeitable. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

e) Property and Equipment

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

f) Asset Retirement Obligations

Asset retirement obligations are recognized when a legal obligation arises. This liability is initially recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at June 30, 2010, the Company does not have any asset retirement obligations.

2. Significant Accounting Policies - *Continued*

g) Income Taxes

The Company accounts for income taxes using the asset and liability method. Future income taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years on differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using the substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. If realization of future income tax asset is not considered more than likely than not, a valuation allowance is provided.

h) Mineral Properties

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

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

The Company reviews the carrying value of mineral properties and deferred exploration costs when there are events or changes in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value of properties are recorded to the extent the carrying value of the property exceeds the discounted value of future cash flows (fair value). Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value exceeds the fair value and provides for impairment if so indicated.

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

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. Option payments recovered in excess of costs are credited to income.

i) Quebec Exploration Tax Credit receivable

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

2. Significant Accounting Policies - *Continued*

j) Joint Venture Accounting

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

k) Flow-through Shares

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

3. New and Recent Accounting Pronouncements

New Accounting Pronouncements

Goodwill and intangible assets

CICA Handbook Section 3064 – Goodwill and other intangibles assets. This new section replaces Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted the new standard for its fiscal year beginning July 1, 2009.

Adoption of this new standard had no material impact on the Company's financial statements.

Recent Accounting Pronouncements

b) Business Combinations

Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these Sections must be adopted concurrently. The Company is evaluating these new standards at this time.

(in Canadian Funds)

4. Cash and Cash Equivalents

	2010	2009
Cash deposits	$ 317,369	$ 771,652
Flow through exploration funding	735,000	-
	$ 1,052,369	$ 771,652

5. Marketable Securities – Available for Sale

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

Company	Shares	June 30, 2009 Market Value
Foundation Resources Inc. (FDN - TSXV)	500,000	$85,000
Kodiak Exploration Ltd.(KXL-TSXV)	11,112	$ 6,112
Wescan Goldfields Inc. (WGF – TSXV)	50,000	$ 8,500
	561,112	$99,612

(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.

6. Property and Equipment

	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

	Cost	Accumulated Amortization	June 30, 2009 Net Book Value
Computer equipment	$ 22,539	$ 18,415	$ 4,124
Furniture and equipment	1,676	1,676	-
	$ 24,215	$ 20,091	$ 4,124

(in Canadian Funds)

7. Mineral Properties

The following table shows the activity by property from July 1, 2009 to June 30, 2010:

Property	June 30, 2009	Acquisitions	Exploration	Tax credits, JV Recovery and option payments	Recovered excess and property write downs	June 30, 2010
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
	$ 5,433,731	$ 30,934	$ 1,370,143	$ (1,089,207)	$ (648,949)	$ 5,096,652

The following table shows the activity by property from July 1, 2008 to June 30, 2009:

Property	June 30, 2008	Acquisitions	Deferred Exploration	Tax credits, JV Recovery and option payments	Property write downs	June 30, 2009
Alcudia	$ 128,598	$ -	$ 16,976	$ -	$ (101,902)	$ 43,672
Coldstream	811,221	-	66,522	(82,711)	-	795,032
Cote-Archie Lake	252,928	-	165	(25,002)	-	228,091
Three Towers	119,091	13,900	246,458	-	-	379,449
Destiny	2,421,334	-	68,814	(18,499)	-	2,471,649
Dog Lake	233,371	-	618	-	(233,989)	-
Greenoaks	598,833	-	26,253	-	(312,543)	312,543
Mud Lake	287,287	-	257,203	(247,582)	-	296,908
Oxford Lake	970,532	-	1,515	-	(486,024)	486,023
Empress-Ridout	64,014	-	72,052	-	(68,033)	68,033
Vassal	62,808	-	2,792	(659)	-	64,941
Expansion Lake	51,650	-	109,139	-	-	160,789
Other exploration	168,969	37,691	26,224	-	(106,283)	126,601
	$ 6,170,636	$ 51,591	$ 894,731	$ (374,453)	$ (1,308,774)	$ 5,433,731

(in Canadian Funds)

7. Mineral Properties – *Continued*

The following table shows the activity by category of expenditure from July 1, 2009 to June 30, 2010 and exploration expenditures for the year ended June 30, 2009:

Mineral Property Costs	June 30, 2010	June 30, 2009
Diamond drilling	$ 935,766	$ 418,937
Stripping and washing	28,610	145,947
Mapping	186,327	135,445
Prospecting	32,087	64,957
Acquisition and claim staking	51,913	52,586
Assessment reports and filing works	38,000	41,491
License, leases, permits and taxes	20,802	27,528
Airborne geophysics	-	25,093
Line cutting, trenching and blasting	38,981	-
Data compilation and digitizing	2,345	17,922
Management and planning of projects	20,883	12,036
Travel, camp and other expenses	5,900	3,530
Geological surveys	39,463	850
Exploration tax credits	(61,037)	(19,158)
Option payments recieved	(136,084)	(25,002)
JV partner contribution	(892,086)	(330,293)
Property write-downs	(648,949)	(1,308,774)
Mineral Property costs for the year	$ (337,079)	$ (736,905)
Mineral Property costs - Beginning of the year	$ 5,433,731	$ 6,170,636
Mineral Property costs - End of the year	$ 5,096,652	$ 5,433,731

a) <u>Destiny (formerly Despinassy) Property, Quebec</u>

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.

(in Canadian Funds)

7. Mineral Properties – *Continued*

a) Destiny Property - *Continued*

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	Issuance of 50,000 common shares of PFN	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.

b) Coldstream Property, Ontario

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.

(in Canadian Funds)

7. Mineral Properties – *Continued*

b) <u>Coldstream Property, Ontario – *Continued*</u>

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. As at June 30, 2010 the Company has a receivable from Wescan of $185,000 which has been restated from the original amount of $278,946. This amount relates to the recovery of Mud Lake property exploration costs. (Note 15)

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.

7. Mineral Properties – *Continued*

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

Current activity and Future Plans

No work was completed during this period. Drilling is planned for late December as there is active exploration by Eagle Hill Exploration Corp on the adjoining Windfall Property that was previously owned by Noront Resources Ltd. There are a number of drill-ready targets on Alcudia.

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.

h) Empress - Ridout Property, Ontario

No field exploration work was carried out during this reporting period. The claims are in good standing until 2011 and no work is planned for 2010. Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of $68,533.

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.

i) 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. The 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. Due to market conditions, the Company has conducted a comprehensive review on the carrying value of this project, resulting in a write-down of mineral property costs incurred to date of $486,600.

(in Canadian Funds)

7. Mineral Properties – *Continued*

l) Measurement Uncertainty

Although management believes that estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments. One or more of the issues described herein, or other factors beyond our control in future periods could adversely affect the Company's operations and investment in Canada in the future, and result in further mineral property write-downs. Such write-down amounts could be material. The Company wrote off 100% mineral property interests for the following properties Empress Rideout, Oxford Lake and other exploration properties.

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
(1)	Issued for mineral properties	30,000		3,000		-
(2)	Issued for mineral properties	200,000		8,000		
(3)	Issued for mineral properties	30,000		900		
	Stock based compensation	-		-		10,428
	Balance June 30, 2009	95,945,455		14,817,939		1,863,261
(4)	Issued for mineral properties	50,000		1,500		-
(5)	Shares issued for private placement December 23, 2009	5,000,000		300,000		-
	FIT on renouncement of flow-through shares issued	-		(85,500)		-
(6)	Agent warrants granted	-		(3,552)		3,552
	Share issuance costs	-		(28,495)		-
(7)	Issued for mineral properties	50,000		3,250		-
(8)	Shares issued for private placement June 14, 2010	13,150,000		789,000		-
	Share issuance costs	-		(50,804)		-
(8)	Units issued for private placement June 14, 2010	6,260,000		242,974		70,026
	Share issuance costs	-		(20,154)		-
(9)	Agent warrants granted	-		(16,485)		16,485
	Stock based compensation	-		-		46,177
	Balance June 30, 2010	120,455,455	$	15,949,673	$	1,999,501

1) 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.

2) On April 9, 2009, the Company issued 200,000 common shares pursuant to a property purchase agreement (see note 7j) valued at $0.04 per share.

(in Canadian Funds)

8. Share Capital - *Continued*

a) Common shares - *Continued*

3) On June 30, 2009, the Company issued 30,000 common shares pursuant to a property purchase agreement (see note 7k) valued at $0.03 per share.

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

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

6) 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.

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

8) 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.

9) 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.

b) 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	4,215,000		0.10
Agent warrants issued	323,166		0.10
Balance June 30, 2010	4,538,166	$	0.10

(in Canadian Funds)

8. Share Capital - *Continued*

b) Warrants – *Continued*

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	-

c) Share Purchase Options

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. The 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	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	(2,070,000)	0.15
Balance June 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.

(in Canadian Funds)

8. Share Capital - *Continued*

c) Share Purchase Options - *Continued*

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.

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 options	5 years	-

The following is a summary of the Company's options as at June 30, 2010 and 2009 and the changes for the period are as follows:

Exercise Price	Outstanding June 30, 2009	Granted	Forfeited	Exercised	Outstanding Jun 30, 2010	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	450,000	-	-	-	450,000	December 19, 2011
$ 0.10	105,000	-	-	-	105,000	May 16, 2012
$ 0.20	1,670,000	-	(210,000)	-	1,460,000	December 16, 2012
$ 0.10	-	1,715,000	(175,000)	-	1,540,000	December 18, 2014
$ 0.10	-	50,000	-	-	50,000	April 14, 2015
	3,910,000	1,765,000	(2,070,000)	-	3,605,000	

(in Canadian Funds)

9. Related Party Transactions

a) At June 30, 2010, the Company owed $13,762 (June 30, 2009: $10,573) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) At June 30, 2010, HRG Management Ltd, with a director and officer in common, owed the Company $40,377 which was written off during the year due to the unlikely collectability of the amount (June 30, 2009: $33,952) relating to a deposit for services and fixed assets. *(See Note 11)*

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

		June 30, 2010		June 30, 2009
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common, see Note 11)	$	229,297	$	186,725
Mike Koziol –salary services (Officer and Company with Director in Common)		156,000		156,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)		18,000		24,000
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)		29,074		31,431
				-
Total	$	432,371	$	398,156

*Related parties also include the spouses, dependants and related companies of those directors and officers noted above.

10. Supplementary Cash Flow Information

Non cash transactions during the years ended June 30, 2010 and 2009 were as follows:

Non-Cash Financing and Investing Activities include:		2010		2009
Shares issued for property costs	$	4,750	$	11,900
Shares received under mineral property agreement		111,084		105,002
Quebec exploration tax credit		-		19,158
Share issuance costs		20,037		-
Accounts payable included in mineral properties	$	62,926	$	22,993

11. 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 9b)

12. Management of Financial Risk

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at June 30, 2010, the Company had a cash balance of $1,052,369 (June 30, 2009: $771,652) to settle current liabilities of $117,631 (June 30, 2009: $65,712). Additional information regarding liquidity risk is disclosed in note 1.

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

Fair Value

As of June 30, 2010, 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 $10,500.

(in Canadian Funds)

13. Future Income Taxes

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

		2010		2009
Statutory tax rate		29.25%		29.00%
Expected income tax recovery		(367,714)	$	(519,243)
Non-deductible differences		22,952		3,758
Share issuance costs		-		(11,171)
Unrecognized tax losses		235,584		526,656
Income tax recovery	$	(108,822)	$	-

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

		2010		2009
Mineral properties		367,062	$	137,118
Operating loss carry-forwards		640,783		826,032
Capital losses		188,567		218,728
Property, plant and equipment		5,465		7,023
Share issuance costs		37,734		
Less: valuation allowance		(1,239,611)		(1,188,901)
Net future income tax asset (liability)	$	-	$	-

The Company has accumulated losses of $2,563,133 which may be used to reduce future year's taxable income. These losses expire as follows:

2014		55,836
2015		593,359
2016		548,013
2027		636,187
2028		222,457
2029		507,281
	$	2,563,133

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

14. Capital Management

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

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

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. Additional information regarding capital management is disclosed in note 1.

15. Subsequent Events

Subsequent to June 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 which 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. 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.

Subsequent to June 30, 2010 the Company has 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 will receive $25,000 in cash payment on November 1, 2010 and an additional $25,000 in cash on March 31, 2011. Wescan will issue 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.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended
June 30, 2010

As at October 29 , 2010

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") is for the years ended June 30, 2010 and 2009. This MD&A is as of October 29, 2010.

The discussion and analysis of the operating results and financial position of Alto Ventures Ltd. ("the Company") should be read in conjunction with the attached Financial Statements and related Notes (the "Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles (GAAP and their related notes). All monetary amounts are expressed in Canadian dollars unless otherwise indicated in the notes to the financial statements. This discussion and analysis may contain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations. Additional information relating to the Company is available on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

The Company was incorporated under the provisions of the British Columbia Business Corporations 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.

The Company has investigated ownership of its mineral interests as at June 30, 2010 and, to the best of its knowledge, ownership of its interests are in good standing.

OVERALL PERFORMANCE

During the year ended June 30, 2010 the Company expended $30,934 (2009 - $51,591) on mineral property acquisition expenditures. Exploration of mineral properties consumed $1,370,143 (2009 - $894,731) and recoveries of these expenditures from joint venture partners and option payments was $1,089,207 (2009 - $374,453). During the year the Company's operating and administrative expenses were $805,856 (2009 - $550,787).

In the last fiscal year the Company raised $1,302,547 (2009 - $nil) in equity financing to fund its activities and ended the year with a cash balance of $1,052,369 (2009 - $771,652). Of this June 30, 2010 cash balance, the company has future obligations to expend $735,000 (2009 - $nil) on qualifying flow-through exploration activities.

Exploration Highlights

During the period from July 2009 to June 2010 exploration work was completed on the Company's properties in Quebec and Ontario.

Destiny Project, Quebec

Two phases of diamond drilling were completed from October 2009 to March 2010. The objectives of these programs were to generate new data required to update the NI43-101 resources of the DAC deposit which currently are estimated to be 167,000 tonnes averaging 6.88 g/t gold in the Indicated and 445,000 tonnes averaging 4.46 g/t gold in the Inferred categories. Nineteen holes totalling 7,623 m were completed. The results are positive as significant gold was intersected in most of the holes. In addition two of the holes intersected interesting massive sulphide zones with copper and zinc mineralization.

Exploration Highlights – *Continued*

The exploration programs were funded by Pacific North West Capital Corp which is working towards earning a 60% interest in the property. Alto is acting as manager.

Coldstream Project, Ontario

Phase 1 drilling totalling 2,090 m in nine holes was completed in March 2010 to test the East Coldstream gold deposit and start to generate drill hole data that is required for the preparation of an NI43-101 compliant resource calculation. Very positive results were obtained from the winter program including 4.88 g/t gold over 27.3 m and 111.3 m averaging 1,12 g/t gold.

A Phase 2 program consisting of approximately 8,000 m started in June and was recently completed. Results received to date are also very positive.

The exploration work is funded by Foundation Resources Inc which is working towards earning a 60% interest in the project. Foundation is also the project operator.

Miner Lake, Ontario

A surface channel sampling program was completed before in October, 2009 on the Whaleback trench. Results are very encouraging and include 3.36 g/t gold and 0.24% copper across 5.0 m. This higher grade section lies within a 19.0 m wide mineralized envelope that averages 1.78 g/t gold and 0.1% copper. The 2010 summer work continued to find gold-copper mineralization in the centre of the property. The main objectives of these programs were to generate diamond drill targets.

The main target on this property is a gold (copper) deposit that might be exploited by open pit mining. To date, only minimal drill has been completed on the property and the targets of interest have not been drilled previously.

Alto owns 100% interest and is the operator.

Vassal Project, Quebec

The Company completed an eight hole, 1,202 m diamond drilling program in March 2010 to test geophysical targets. The entire property is covered by approximately 20 m of glacial tills and muskeg so the main methods of exploration include geophysics and diamond drilling. The drilling has intersected a number of sulphide conductors but no economic mineralization. Several untested geophysical targets remain to be drilled.

Alto owns 100% interest and is the project operator.

SELECTED ANNUAL INFORMATION

The table below present's selected financial data for the Company's three most recently completed years.

	Years ended June 30 ($)		
(In Canadian $ except per share data)	2010	2009	2008
Total revenue	88,841	21,175	122,392
Net loss	1,257,142	1,838,386	389,119
Basic and diluted loss per share	0.01	0.02	-
Total assets	6,908,197	6,710,366	8,578,778
Total long-term financial liabilities	-	-	-
Cash dividends declared per share	-	-	-

In 2010, the Company raised $1,302,547 net (2009 - $nil, 2008 - $3,599,556) in equity funding to carry on its principle business, which is acquiring and exploring gold projects. This Company's cash balance was at its highest in fiscal 2008 which generated increased interest income. The net losses peaked in 2009 due to a high write-down of mineral property carrying values. The total assets balances of the Company also decreased in 2009 when compared to 2008 due mostly to the mineral property write-down.

The selected financial data for these periods has been prepared in accordance with Canadian generally accepted accounting principles (GAAP and their related notes). All monetary amounts are expressed in Canadian dollars unless otherwise indicated.

RESULTS OF OPERATIONS

For the three months ended June 30, 2010

The Company incurred $912,523 loss for the three months ended June 30, 2010 as compared to a loss of $1,463,936 for the three months ended June 30, 2009. This amounts to a $551,413 decrease when compared to the same period last year. The decrease from the prior year's quarter can be mainly attributed to a reduced mineral property write down $648,949 (2009 - $1,308,774), future income tax credits totaling $108,822 and a positive change on investment write-downs of $47,390. These are offset by an increase in corporate admin fees, including write off amount due from related party of $40,377, increase in administration fees by $63,249 and an increase in investor and shareholder relations by $14,211.

Cash and cash equivalents balance increased in the quarter by $593,723 to $1,052,369 at June 30, 2010. This total includes $735,000 in cash to be used exclusively for flow through funding qualifying exploration. The total cash expenditures for mineral properties were $40,214 compared $132,682 to the quarter last year.

RESULTS OF OPERATIONS - *Continued*

For the year ended June 30, 2010

The Company incurred $1,257,142 loss for the year s ended June 30, 2010 as compared to a loss of $1,838,386 for the year ended June 30, 2009. This amounts to a $581,244 decrease when compared to the same period last year.

The decrease over the prior year can be mainly attributed to a reduction in mineral property write-down of $659,825, increase in future income tax credits totaling $108,822, a positive change on investment write-downs of $47,390 and an increase in management fees on joint venture projects of $58,741. This is offset by an increase in professional fees ($11,262) due to Wescan claim legal costs, an increase in stock-based compensation ($35,749), an increase in investor and shareholder relations ($28,052) and an increase in administrative fees ($101,901) including write off amount due from related party of $40,377.

The total expenditures for mineral properties were $1,370,143. Expenditures on exploration included Destiny $824,022, Vassal $185,570, Miner Lake $144,521, Coldstream $60,171, and Mud Lake $93,898. On October 15, 2010 the Company has agreed to settle the outstanding claim of $278,948 against Wescan Goldfield. See subsequent events.

SUMMARY OF QUARTERLY RESULTS

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

(In $000's except per share data)

	Years ended June 30							
	2010				2009			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial results								
Expenditures on Mineral properties [1]	164	469	580	157	(1,240)	70	307	126
Net loss for period	1,257	120	125	100	1,416	116	122	136
Loss per share	$ 0.01	$ -	$ -	$ -	$ 0.03	$ -	$ -	$ 0.01
Balance Sheet Data								
Cash and cash equivalents	1,052	383	791	852	772	751	818	1,195
Mineral properties	5,097	5,639	5,498	5,468	5,434	6,674	6,604	6,297
Assets	6,908	7,140	6,933	6,949	6,710	8,091	8,257	8,476
Shareholder's equity	6,791	6,942	10,267	6,578	6,645	8,049	8,166	8,294

[1] The Company has conducted comprehensive reviews on the carrying value of its projects, resulting in a write-off of mineral property costs incurred to date of $648,949 during the fourth quarter of 2010 and $1,308,774 during the fourth quarter of 2009.

INVESTMENT IN MINERAL PROPERTIES

The following table shows the activity by property from July 1, 2009 to June 30, 2010:

Property	June 30, 2009	Acquisitions	Exploration	Tax credits, JV Recovery and option payments	Recovered excess and property write downs	June 30, 2010
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
	$ 5,433,731	$ 30,934	$ 1,370,143	$ (1,089,207)	$ (648,949)	$ 5,096,652

The following table shows the activity by property from July 1, 2008 to June 30, 2009:

Property	June 30, 2008	Acquisitions	Deferred Exploration	Tax credits, JV Recovery and option payments	Property write downs	June 30, 2009
Alcudia	$ 128,598	$ -	$ 16,976	$ -	$ (101,902)	$ 43,672
Coldstream	811,221	-	66,522	(82,711)	-	795,032
Cote-Archie Lake	252,928	-	165	(25,002)	-	228,091
Three Towers	119,091	13,900	246,458	-	-	379,449
Destiny	2,421,334	-	68,814	(18,499)	-	2,471,649
Dog Lake	233,371	-	618	-	(233,989)	-
Greenoaks	598,833	-	26,253	-	(312,543)	312,543
Mud Lake	287,287	-	257,203	(247,582)	-	296,908
Oxford Lake	970,532	-	1,515	-	(486,024)	486,023
Empress-Ridout	64,014	-	72,052	-	(68,033)	68,033
Vassal	62,808	-	2,792	(659)	-	64,941
Expansion Lake	51,650	-	109,139	-	-	160,789
Other exploration	168,969	37,691	26,224	-	(106,283)	126,601
	$ 6,170,636	$ 51,591	$ 894,731	$ (374,453)	$ (1,308,774)	$ 5,433,731

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

The following table shows the activity by category of expenditure from July 1, 2009 to June 30, 2010 and exploration expenditures for the year ended June 30, 2009:

Mineral Property Costs	June 30, 2010	June 30, 2009
Diamond drilling	$ 935,766	$ 418,937
Stripping and washing	28,610	145,947
Mapping	186,327	135,445
Prospecting	32,087	64,957
Acquisition and claim staking	51,913	52,586
Assessment reports and filing works	38,000	41,491
License, leases, permits and taxes	20,802	27,528
Airborne geophysics	-	25,093
Line cutting, trenching and blasting	38,981	-
Data compilation and digitizing	2,345	17,922
Management and planning of projects	20,883	12,036
Travel, camp and other expenses	5,900	3,530
Geological surveys	39,463	850
Exploration tax credits	(61,037)	(19,158)
Option payments recieved	(136,084)	(25,002)
JV partner contribution	(892,086)	(330,293)
Property write-downs	(648,949)	(1,308,774)
Mineral Property costs for the year	(337,079)	(736,905)
Mineral Property costs - Beginning of the year	5,433,731	6,170,636
Mineral Property costs - End of the year	$ 5,096,652	$ 5,433,731

Mike Koziol, P. Geo, Alto's President and CEO, and Director is the qualified person responsible for the technical information reported in this MD&A.

a) <u>Destiny (formerly Despinassy) Property, Quebec</u>

The Destiny 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 100% owned by Alto subject to certain underlying production royalties. Pacific Northwest Capital Corp has entered into an Option Agreement with Alto under which PFN can earn 60% interest in the project.

The project is host to a Mineral Resource calculated 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.

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

Destiny (formerly Despinassy) Property, Quebec - ***Continued***

Current Activity and Future Plans

The Company completed a two phase diamond drilling program from October, 2009 to March, 2010. The program consisted of 19 holes (DES09-120 to DES10-138) totalling 7,623 m of diamond drilling to further test the DAC Deposit. The drill holes intersected multiple gold zones with high grade veins up to 51.66 g/t over 0.5 m within wide envelopes of low grade mineralization. In addition to the gold zones DES09-133 and DES10-137 also cut narrow zones of semi-massive and massive sulphide mineralization (see tables below).

Table of Significant Gold Assays Phase 1 Drilling Program

Hole Number	From (m)	To (m)	Width (m) *downhole	Au (g/t)
DES09-120	256.5	257.5	1.0	3.08
	294.7	301.0	6.3	4.46
includes	299.2	299.7	0.5	44.39
DES09-121	37.5	38.1	1.0	2.13
	105.5	113.5	8.0	0.6
DES09-122	103.7	111.2	7.5	1.9
includes	110.7	111.2	0.5	3.34
	145.0	159.5	14.5	0.7
includes	152.5	153.7	0.7	4.57
	234.4	235.5	1.1	3.78
	241.4	262.0	20.6	0.23
DES09-123	160.0	165.2	5.2	2.43
Includes	163.7	164.7	1.0	9.74
	199.0	217.3	18.3	1.05
includes	200.0	201.0	1.0	10.81
	236.4	271.5	35.1	0.46
includes	269.9	270.5	0.6	5.90
	312.1	312.8	0.7	4.54
DES09-124	217.0	229.0	12.0	0.39
	232.0	237.2	5.2	2.26
includes	233.5	234.0	0.5	20.62
	250.0	266.0	16.0	0.31
	276.0	291.2	15.2	1.29
includes	279.0	280.0	1.0	5.81
and	285.5	286.0	0.5	8.42
	330.8	335.7	4.9	4.61
includes	331.3	331.8	0.5	39.5

	377.3	377.8	0.5	2.21
DES09-125	332.3	353.3	21.0	1.39
Includes	333.8	334.3	0.5	33.57
	379.0	401.4	22.4	0.91
includes	380.0	387.6	7.6	1.52
and	399.4	399.9	0.5	7.2
includes	419.7	438.8	17.1	0.84
	433.3	435.3	2.0	5.3
DES09-126	295.2	322.5	27.3	0.56
includes	295.2	297.1	1.4	5.0
DES09-127	438.8	451.2	12.4	0.79
includes	442.2	444.7	2.5	1.81
and	450.7	451.2	0.5	4.64
DES09-128	315.0	318.6	3.6	1.37
and	458.1	458.6	0.5	2.99
DES09-129	257.7	266.0	8.3	1.10
	308.8	316.3	7.5	0.78
	407.0	407.5	0.5	16.43
DES09-130	299.2	312.6	13.4	0.7
includes	305.5	306.7	1.2	6.02
	354.4	374.2	19.8	0.53
DES09-131	94.6	119.9	25.3	0.51
includes	116.8	118.9	2.1	2.42
	131.0	170.5	49.5	0.36
DES09-132	346.3	351.5	5.2	1.48
DES09-133	365.2	391.2	26.0	0.89
includes	375.0	377.0	2.0	4.43
	425.8	443.6	17.8	0.42

Table of Significant Gold Assays Phase 2 Drilling Program

Hole Number	From (m)	To (m)	Width (m) *downhole	Au (g/t)
DES09-134	124.8	135.3	10.5	0.41
	256.9	266.7	9.8	0.53
includes	259.6	260.6	1.0	2.54
	316.7	332.8	16.1	0.28

DES09-135	355.75	368.0	12.25	2.85
includes	357.25	357.75	0.5	12.69
	365.5	366.0	0.5	51.66
includes	374.85	377.0	2.15	1.55
	375.4	375.7	0.3	7.9
includes	386.65	391.0	4.35	0.74
	389.15	390.15	1.0	2.34
	431.4	441.8	10.4	0.46
	446.5	470.35	23.85	0.36
	486.55	496.9	10.35	0.35
includes	527.1	530.0	2.9	3.35
	527.1	527.75	0.65	12.84
DES10-136	451.0	463.3	12.3	0.9
includes	460.9	461.5	1.6	3.95
DES10-137	216.3	227.6	11.3	0.92
includes	226.8	227.6	0.8	4.0
	251.9	258.5	6.6	1.16
includes	254.0	254.5	0.5	12.0
	371.0	374.0	3.0	8.46
includes	372.9	374.0	1.1	20.85
DES10-138	22.0	44.0	22.0	0.39
New vein	91.0	92.0	1.0	2.57

Summary of Significant Base Metals Mineralization in Massive Sulphide Zones

Hole Number	From (m)	To (m)	Width (m)	Au (g)	Ag (g/t)	Cu (%)	Zn (%)
DES09-133	292.65	293.5	0.85	0.03	21.0	0.12	5.72
DES10-137	232.7	233.7	1.0	0.3	18.0	0.73	6.4
DES06-94	158.7	159.4	0.7	1.21	117.0	5.79	3.42

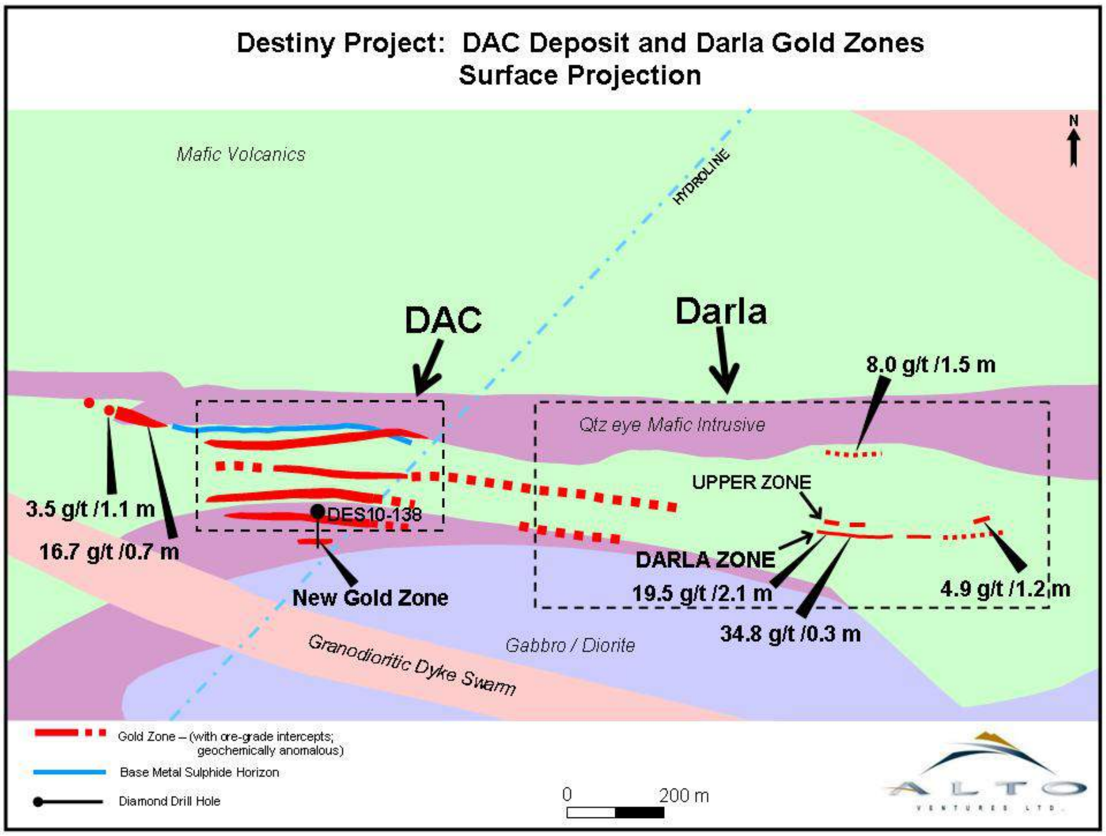
*Based on core angles and previous drilling, true widths are estimated at approximately 80 to 90% of the downhole lengths reported. Mineralized zones generally start at 0.1 g/t gold and assay averages may include minimal intervals of waste material. No top cuts of assays were used.

Hole DES09-133 and DES10-137 intersected narrow zones of base metals-rich massive sulphides that are believed to be part of a sulphide horizon from which base metal values were also reported in 2006 drilling. Company geologists believe that the base metals are indications of an earlier copper-zinc-gold massive sulphide system that has been subsequently overprinted by the gold enriched shear zones that are host to the DAC Deposit.

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

Destiny (formerly Despinassy) Property, Quebec – ***Continued***

Drill hole DES10-138 was drilled to test an IP geophysical anomaly approximately 100 m south of the DAC Deposit. The hole hit bedrock at 22 m. A mineralized shear zone averaging 0.39 g/t gold was intersected immediately in the bedrock for 22 meters down-hole. This shear zone is the near-surface projection of the southern most gold zone of the DAC Deposit. DES10-138 intersected other areas of shearing from 89 to 94.4 m where the shear zone contains a one metre wide mineralized quartz vein that assays 2.57 g/t gold. This is a new vein system that is similar in appearance to the high grade quartz veins of the DAC Deposit. The drill hole continued to cut intermittent shearing and veining from 106 to 152 m and scattered anomalous gold values up to 1.36 g/t gold over 1.3 m are associated with some of the quartz veins. The hole ended in a gold bearing shear zone with the last sample of the Phase 2 program containing 0.81 g/t gold from 151.2 to 152.0m.



Discovery of new quartz veins and shearing throughout DES10-138 is very significant as it indicates that the previously untested areas are targets with excellent potential for finding additional gold zones at shallow depths just south of the DAC Deposit.

The Company completed a total of 17.9 km of dipole-dipole IP surveying over parts of the DAC, Darla and Area 3 zones.

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

Destiny (formerly Despinassy) Property, Quebec – ***Continued***

Historical Information

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 7,260 hectares.

In February 2008 helicopter borne electromagnetic (using the Geotech Ltd. VTEM system) and magnetometer surveys were flown over the entire property and an interpretation report was received in June showing a number of strong geophysical targets that have not been drilled previously.

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

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 a six km strike extent.

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

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

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

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

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

The Coldstream property is located in the Shebandowan greenstone belt approximately 100 km west of Thunder Bay, Ontario. The property is 100% owned by Alto and covers 5,394 hectares of prospective geology including 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 2009 Foundation Resources Inc entered into an Option Agreement with Alto under which FDN can earn an initial 60% interest in the project.

Current Activity and Future Plans

A 2,090m diamond drilling program was completed in March to test the East Coldstream Gold Deposit. The program consisted of nine holes and was funded by Foundation Resources as part of their earn-in obligations. An 8,000 m Phase 2 drilling program started in June and to October 5, 2010, significant results were reported for 16 drill holes (see tables below) from this program. Additional results are pending.

Table of Significant Gold Assays Phase 1 Program

Drill Hole	From (metres)	To (metres)	Width (metres)	Gold (grams /tonne)
C-10-14	190.45	237.70	47.25	1.30
includes	192.30	198.20	5.90	3.01
	216.95	218.95	2.00	6.15
	227.30	229.75	2.45	9.62
	228.55	229.75	1.20	11.80
C-10-15	169.45	196.73	27.28	4.88
includes	193.73	196.73	3.0	13.55
C-10-16 (Main Zone)	133.80	245.10	111.30	1.12
includes	177.4	198.25	20.85	3.41
	187.0	193.3	6.3	8.68
C-10-17 (Main Zone)	48.02	90.42	42.40	0.68
includes	53.41	54.06	0.65	7.58
	78.24	81.38	3.14	2.5
C-10-18 (North Zone)	89.05	157.00	67.95	1.10
includes	131.05	137.0	5.05	9.33
(Main Zone)	208.65	231.15	22.5	0.88
C-10-19 (East Zone)	137.46	185.38	47.92	1.14
includes	149.73	150.81	1.08	9.69
	179.01	185.38	6.37	2.58
C-10-20	149.75	169.90	20.15	0.67

(East Zone) includes	 149.75	 151.40	 1.65	 4.10
C-10-21 (East Zone) includes	77.85 100.50	104.20 104.20	26.35 3.7	1.08 5.19
C-10-22 (Sanders Zone) includes	65.57 90.37	93.03 92.47	27.46 2.10	1.16 10.05

Table of Significant Gold Assays from Phase 1 Program

Drill Hole	From (metres)	To (metres)	Width (metres)	Gold (grams /tonne)
C-10-23 (North Zone) includes (Main Zone) includes	80.40 95.30 106.20 112.65 205.90 205.90 214.25 225.85	114.90 109.20 109.20 114.90 227.10 207.15 214.85 227.10	34.50 13.90 3.00 2.25 21.20 1.25 0.60 1.25	1.93 3.07 5.25 3.0 0.72 3.56 4.52 2.90
C-10-24 (Main Zone) Includes (North Zone) includes	41.75 48.25 152.85 157.45	54.25 49.35 179.00 162.25	12.50 1.10 26.15 4.80	1.06 4.07 1.09 4.26
C-10-25 (Main Zone) Includes (North Zone) includes	105.75 105.75 149.70 207.35 211.90	157.30 113.95 157.30 220.35 218.80	51.55 8.20 7.60 13.00 6.90	0.82 1.80 2.65 3.06 5.47
C-10-26 (Main Zone) includes	184.90 184.90 202.50 211.90	215.30 187.15 215.30 215.30	30.4 2.25 12.80 3.40	1.31 4.20 2.29 7.51
C-10-27 (Main Zone)	8.70 182.00	17.80 185.25	9.10 3.25	0.55 1.90
C-10-28 (Main Zone)	275.05 355.8	283.50 358.4	8.45 2.6	2.02 3.06

C-10-29 (Main Zone)	194.40	210.60	16.20	1.02
includes	205.35	210.60	5.25	2.44
	368.75	378.00	9.25	1.87
includes	368.75	373.50	4.75	3.44
	387.95	403.75	15.80	0.93
C-10-30 (East Zone)	142.10	231.90	89.80	0.62
includes	168.25	172.30	4.05	3.52
C-10-31 (East Zone)	156.75	172.05	15.30	0.61
C-10-32 (East Zone)	229.15	263.95	34.80	1.84
includes	234.25	251.10	16.85	3.35
	236.75	242.65	5.90	5.62
C-10-33 (East Zone)	165.30	185.75	20.45	1.37
includes	165.30	169.60	4.30	2.75
	184.80	185.75	0.95	14.40
	202.90	213.65	10.75	1.07
includes	202.90238.95	207.65249.10	4.7510.15	2.01.13
C-10-34 (East Zone)	196.05	200.55	4.50	0.73
	219.80	225.45	5.65	0.94
	236.40	238.70	2.3	1.01
C-10-36 (Sanders Zone)	128.55	174.50	45.95	1.05
includes	128.55	134.90	6.35	2.14
	146.60	149.90	3.30	1.10
	163.95	174.50	10.55	2.90
C-10-37 (Sanders Zone)	43.90	53.60	9.70	1.06
C-10-38 (Sanders Zone)	64.65	92.00	27.35	1.06
includes	80.05	92.00	11.95	1.82
	89.90	92.00	2.20	9.23
C-10-39 (Sanders Zone)	96.60	132.25	35.65	2.10
includes	106.55	130.95	24.40	2.97
	108.00	117.00	9.00	4.42
	126.45	130.95	4.50	4.72

INVESTMENT IN MINERAL PROPERTIES - *Continued*

b) Coldstream Property, Ontario – *Continued*

Results to date are very positive as they are some of best grades and widths drilled on the Coldstream property and they confirm continuity of gold mineralization between widely spaced historical holes. The drilling results also demonstrate the potential for increased grades (4.88 g/t gold over 27.3 m in C-10-14) and widths (111.3m averaging 1.12 g/t gold in C-10-16 testing the Main Zone) at the Deposit. Results from drill hole C-10-39 testing the Sanders Zone are particularly significant as this hole is located approximately 500 m northeast of the Main Zone and 125 m south of the East Zone, and the Sanders Zone was not included as part of the historical resources estimated for the Deposit in 1991. Hole C-10-39 intersected 35.65 m averaging 2.1 g/t gold.

Work completed in 2009

The 2009 summer exploration program has been completed on the Coldstream Property in September. The program consisted of geological mapping, trenching and rock sampling. The main objectives of the program were to gain a better understanding of the geology, alteration, and structural controls on mineralization to better define existing gold zones and generate new high quality drill targets. Initial work focused on the Span Lake, East Coldstream, and other areas of historical gold occurrences including the Goldie Lake zone.

At the East Coldstream area, work focused on understanding controls on mineralization and generating drill targets to confirm and expand the historical resource. Trenching, geological mapping and channel sampling work was completed at Goldie Lake. Significant gold results worthy of drill follow-up were obtained from the summer program.

The Company signed a Purchase Option Agreement with Foundation Resources Inc on May 20, 2009, where Foundation can earn an initial 60% interest by spending $3 million over four years and issuing 1 million shares of Foundation to Alto over a two year period. Foundation can earn an additional 10% by completing a Feasibility Study.

Historical Information

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, with historically reported resources of 5.1 million tonnes averaging 1.4 g/t gold, with 234,000 contained ounces of gold was discovered by Noranda Exploration Ltd and was delineated by 37 diamond drill holes between 1988 and 1991. Noranda prepared the historical resource estimate in 1991 however a “qualified person” (as that term is defined in NI 43-101) has not done sufficient work to classify the historical estimate as current mineral resources. The Company is not treating the historical estimate as current mineral resources (as defined in NI 43-101) and thus the historical estimate should not be replied upon.

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.

INVESTMENT IN MINERAL PROPERTIES - ***Continued***

b) Coldstream Property, Ontario – ***Continued***

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

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, no work was carried out at Oxford. Accordingly the Company has written off capitalized costs of $486,600.

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).

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

No field exploration work was carried out during this reporting period. 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. As at June 30, 2009 the Company still had a receivable from Wescan of $278,946. This amount relates to the recovery of Mud Lake property exploration costs. On October 15, 2010 the Company has 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 will receive $25,000 in cash payment on November 1, 2010 and an additional $25,000 in cash on March 31, 2011. Wescan will issue 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.

Historical Information

Surface work consisting of geological mapping and trenching was completed during the 2009 summer field season. Prior to that prospecting was completed in May 2008 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.

INVESTMENT IN MINERAL PROPERTIES – ***Continued***

d) Mud Lake Property, Ontario - ***Continued***

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 Goldstone Resources (formerly 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.

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.

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)	Au Zone
MUD07-01	15.12	16.00	1.00	0.99	Trench 6
MUD07-03	15.30	16.00	0.70	3.20	Trench 6
MUD07-06	12.30	18.40	6.10	3.39	Oliver-Seven Zone 1
	14.90	15.40	0.50	9.64	
	17.40	18.40	1.00	13.97	
	28.60	29.60	1.00	5.56	Oliver-Seven Zone 2
MUD07-11	26.50	28.50	2.00	2.11	Clark Zone 1
	51.50	53.20	1.70	2.35	Clark Zone 2
MUD07-12	80.00	88.80	8.00	0.94	Clarke
Includes	82.80	84.80	2.00	2.16	
MUD07-14	19.00	21.00	2.00	2.12	Showing #3
MUD07-16	21.10	21.60	0.50	6.34	Showing #4
MUD07-17	23.70	24.70	1.00	3.77	Showing #4
MUD07-19	61.30	62.30	1.00	1.44	Showing #5
MUD07-22	36.60	37.60	1.00	7.25	Oliver Severn
MUD07-23	23.80	24.70	0.90	2.00	Oliver Severn
MUD07-24	19.00	21.00	2.00	1.21	Clark Showing
MUD07-25	42.50	43.50	1.00	3.20	Clark Showing

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.

INVESTMENT IN MINERAL PROPERTIES – *Continued*

e) Cote-Archie Lake Property, Ontario

Current activity and Future Plans

No field exploration work was completed during this reporting period. 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 has 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. Kodiak has started surface work including geological mapping in September but there are no results to report yet.

Historical Information

In June 2008, Kodiak Explorations Ltd, project Operator, informed the Company that Kodiak drilled 12 holes totalling 1,951 m. With the drill program and payments in cash and shares made to Alto, Kodiak has fulfilled its first two years of obligations and has indicated that it is proceeding to year three of the Option but has no immediate plans for exploration work. The table below provides a summary of the 2008 drill results.

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

INVESTMENT IN MINERAL PROPERTIES – *Continued*

e) Cote-Archie Lake Property, Ontario

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. 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.

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

No field exploration work was carried during this reporting period.

Historical Information

Surface work started with mechanical stripping and sampling in May 2008 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.

INVESTMENT IN MINERAL PROPERTIES – *Continued*

f) Greenoaks Property, Ontario - *Continued*

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

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

Table of Significant Results from Greenoaks

Hole	From (m)	To (m)	Width (m)	Au (g/t)	Zone
GRN-07-01	13.2	13.6	0.4	12.50	Zone 1, Visible gold
GRN-07-04	12.0	12.5	0.5	2.10	Zone 4, Visible gold
GRN-07-04	21.9	22.7	0.8	7.08	Zone 3, Visible gold
GRN-07-05	61.8	63.0	1.2	0.11	Zone 1, Deepest mineralized intersection on the property

INVESTMENT IN MINERAL PROPERTIES – *Continued*

f) Greenoaks Property, Ontario - *Continued*

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.

h) Alcudia Property, Quebec

Current activity and Future Plans

No work was completed during this period. Drilling is planned for late December as there is active exploration by Eagle Hill Exploration Corp on the adjoining Windfall Property that was previously owned by Noront Resources Ltd. There are a number of drill-ready targets on Alcudia.

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 - Ridout Property, Ontario

Current activity and Future Plans

No field exploration work was carried out during this reporting period. The claims are in good standing until 2011 and no work is planned for 2010. Accordingly the Company has written off capitalized costs of $68,033.

INVESTMENT IN MINERAL PROPERTIES – *Continued*

i) Empress - Ridout Property, Ontario - *Continued*

Historical Information

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.

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.

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

Current activity and Future Plans

No field work was carried out during the current reporting period.

Historical Information

Summer exploration work started with prospecting in May 2008 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.

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.

INVESTMENT IN MINERAL PROPERTIES – ***Continued***

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

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

Current Activity and Future Plans

Eight holes totalling 1,202 m of drilling were completed in March, 2010 to test geophysical conductors. Drilling was successful in delineating sulphides and very interesting alteration for gold and base metals mineralization but the metal values were disappointing.

The Company completed Horizontal Loop MaxMin ground geophysical survey in early January 2010 to ground-locate selected VTEM targets in preparation for diamond drilling.

Historical Information

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.

l) Expansion Lake, Ontario

A program of prospecting, geological mapping, hand stripping and sampling was completed during the 2009 summer and fall months. Results from this work did not return significant gold assays and no additional work is planned in the short term.

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.

INVESTMENT IN MINERAL PROPERTIES – *Continued*

l) Expansion Lake, Ontario - *Continued*

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.

m) Miner Lake, Ontario

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

Current Activity and Future Plans

The Miner Lake exploration program is in progress. Exploration work completed to the end of September includes prospecting, geological mapping, overburden stripping and channel sampling. Mapping and prospecting have outlined an area approximately 1.5 km by 1 km of brittle/ductile deformation within variably altered feldspar porphyries and intermediate to felsic volcanic rocks. Numerous iron sulphide (pyrite and pyrrhotite) occurrences lie within this area and many contain gold which is associated mainly with chalcopyrite, a copper sulphide mineral. Results received to date include highly anomalous gold values, in both grab and channel samples. Channel sample results include up to 4.6 g/t gold and 0.25% copper across 0.2m in one area and 1.1 g/t gold and 0.2% copper over 4.0 m in another. Significant gold and copper values were also obtained in grab samples, including 3.57 g/t gold and 0.17% copper; 1.7 g/t gold and 1.3% copper; 2.71 g/t gold; and 1.52 g/t gold and 0.71% copper. Other metals are also associated with some of the sulphide occurrences including zinc (up to 2.5% in grabs), molybdenite (up to 0.1% in grabs) and silver (up to 13 g/t in grabs). Results for samples collected during September are pending.

Results from Alto's 2009 surface saw-cut channel sampling program returned significant gold mineralization at the Whaleback Trench including one section of 3.36 g/t gold and 0.24% copper across 5.0 m and another section of 6.29 g/t gold and 0.08% copper across 2.0m. These higher grade sections are contained within a wide sulphide-rich envelope averaging 1.78 g/t gold and 0.11 % copper across 19 m (see Alto news release May 26, 2010).

The main target on this property is a gold deposit that might be exploited by open pit mining. The gold on this property is associated with disseminated, stringer and vein iron and copper sulphide mineralization. The objectives of this program are to focus on areas of better gold grades and higher sulphide concentrations within this large brittle/ductile deformation zone so that drill targets can be delineated.

LIQUIDITY

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at June 30, 2010, the Company had a Cash balance of $1,052,369 (June 30, 2009: $771,652) of which $735,000 is set aside for flow-through funding, to settle current liabilities of $117,631 (June 30, 2009: $65,712).

At June 30, 2010, the Company has working capital of $1,785,504 (2009-$1,206,799) of which $735,000 is set aside for flow-through funding, and accumulated deficit of $11,298,688 (2009-$10,041,546). These conditions give rise to significant doubt about the Company's ability to continue as going concern. Its ability to continue as a going concern is dependant upon the ability of the Company to raise 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 as it has in the past. However, there is no assurance that the Company will be successful in these actions.

These conditions give rise to significant doubt about the Company's ability to continue as going concern. Its ability to continue as a going concern is dependant upon the ability of the Company to raise financing and the ability to meet property commitments and administration costs. Management plans to secure the necessary financing through a combination of the issue of new equity instruments, the entering into of joint venture arrangements or the exercise of warrants for the purchase of common shares. 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. However, there is no assurance that the Company will be successful in these actions.

TRANSACTIONS WITH RELATED PARTIES

a) At June 30, 2010, the Company owed $13,762 (June 30, 2009: $10,573) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) At June 30, 2010, HRG Management Ltd, with a director and officer in common, owed the Company $40,377 which was written off during the year due to the unlikely collectability of the amount (June 30, 2009: $33,952) relating to a deposit for services and fixed assets.

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

		June 30, 2010		June 30, 2009
HRG Management Ltd. – administrative services, property and equipment (Company with Director in Common,	$	229,297	$	186,725
Mike Koziol –salary services (Officer and Company with Director in Common)		156,000		156,000
Hamilton Capital Partners Limited- management fees (Company with a Director in Common)		18,000		24,000
Lang Michener – legal services (Legal firm with a Partner and Company Director in Common)		29,074		31,431 -
Total	$	432,371	$	398,156

*Related parties also include the spouses, dependants and related companies of those directors and officers noted above.

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 wrote-off the deposit paid to $nil (June 30, 2009: $33,952) relating to HRG for management services.

SHARE CAPITAL INFORMATION

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
(1)	Issued for mineral properties	30,000		3,000		-
(2)	Issued for mineral properties	200,000		8,000		
(3)	Issued for mineral properties	30,000		900		
	Stock based compensation	-		-		10,428
Balance June 30, 2009		95,945,455		14,817,939		1,863,261
(4)	Issued for mineral properties	50,000		1,500		-
(5)	Shares issued for private placement December 23, 2009	5,000,000		300,000		-
	FIT on renouncement of flow-through shares issued	-		(85,500)		-
(6)	Agent warrants granted	-		(3,552)		3,552
	Share issuance costs	-		(28,495)		-
(7)	Issued for mineral properties	50,000		3,250		-
(8)	Shares issued for private placement June 14, 2010	13,150,000		789,000		-
	Share issuance costs	-		(50,804)		-
(8)	Units issued for private placement June 14, 2010	6,260,000		242,974		70,026
	Share issuance costs	-		(20,154)		-
(9)	Agent warrants granted	-		(16,485)		16,485
	Stock based compensation	-		-		46,177
Balance June 30, 2010		120,455,455	$	15,949,673	$	1,999,501

1) On July 2, 2008, the Company issued 30,000 common shares pursuant to a property purchase agreement valued at $0.10 per share.

2) On April 9, 2009, the Company issued 200,000 common shares pursuant to a property purchase agreement valued at $0.04 per share.

3) On June 30, 2009, the Company issued 30,000 common shares pursuant to a property purchase agreement valued at $0.03 per share.

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

SHARE CAPITAL INFORMATION – *Continued*

a) Common shares - *Continued*

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

6) 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.

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

8) 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.

9) 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.

b) 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	4,215,000		0.10
Agent warrants issued	323,166		0.10
Balance June 30, 2010	4,538,166	$	0.10

SHARE CAPITAL INFORMATION – *Continued*

b) Warrants – *Continued*

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 stock 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	-

c) Share Purchase Options

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. The 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		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 / expired	(2,070,000)		0.15
Balance June 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.

SHARE CAPITAL INFORMATION – *Continued*

c) Share Purchase Options - *Continued*

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.

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 options	5 years	-

The following is a summary of the Company's options as at June 30, 2010 and 2009 and the changes for the period are as follows:

Exercise Price	Outstanding June 30, 2009	Granted	Forfeited	Exercised	Outstanding Jun 30, 2010	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	450,000	-	-	-	450,000	December 19, 2011
$ 0.10	105,000	-	-	-	105,000	May 16, 2012
$ 0.20	1,670,000	-	(210,000)	-	1,460,000	December 16, 2012
$ 0.10	-	1,715,000	(175,000)	-	1,540,000	December 18, 2014
$ 0.10	-	50,000	-	-	50,000	April 14, 2015
	3,910,000	1,765,000	(2,070,000)	-	3,605,000	

SUBSEQUENT EVENTS

Subsequent to June 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. 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. 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.

Subsequent to June 30, 2010 the Company has 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 will receive $25,000 in cash payment on November 1, 2010 and an additional $25,000 in cash on March 31, 2011. Wescan will issue 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.

NEW AND RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements

c) Goodwill and intangible assets

CICA Handbook Section 3064 – Goodwill and other intangibles assets. This new section replaces Section 3062, “Goodwill and other intangible assets” and Section 3450, “Research and development costs”. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. The Company adopted the new standard for its fiscal year beginning July 1, 2009.

Management has determined that the adoption of this new standard will not have a material impact on the Company’s financial statements.

Recent Accounting Pronouncements

a) Business Combinations

Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these Sections must be adopted concurrently. The Company is evaluating this new standard at this time.

Recent Accounting Pronouncements - ***Continued***

b) International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian GAAP with International Financial Reporting Standards ("IFRS") for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is July 1, 2010, at which time Canadian GAAP will cease to apply for Alto Ventures and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2012 ending September 30, 2011 including comparative IFRS financial results and an opening balance sheet as at July 1, 2010. The first annual IFRS financial statements will be prepared for the year ended June 30, 2012 with restated comparatives for the year ended June 30, 2011.

FINANCIAL AND OTHER INSTRUMENTS

Financial Instruments – Recognition and Measurement

The Company's financial instruments consist of cash and cash equivalents, restricted cash, marketable securities, receivables, due from joint venture partner, advances from related parties, accounts payable and accrued liabilities. The fair value of arms-length financial instruments approximates their carrying value due to their short-term maturity.

The Company has designated each of its significant categories of financial instruments as as follows:

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

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

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.

CRITICAL ACCOUNTING ESTIMATES - *Continued*

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

a) 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:

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

c) 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.

d) 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.

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

f) 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.

g) 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'S RESPONSIBILITY FOR FINANCIAL STATEMENTS – *Continued*

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures "(DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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.