



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**For the Six Month Period Ended
December 31, 2016
(the "Period")**

Table of Contents

FORWARD LOOKING INFORMATION	3
INTRODUCTION	3
DESCRIPTION OF BUSINESS	3
HIGHLIGHTS FOR THE PERIOD	4
SUBSEQUENT EVENTS	4
RESULTS OF OPERATIONS	5
SUMMARY OF QUARTERLY RESULTS	5
RESOURCE PROPERTIES	6
LIQUIDITY AND CAPITAL RESOURCES	10
LIQUIDITY OUTLOOK.....	10
TRANSACTIONS WITH RELATED PARTIES	10
OFF-BALANCE SHEET ARRANGEMENTS.....	12
RECENT ACCOUNTING PRONOUCEMENTS	12
FINANCIAL AND OTHER INSTRUMENTS.....	12
CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS	14
RISKS AND UNCERTAINTIES	14
DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE	16
DIVIDENDS.....	16
NATURE OF THE SECURITIES	16
PROPOSED TRANSACTIONS.....	16
APPROVAL.....	17
ADDITIONAL INFORMATION.....	17

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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. 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 February 20, 2017 (the "Report Date"). This MD&A should be read in conjunction with the Company's interim condensed financial statements for the six months ended December 31, 2016 and the notes thereto, and the financial statements and the notes thereto for the year ended June 30, 2016, 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 Management Discussion and Analysis ("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.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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

HIGHLIGHTS FOR THE PERIOD

The Company continues in its operational effectiveness measures while maintaining the Company in good standing.

On December 16, 2016, the Company announced a non-brokered private placement ("Private Placement") of up to \$700,000 through the issuance of a combination of flow-through units and non-flow-through units at a price of \$0.05 per each flow through-unit ("FT Unit") and non-flow-through unit ("NFT Unit"). Each FT Unit will comprise one flow-through common share ("FT Share") and one-half of one share purchase warrant ("FT Warrant"). Each whole FT Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.10 per share for a period of eighteen months from the date of closing of the Private Placement. Each NFT Unit will comprise one common share ("NFT Share") and one share purchase warrant ("NFT Warrant"). Each NFT Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.10 per share for a period of eighteen months from the date of closing of the Private Placement. The first tranche of the Private Placement closed on December 31, 2016, and raised total gross proceeds of \$465,000 (of which \$430,000 is restricted to flow-through purposes), pursuant to which the Company issued securities and incurred fees as follows:

FT Shares Issued	8,600,000
NFT Shares Issued	700,000
NFT Warrants Issued	5,000,000
NFT Warrant Exercise Price	\$0.10
NFT Warrant Expiry Date	June 30, 2018
Finders' Fees	
Cash	\$32,550
NFT Warrants	651,000
Exercise Price	\$0.05
Expiry Date	December 30, 2017

SUBSEQUENT EVENTS

- The second tranche of the Private Placement closed on January 31, 2017, and raised total gross proceeds of \$168,460 (of which \$22,500 is restricted to flow-through purposes), pursuant to which the Company issued securities and incurred fees as follows:

FT Shares Issued	450,000
NFT Shares Issued	2,919,200
NFT Warrants Issued	3,144,200
NFT Warrant Exercise Price	\$0.10
NFT Warrant Expiry Date	July 31, 2018
Finders' Fees	
Cash	\$2,100
NFT Warrants	42,000
Exercise Price	\$0.05
Expiry Date	January 31, 2018

- On February 2, 2017, the Company announced a non-brokered private placement ("Offering") of up to \$150,000 through the issuance of units ("Units") at a price of \$0.07 per Unit. Each Unit will comprise one common share and one share purchase warrant ("Warrant"). Each Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.12 per share for a period of eighteen months from the date of closing of the financing. The Offering is subject to regulatory approval.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

- During February, 2017, the Company entered into an option agreement (the "Option Agreement") to option 100% of its interest in the Empress project to Sanatana Resources Inc. ("Sanatana"), pursuant to which Sanatana is required to make cash payments totaling \$125,000 and issue in stages a total of 3,000,000 shares in the capital of Sanatana to the Company over a 12 month period plus incur expenditures totaling \$150,000 on the property over a 24-month period, and, upon closing, reimburse \$20,000 to the Company in respect of previous exploration expenditures incurred by the Company. The Option Agreement also provides that Sanatana will pay the Company a 1% NSR royalty on the claims comprising the property and a 0.33% NSR royalty on any claims staked, during the term of the Option Agreement, within an area of interest provided for in the Option Agreement. The Option Agreement is subject to regulatory approval.
- During February, 2017 the Company completed a Reverse Circulation drilling program on the GEFA diamond project testing four high-priority aeromagnetic targets. The program did not locate any kimberlites and the sources of Kimberlite Indicator Mineral trains delineated in 2014 remain unknown.

RESULTS OF OPERATIONS

- ***Six months ended December 31, 2016 ("Period") results as compared with the six months ended December 31, 2015 ("2015 Period")***

The Company's loss for the Period was \$157,201 (2015 Period: \$198,818), due to continued budgetary constraints. Exploration and evaluation expenditures were relatively unchanged, as to \$76,038 for the Period and \$80,656 for the 2015 Period.

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 \$Nil (2015 Period: \$5,084) on the vesting of stock options.

- ***Three months ended December 31, 2016 ("Q2-2017") results as compared with the three months ended December 31, 2015 ("Q2-2016")***

The Company's loss for the Q2-2017 was \$78,655 (Q2-2016: \$85,738), with general administrative expenditures reducing by approximately 27% from \$64,588 in Q2-2016 to \$47,024 in Q2-2017, as the Company continued to conserve cash. Exploration and evaluation expenditures were relatively unchanged, as to \$76,038 for the Period and \$80,656 for the 2015 Period.

SUMMARY OF QUARTERLY RESULTS

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

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
<i>In thousands \$</i>								
Financial results								
Net loss (income) for period	79	79	1,584	72	86	113	210	365
Basic and diluted (income) loss per share	0.00	0.00	0.06	0.00	0.00	0.00	0.01	0.02
Exploration and evaluation expenditures	32	33	30	3	16	64	(49)	264
Balance sheet data								
Cash and short term deposits	465	89	118	36	57	92	198	109
Exploration and evaluation assets	2,239	2,239	2,232	2,311	2,281	2,281	2,281	2,280
Total assets	2,836	2,484	2,415	2,586	2,542	2,595	2,700	2,694
Shareholders' equity	2,670	2,352	2,339	2,432	2,448	2,543	2,656	2,608

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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 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.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 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 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. In June, July and September, 2016, the Company completed additional glacial till sampling. Results of these programs delineated 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 hosted in iron formation, 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 in iron formation: 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 aeromagnetic trend interpreted to be related to iron formation. 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. Iron formation deposits such as the Musselwhite Mine in Ontario (24.4 M tonnes averaging 6 g/t Au mined, 8.21 M tonnes averaging 6.39 g/t Au Proven and Probable, and 2.88 M tonnes averaging 4.98 g/t Au Measured and Indicated) tend to be large and relatively high grade (Ontario Mining and Exploration 2016-an official publication of the Ontario Prospectors Association).

Regionally, the Oxford Lake property lies in north eastern Manitoba along a major regional structural corridor that hosts the pre-development Monument Bay Gold Deposit approximately 150 km east of Oxford Lake. The Monument Bay Gold Deposit hosts Indicated Resources of 36.6 million tonnes at an average grade of 1.52 g/t Au containing 1.78 million ounces of gold and Inferred Resources of 41.9 million tonnes averaging 1.32 g/t Au containing 1.78 million ounces(see Yamana Gold website).

**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

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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 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-pyrope 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 February, 2017 the Company has completed a Reverse Circulation (RC) drilling program on the GEFA claims to test four high priority diamond targets identified from Alto's 2015 high resolution aeromagnetic survey that are interpreted to be consistent with kimberlite intrusions. Some of the aeromagnetic targets are up-ice from Kimberlite Indicator Mineral (KIM) dispersion trains delineated during the 2014 glacial till

Alto Ventures Ltd.
Management's Discussion and Analysis
For the six months ended December 31, 2016

sampling program. Three of the four aeromagnetic targets are related to locally increased magnetite concentrations in metasedimentary gneiss. The fourth target is related to an ultramafic intrusive body surrounded by quartz-feldspar-biotite gneiss. The program did not locate any kimberlites and the source rocks to the KIM dispersion train remain unknown.

There are numerous other high priority aeromagnetic targets on the GEFA property that are worthy of follow-up. Further work will require detailed glacial till sampling for KIMs to prioritize the aeromagnetic targets prior to drilling.

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.

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
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. Debt owing to Alto was retired in May, 2016 and Alto retains NSR royalties ranging from 0.5 to 1.5% on certain claims .
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 2015 and again in June and July 2016.
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.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2016, the Company had \$464,905 in cash, of which \$430,000 is restricted to flow-through purposes. 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 December 31, 2016, the Company had an unrestricted working capital of \$741, which amount includes marketable securities valued, in the aggregate, at \$117,676 on December 31, 2016, and a loan payable (the "Loan") from a party related to the Company by way of directorship and officership, comprised of principal of \$20,000 and interest of \$808 as at December 31, 2016. The unsecured loan bears interest of 8% per annum, and had an initial maturity date of September 29, 2016. At December 31, 2016, the Loan is in default; however, no demand for repayment has been made, and management is exploring options with respect to extinguishing the loan. On November 1, 2016, an interest payment of \$1,197 was made to the lender. In the opinion of management, the working capital at December 31, 2016 is insufficient to support the Company's general administrative and corporate operating requirements for the next three months; in addition, this insufficient to settle current liabilities of \$165,505. Management plans to continue to seek the necessary financing through a combination 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. Should the Company wish to continue fieldwork on its exploration projects, further financing will be required and the Company will likely have to go to the market to achieve this. (See Subsequent Events in this MD&A).

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.

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) Services, expenses, loan, and compensation of key management personnel

Key management personnel currently consist of Directors and Officers of the Company, as to the President, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the Corporate Secretary of the Company. At the Report Date, key management personnel consisted of Richard Mazur (CEO and a Director), Marian (Mike) Koziol (President and a Director), Jeannine Webb (CFO), Jacqueline Collins (Corporate Secretary), and David Cowan and Gary Zak (Directors). During the six months ended December 31, 2016 and 2015, the Company incurred the following fees in respect of services provided by key management personnel and related parties as follows:

Alto Ventures Ltd.
Management's Discussion and Analysis
For the six months ended December 31, 2016

	Periods ended December 31,	
	2016	2015
	(\$)	(\$)
J Collins Consulting - Corporate Secretary services	150	13,170
Mike Koziol –salary services (Officer and company with Director in common)	78,000	78,000
Mirador Management – management fees (company with an officer in common)	-	-
Venturex Consulting - CFO services	5,000	9,075
McMillan LLP – legal fees (Legal firm with a partner and Company Director in Common)	10,544	7,666
Total	93,694	107,911

In respect of services provided to the Company, expenses incurred on behalf of the Company and interest on the Loan, the Company owed various related parties the following at December 31, 2016 and June 30, 2016:

	December 30, 2016	June 30, 2016
	(\$)	(\$)
In respect of services provided to the Company		
owed to Companies with directors and officers in common	18,768	7,119
owed to a Director and Officer	107,000	29,000
In respect of expenses incurred on behalf of the Company		
owed to Directors and Officers	-	1,335
In respect of interest on the Loan		
owed to a Director and Officer	808	1,197
	126,576	38,651

During the six months ended December 31, 2016 and 2015, the Company incurred fees from key management personnel as follows:

	Six months ended December 31,	
	2016	2015
	(\$)	(\$)
Management fees, directors and audit committee fees	44,150	100,245
Share-based compensation	-	-
	44,150	100,245

SHARE CAPITAL INFORMATION

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

				At Report Date	
				(#)	
Common shares, issued and outstanding				37,785,414	
				Number of common shares	
		Price	Expiry date		
		(\$)	(#)		
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	2,390,000
Warrants		0.10	30-Jun-18	5,000,000	
		0.05	30-Dec-17	651,000	
		0.10	31-Jul-18	3,144,200	
		0.05	31-Jan-18	42,000	8,837,200
				49,012,614	

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RECENT ACCOUNTING PRONOUCEMENTS

Adoption of new IFRS pronouncements:

- i. IFRS 10, "Consolidated Financial Statements" (amended standard) was effective for annual periods beginning on or after January 1, 2016.
- ii. IFRS 11, "Joint Arrangements" (amended standard) in respect of joint arrangements is effective for annual periods beginning on or after January 1, 2016.
- iii. IAS 34, "Interim Financial Reporting" (amended standard) is effective for annual periods beginning on or after January 1, 2016.

The adoption of the following IFRS standards and amendments to existing standards effective July 1, 2016 did not have an effect on the Company's financial statements:

New accounting standards not yet adopted

- i. IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.
- ii. IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
- iii. IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.
- iv. IAS 16, "Property, Plant and Equipment" (amended standard) is effective for annual periods beginning on or after January 1, 2019.

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

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's marketable securities are classified as available for sale. The Company's accounts payable and accrued liabilities, loan payable, 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 fair values of the Company's cash and marketable securities constitutes a level 1 fair value measurement. The fair value of the Company's receivables, due to related parties, loans payable and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature.

Financial Risk

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

Interest rate risk

The Company has no material exposure at December 31, 2016 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 or minus 1% change in cash interest rates would affect net loss by \$885 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

Currency risk

As at December 31, 2016, 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 goods and services tax ("GST") due from the Federal Government of Canada.

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 December 31, 2016, the Company had a cash balance of \$464,905 (June 30, 2016: \$117,550), of which \$430,000 is restricted to flow-through purposes (June 30, 2016: \$Nil), which is insufficient to settle current liabilities of \$165,505 (June 30, 2016: \$76,095). Management plans to continue to seek the necessary financing through a combination 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the 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:

- a) 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.
- b) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.
- c) 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.
- d) 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.

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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.

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

Alto Ventures Ltd.

Management's Discussion and Analysis

For the six months ended December 31, 2016

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 or on its SEDAR Page Site accessed through 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 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.

Alto Ventures Ltd.
Management's Discussion and Analysis
For the six months ended December 31, 2016

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 or on SEDAR at www.sedar.com.