



**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

**For the Nine Month Period Ended  
March 31, 2016  
(the "Period")**

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#### **FORWARD LOOKING INFORMATION**

*Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

#### **INTRODUCTION**

The following interim management's discussion and analysis ("MD&A" or "Report") of Alto Ventures Ltd. ("Alto" or "the Company") has been prepared as of May 12, 2016 (the "Report Date"). This MD&A should be read in conjunction with the Company's interim condensed financial statements for the nine months ended March 31, 2016 and the notes thereto, and the financial statements and the notes thereto for the year ended June 30, 2015, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") (collectively, the "Financial Statements"). The Financial Statements have been prepared using the accrual basis of accounting except for cash flow information, and unless otherwise specified, all dollar amounts in this Report are in Canadian Dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

#### **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 and diamond projects.

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.

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The Company has investigated ownership of its mineral interests as at March 31, 2016 and, to the best of its knowledge, ownership of its interests are in good standing.

#### HIGHLIGHTS FOR THE PERIOD

- Pursuant to payment to the vendors of the Fisher property, the Company now owns 100% of the Fisher property, subject to a 2% NSR, of which the Company has the right to buy back 1% for \$1,000,000.
- On February 22, 2016, in connection with the acquisition of the GEFA option, the Company issued 1,000,000 shares, valued in total at \$20,000, to the vendors of the property.
- On September 24, 2015 the Company announced a non-brokered private placement ("Private Placement") of up to \$400,000 through the issuance of a combination of flow through units ("FT Unit") and non-flow through units ("NFT Unit"). The Private Placement did not proceed.

#### RESULTS OF OPERATIONS

##### *For the three month period ended March 31, 2016 (the "Quarter")*

The Company's loss for the Quarter was \$71,514 as compared with \$365,053 for the three month period ended March 31, 2015 (the "2015 Quarter"). Expenditures were \$293,5391 (approximately 410%) lower for the Quarter as compared with the 2015 Quarter, primarily as a result of the reduced exploration and evaluation expenditures in the Quarter, and reduced general office and administrative expenditures.

##### *For the nine month period ended March 31, 2016*

The Company's loss for the Period was \$270,329 as compared with \$810,742 for the nine month period ended March 31, 2015 (the "Comparative Period").

Expenditures reduced by \$540,413, primarily due to financial constraints and the attendant reduced expenditures for exploration and evaluation assets during the Period (\$83,639 for the Period as compared with \$590,035 for the Comparative Period), the gain on sale of marketable securities in the Comparative Period (\$83,446), and the permanent write down of marketable securities in the Comparative Period (\$62,500). General and administrative expenditures, net of exploration and evaluation expenditures, loss or gain on sale or write down of marketable securities, interest, and share-based compensation, decreased by approximately \$57,881 in the Period due to budgetary constraints.

Share-based payments is a non-cash item, resulting from the application of the Black-Scholes Option Pricing Model using assumptions in respect of expected dividend yield average risk-free interest rates, expected life of the options and expected volatility, and is intended to represent the fair value determined under the Black-Scholes model of the vested portion of existing options during the period. During the Period, the Company recognized expenditures of \$5,084 (Comparative Period: \$2,208) on the vesting of stock options.

#### SUMMARY OF QUARTERLY RESULTS

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

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
<i>In thousands \$</i>								
<b>Financial results</b>								
Net loss (income) for period	72	86	113	210	365	227	219	(85)
Basic and diluted (income) loss per share	0.00	0.00	-	0.01	0.02	0.01	0.01	0
Exploration and evaluation expenditures	3	16	64	(49)	264	138	189	200
<b>Balance sheet data</b>								
Cash and short term deposits	36	57	92	198	109	489	201	52
Exploration and evaluation assets	2,311	2,281	2,281	2,281	2,280	2,252	2,252	2,252
Total assets	2,586	2,542	2,595	2,700	2,694	3,082	3,438	3,656
Shareholders' equity	2,432	2,448	2,543	2,656	2,608	3,011	3,371	3,595

#### RESOURCE PROPERTIES

The Company owns three core gold properties in Quebec, Ontario and Manitoba and three diamond exploration properties in Saskatchewan. The three gold properties are Destiny Project in Quebec, Miner Lake

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in Ontario and Oxford Lake in Manitoba. The Company also has an interest in a number of other highly prospective gold properties on which exploration work was carried out by the Company in the past but not to the same level as on its core properties.

In December, 2013 the Company acquired three highly prospective packages of land in the Saskatchewan Craton including two projects near the new Pikoo diamond discovery in north central Saskatchewan.

The technical information in this section was reviewed and approved by Mike Koziol P. Geo., Alto's President and Director. Mr. Koziol is a Qualified Person as per definitions in National Instrument 43-101. The Company's core properties are:

#### **a) Destiny Property, Quebec**

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 Quebec. The property is 100% owned by Alto subject to certain underlying production royalties. The key claims that comprise the project are in good standing to 2017 and their tenure can be extended with minimal maintenance costs.

The Destiny project is host to a Mineral Resource\* calculated consistent with guidelines set out in National Instrument 43-101 and filed on Sedar in March, 2011. At the 0.5 g/t gold cut-off grade, the Indicated Mineral Resources of the DAC Deposit total approximately 10.8 million tonnes at an average grade of 1.05 g/t gold. In addition, at the same gold cut-off grade, the Inferred Mineral Resources total approximately 8.3 million tonnes at an average grade of 0.92 g/t gold. The estimated contained ounces in the Indicated category are 364,000 plus 247,000 ounces in the Inferred classification. The gold mineralization is open to depth and along strike. Mineral Resources are not Mineral Reserves and by definition do not demonstrate economic viability.

The DAC Deposit is one of several significant gold occurrences on the Destiny project. The Darla Zone lies one kilometre east and along the same trend as the DAC Deposit. In 2012 the Company completed 12 diamond drill holes in the Gap Zone, the area between the DAC Deposit and the Darla Zone. The objectives of these holes were to determine if there is potential to increase the estimated contained ounces on the Destiny property between the DAC Deposit and the Darla Zone.

The drilling at the Gap Zone has achieved the objectives and confirmed the presence of higher grade gold values in wide envelopes of anomalous gold mineralization. Some of the higher grades include 78.7 g/t gold over 1.0 m within an 8 m interval averaging 11.3 g/t gold in hole DES12-147 and 22.7 g/t gold over 1.05 m in DES12-154. The other wider mineralized intercepts include two zones in hole DES12-144 which assayed 1.05 g/t gold over 10 m in one zone and the other assayed 1.04 g/t gold over 11.0 m.

The 2012 drilling results are very positive and indicate that the DAC Deposit, the Gap Zone and the Darla Zone could be linked for a total mineralization length of more than two kilometres along strike. An in-fill program of closer spaced holes will now be required to determine if the gold zones have potential to add significant tonnes and ounces to the DAC Deposit.

*\*NI43-101 Technical Report and Resource Estimation of the DAC Deposit, Destiny Property, Quebec, March, 2011 by Todd McCracken, P.Geo.*

#### **b) Miner Lake, Ontario**

Alto owns a 100% interest in the Miner Lake Property subject to underlying royalties on some of the claims. The key claims that comprise the Miner Lake property are in good standing for 2016.

The Company completed nine holes totalling 1,732m of diamond drilling in 2011 to follow up targets generated from surface exploration programs completed in 2011 and 2010. Eight of the nine holes

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intersected significant gold anomalies with hole MIN11-06 intersecting 39.2 m at an average grade of 0.6 g/t gold including 4.24 g/t gold over 1.5 m. Results from surface saw-cut channel sampling at the Whaleback Trench returned significant gold averaging 1.78 g/t gold and 0.11 % copper across 19 m 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 that is almost 50 m wide. Channel sampling of other hydrothermal breccia zones in 2010 returned very encouraging results which include 6.79 g/t gold across 1.0 m and 4.14 g/t gold across 1.4 m.

In June 2015, the Company completed a surface glacial till sampling program to test for gold dispersion trains down ice from the main gold occurrences. Results of the program indicate several gold anomalies that require follow-up.

Results from the exploration work on Miner Lake are very positive and indicate a persistent and widespread distribution of gold in the numerous hydrothermal breccia zones. The main target on this property is a large gold (with copper) deposit that might be exploited by open pit mining. Additional drilling is required to follow-up the wide zones drilled during the 2011 as well as to test several of the high priority surface targets.

#### **c) Oxford Lake Property, Manitoba**

The Oxford Lake property hosts the Rusty Gold Deposit, with Historical Resource\* of 800,000 tonnes averaging 6 g/t gold and containing approximately 154,000 ounces of gold, as well as several other gold occurrences. In 2012 the Company drilled hole RUS12-03 in the Blue Jay area approximately two kilometres on trend and east of the Rusty Deposit (Rusty-Blue Jay Trend). RUS12-03 intersected two zones of high-grade gold mineralization: Zone One - 2.7 m averaging 6.7 g/t gold including 22.5 g/t gold over 0.5 m and Zone Two - 6.8 m averaging 5.7 g/t gold including 11.7 g/t gold over 1.6 m and 16.5 g/t gold over 1.0 m.

Results from exploration work at Oxford Lake are most encouraging confirming potential for high grade gold mineralization along the Rusty-Blue Jay trend. The Rusty-Blue Jay trend was traced by Alto's 2011 VTEM and aeromagnetic surveys for 30 km along strike but only a few holes were drilled in the past along this trend.

Regionally, the Oxford Lake property lies in north eastern Manitoba along a major regional structural corridor that hosts the pre-development Monument Bay Gold-Tungsten Deposit approximately 150 km east of Oxford Lake. The Monument Bay Gold-Tungsten Deposit hosts Measured and Indicated Resources of 2.1 million ounces of gold at 1.52 g/t Au and 248,000 mtu (Metric Tonne Unit) of W<sub>0</sub><sub>3</sub> and an additional 0.5 million ounces Inferred Resources of gold at 1.58 g/t Au and 95,000 mtu of W<sub>0</sub><sub>3</sub> (see Mega Precious Metals Inc website; in April 2015 Mega Precious Metals was acquired by Yamana Gold).

The Company considers the geological and structural settings for parts of the Oxford Lake property to be similar to the geology at Monument Bay. The presence of tungsten in some of the historical holes at Oxford Lake indicates that there may also be some geochemical similarities between the two areas. The corridor linking the Oxford Lake Property and Monument Bay is relatively under-explored and could be an early stage analogue to the world class gold-producing Destor-Porcupine or Larder-Cadillac corridors in Ontario and Quebec.

*\*The Historical Resource was estimated in 1990 and a Qualified Person (QP), as defined by NI43-101, has not done sufficient work to classify this historical estimate as current mineral resources. Alto is not treating the historical estimate as current mineral resources, as defined by NI43-101, and thus the historical estimate should not be relied upon.*

#### **d) Northern Saskatchewan Diamond Properties, Saskatchewan**

In December, 2013 the Company acquired 100% interest in 68,400 ha of property in Saskatchewan through staking of open ground located approximately 40 km west of the Pikoo property, where diamonds were

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discovered by North Arrow Minerals Inc. in 2013. In January and March, 2014 the Company completed more staking adding a further 4,400 hectares of land.

In January, 2014 the Company entered into an Option to Purchase Agreement for six claims (Fisher Property) totalling 3,500 ha. Terms for the acquisition of 100% interest in the six claims include total cash payments of \$18,000 staged over two years and the issuance of 25,000 shares of Alto to the Vendor. In February 2015, the Company amended the Fisher Option to Purchase Agreement to include two additional claims (1167 ha) for a one-time cash payment of \$2,000 to Fisher (paid). In January, 2016 the Company fulfilled the terms for acquisition and now owns 100% interest in the eight claim Fisher Property subject to a 2% Net Smelter Returns Royalty ("NSR") payable to the Vendor. Alto retains the right to buy back 1% of the NSR for \$1 million.

In January, 2014 the Company also entered into an Option Agreement to acquire a 60% interest in four mining claims (GEFA Property) covering approximately 13,150 ha for diamond exploration adjoining the Pikoo Property to the east. Under the terms of the Option Agreement, Alto can earn 60% interest in the four claims by making staged cash payments totaling \$60,000 to the vendors over two years and completing \$750,000 in exploration expenditures on the property over a 30 month period. The Property is subject to an underlying 2% Net Smelter Returns Royalty on all minerals and metals but not diamonds, with a buy-out of 1% of the NSR for \$1 million. The terms of the Option Agreement were revised in January, 2016. Under the revised terms, Alto must make a cash payment of \$35,000 and complete an aggregate of \$750,000 in exploration work on the property by July 20, 2017. To date, the Company has completed approximately \$500,000 in exploration work on the GEFA claims. In compensation for the extension, the Company issued 1,000,000 common shares to the vendors.

The acquisition of the three properties increased Alto's total land holdings to approximately 90,000 ha of potentially favourable geology for diamonds.

During the months of August and September, 2014 the Company completed bulk-till overburden sampling programs to help define kimberlite indicator (KIM) trains that may ultimately lead to the discovery of diamonds on the Fisher and GEFA properties. A total of 325 samples were collected on these two properties and were delivered to a laboratory for processing.

Kimberlite Indicator Minerals (KIMs) were recovered from both the GEFA and Fisher properties. Most significant KIMs were recovered from the east half of the GEFA Property located adjacent to the Pikoo diamond discovery. The KIMs include Cr-rich chromites, Mg-ilmenites, Cr-pyropes garnets and one diamond associated eclogite garnet (Diamond Indicator Mineral "DIM"). Recovery of such an eclogite garnet in a till is consistent with an indicator dispersion train sampling a potentially diamondiferous source.

The Company completed high-resolution airborne magnetometer survey in February, 2015 over the GEFA area claims consisting of a total of approximately 4,218 line kilometres of flying. Initially, the survey was flown using 50m line spacing but preliminary interpretations of the 50m spaced flight lines data indicated positive results and additional surveying was completed using 25m line spacing over four selected target areas. Preliminary interpretations have identified 16 magnetic targets in the GEFA area that could be related to kimberlite. The targets are clustered in two main parts of the GEFA Property, one on the east side and the other in the northwest half. These targets are associated with down-ice trends of kimberlite indicator mineral (KIM) dispersion trains, including the dispersion train in the eastern half of the claims that features diamond indicator minerals (DIMs) eclogite and chromite.

In September, 2015 North Arrow Minerals Inc reported results from their 2015 winter drilling on the Pikoo property which adjoins Alto's GEFA property. Three new diamond-bearing kimberlites were discovered by North Arrow only a few kilometres from the property line. On April 4, 2016 North Arrow reported the completion of 2,124 m winter drilling program during which kimberlite was intersected in 14 of the 19 holes drilled. Microdiamonds analyses for a series of samples from the kimberlites are still pending. The finding of additional kimberlites continues to increase confidence in the area for discovery of a diamond deposit.

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**e) Other Properties**

The Company also has an interest in the following properties:

Property Name	Status	Comments
Alcudia, Quebec	100% Alto, subject to production royalties	Located in the Urban-Barry gold belt, adjacent to Oban Mining Corp's (formerly Eagle Hills Exploration) Windfall Lake gold deposit
Vassal, Quebec	100% Alto	The claims were allowed to lapse due to lack of assessment credits.
Coldstream, Ontario	See comments	During the Period, the Company entered into settlement agreement Canoe Mining Ventures Corp. to settle the terms and conditions of their debenture agreement held against the Coldstream mineral property. Canoe is in default of the Agreement.
Cote-Archie Lake, Ontario	100% Alto subject to production royalties on some of the claims	Located in the Beardmore-Geraldton gold belt on strike from the historical Leitch Mine which produced almost 900,000 ounces of gold, several significant gold occurrences were discovered on property.
Empress, Ontario	100% Alto subject to production royalties	Located in the Hemlo-Schreiber greenstone belt, 20 km northeast from GTA Resources discovery of 149.5 m averaging 3.21 g/t gold (GTA news release Feb 14, 2012), several significant gold occurrences were discovered on the property; surface glacial till sampling and prospecting programs were completed in May and June 2015 and again in August.
Greenoaks, Ontario	100% Alto subject to underlying production royalties	Located in the Beardmore-Geraldton greenstone belt immediately southeast of the Company's Miner Lake property; several significant gold occurrences were discovered on the property; a small historical mine operated on the property. A glacial till sampling program was completed in July, 2015.
Mud Lake, Ontario	100% Alto subject to production royalties on some of the claims	Located in the Beardmore-Geraldton gold belt northeast of the Brookbank gold deposit that is being evaluated by Premier Gold; several significant gold occurrences occur on the Mud Lake property.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2016, the Company had \$35,933 in cash. The Company does not have any cash flow from operations as its projects are at an exploration stage therefore financings have been the sole source of funds.

At March 31, 2016, the Company had working capital of \$121,404. The Company is dependent upon its ability to obtain the financing necessary to support its general administrative and corporate operating requirements and to continue fieldwork on its exploration projects. The Company generally achieves its goals by the



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issuance of share capital or through joint ventures, or from the disposition of its mineral interests. Management plans to continue to seek the necessary financing through a combination of issuance of new equity instruments, entering into joint venture arrangements or debt financing; however, there is no assurance that the Company will be successful in these actions. Given the volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets such that the Company has sufficient liquidity to support its growth strategy. On September 24, 2015 the Company announced a Private Placement, which Private Placement did not proceed.

**LIQUIDITY OUTLOOK**

The outlook is based on the Company’s current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities. At present, the Company’s operations do not generate cash inflows and its financial success is dependent on management’s ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company’s control. The Company’s cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs. Management believes that the Company will need external financings for the upcoming year in order to fund further exploration. As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing. In order to finance the Company’s future exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its resource properties. Many factors influence the Company’s ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company’s track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes that there will be risks involved which may be beyond its control.

**TRANSACTIONS WITH RELATED PARTIES**

- a) In respect of services provided, the Company owed, at March 31, 2016, \$18,094 (June 30, 2015: \$5,565) to companies with directors and officers in common, and \$82,000 (June 30, 2015: \$1,450) to a director. There are no repayment terms or interest associated with these balances.

All of the costs recorded are based on fair value. During the nine month periods ended March 31, 2016 and 2015, the Company incurred the following charges in respect of services received from related parties:

	<b>Nine months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(\$)</b>	<b>(\$)</b>
White Label Corporate Services Inc. – CFO and Corporate Secretary – administrative salary services <sup>1</sup>	-	20,000
White Label Corporate Services Inc. – CFO and Corporate Secretary – cost recoveries <sup>1</sup>	-	28,000
J Collins Consulting - Corporate Secretary and administrative services	13,735	-
Mike Koziol –salary services (Officer and Company with Director in Common)	117,000	117,000
Venturex Consulting - CFO services	12,325	5,000
McMillan LLP – legal fees (formerly Lang Michener) (Legal firm with a partner and Company director in Common)	8,528	7,246
<b>Total</b>	<b>151,588</b>	<b>177,246</b>

<sup>1</sup> CFO and Corporate Secretarial services paid for the period and the balance is overhead expenses reimbursed to White Label Corporate Services Ltd. at cost.

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At March 31, 2016, the Company owed \$94,309 in respect of the services provided. In addition, at March 31, 2016, the Company owed \$5,785 to a director in respect of expenses incurred on behalf of the Company.

- b) Prior to March 31, 2016, the Company arranged for a loan from a party related to the Company by way of directorship and officership, for total proceeds of \$20,000. The loan matures on September 29, 2016 and bears interest of 8% per annum. At March 31, 2016, principal of \$20,000 and interest of \$798 was owed in respect of the loan.
- c) Compensation of key management personnel  
Key management personnel is comprised of Marian (Mike) Koziol (President and a Director), Richard Mazur (CEO and a Director), Jacqueline Collins (Corporate Secretary), Jeannine Webb (Chief Financial Officer), and David Cowan and Gary Zak (Directors). During the Period and Comparative Period, the Company incurred the following fees from key management personnel:

	Nine months ended March 31,	
	2016	2015
	(\$)	(\$)
Management fees, directors and audit committee fees	143,060	170,000
	<b>143,060</b>	<b>170,000</b>

#### SHARE CAPITAL INFORMATION

The table below presents the Company's common share data at the Report Date.

	At Report Date		
	(#)		
Common shares, issued and outstanding	25,116,214		
	Price	Expiry date	Number of common shares
	(\$)		(#)
Securities convertible into common shares			
Stock Options	0.10	19-Sep-17	745,000
	0.10	30-Oct-17	295,000
	0.06	19-Jun-19	1,000,000
	0.05	10-Dec-20	350,000
			<b>2,390,000</b>
Warrants			-
			<b>27,506,214</b>

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

#### SUBSEQUENT EVENTS

There are no events subsequent to the Period that have not been disclosed in the Report.

#### RECENT ACCOUNTING PRONOUCEMENTS

Adoption of new IFRS pronouncements

The adoption of the following IFRS standards and amendments to existing standards effective July 1, 2015 did not have an effect on the Company's financial statements:

- a) There have been no pronouncements to existing standards since July 1, 2015 required to be adopted by the Company.

New accounting standards not yet adopted

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- a) IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.
- b) IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
- c) IFRS 10, "Consolidated Financial Statements" (amended standard) is effective for annual periods beginning on or after January 1, 2016.
- d) IFRS 11, "Consolidated Financial Statements" (amended standard) in respect of joint arrangements is effective for annual periods beginning on or after January 1, 2016.
- e) IAS 16, "Property, Plant and Equipment" (amended standard) is to be applied prospectively.
- f) IAS 34, "Interim Financial Reporting" (amended standard) is effective for annual periods beginning on or after January 1, 2016.

The Company has initially assessed that there will be no material impact on the statements of financial position or results of operations as a result of adopting the new standards above; however, enhanced disclosure requirements are expected.

#### **FINANCIAL AND OTHER INSTRUMENTS**

##### *Financial Instruments – Recognition and Measurement*

The Company has classified its cash as fair value through profit and loss. The Company's receivables, Quebec exploration tax credits, and due from joint venture option partner are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

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

##### *Fair Value*

Cash and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of all receivables and accounts payable and accrued liabilities and due to related parties approximated their fair value because of the short-term nature of these instruments.

##### *Interest rate risk*

The Company has no material exposure at the end of the Period to interest rate risk through its financial instruments.

##### *Sensitivity analysis*

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

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or minus 1% change in cash interest rates would affect net loss by \$359 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

#### *Currency risk*

As at the end of the Period, all of the Company's cash was held in Canadian dollars, the Company's reporting currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

#### *Credit risk*

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

Receivables consist of interest receivable on a term deposit, goods and services tax ("GST") due from the Federal Government of Canada and amounts due from joint venture and option partners in respect of exploration and evaluation assets. Pursuant to an agreement with Canoe Mining Ventures Corp. ("Canoe"), the Company was to receive \$75,000 each on or before March 31, 2015 and June 30, 2015, which amounts have not yet been received. The Company is in discussion with Canoe in respect of this matter, and while there is no guarantee the Company will receive these amounts, the Company expects to receive them in due course. The credit risk is mitigated by the securitized debenture. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes the risk to be minimal.

#### *Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash 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 March 31, 2016, the Company had a cash balance of \$35,933 (June 30, 2015: \$198,456) to settle current liabilities of \$153,306 (June 30, 2015: \$44,616), which is insufficient to meet those obligations. On September 24, 2015 the Company announced a non-brokered private placement of up to \$400,000, which private placement did not proceed. Management of the Company continues to seek the necessary financing through a combination of issuance of new equity instruments, entering into joint venture arrangements or debt financing, or a combination thereof; however, there is no assurance that the Company will be successful in these actions.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The recoverability of receivables that are included in the statements of financial position based on historical collection of receivables.

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## **Management's Discussion and Analysis**

### **For the nine month period ended March 31, 2016**

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- ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.
- iii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.
- iv) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.
- v) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

#### **RISKS AND UNCERTAINTIES**

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Resource acquisition, exploration, development, and operation is a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The market price of precious metals and other minerals is volatile and cannot be controlled.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

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The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

As at the date of the Report, there were no legal proceedings by or against the Company.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company's directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

#### **DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and mineral property costs is provided in the Company's audited statement of operations contained in its interim condensed financial statements for the Period. These statements are available on the Company's website at [www.altoventures.com](http://www.altoventures.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

#### **DIVIDENDS**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will

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depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Alto deem relevant.

**NATURE OF THE SECURITIES**

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

**PROPOSED TRANSACTIONS**

At the present time, there are no proposed transactions that are required to be disclosed.

**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 interim condensed financial statements for the Period and the disclosure contained in the Report. A copy of this MD&A will be provided to anyone who requests it.

**ADDITIONAL INFORMATION**

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