



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Three Months Ended  
September 30, 2019  
(the "Period")**

## Table of Contents

FORWARD LOOKING INFORMATION .....	3
INTRODUCTION .....	3
DESCRIPTION OF BUSINESS .....	3
HIGHLIGHTS FOR THE PERIOD.....	4
RESULTS OF OPERATIONS.....	4
SUMMARY OF QUARTERLY RESULTS.....	4
RESOURCE PROPERTIES .....	4
LIQUIDITY AND CAPITAL RESOURCES.....	9
LIQUIDITY OUTLOOK.....	10
TRANSACTIONS WITH RELATED PARTIES .....	10
SHARE CAPITAL INFORMATION.....	11
OFF-BALANCE SHEET ARRANGEMENTS .....	11
SUBSEQUENT EVENTS.....	11
RECENT ACCOUNTING PRONOUNCEMENTS.....	11
FINANCIAL AND OTHER INSTRUMENTS.....	12
CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS .....	14
RISKS AND UNCERTAINTIES.....	15
DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE .....	16
DIVIDENDS.....	17
NATURE OF THE SECURITIES.....	17
PROPOSED TRANSACTIONS.....	17
APPROVAL .....	17
ADDITIONAL INFORMATION .....	17

# **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

#### **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 November 12, 2019 (the "Report Date"). This MD&A should be read in conjunction with the Company's interim condensed financial statements for the three months ended September 30, 2019 and the notes thereto, and the financial statements and the notes thereto for the year ended June 30, 2019, 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 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.

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

# Alto Ventures Ltd.

## Management's Discussion and Analysis

### For the three months ended September 30, 2019

#### HIGHLIGHTS FOR THE PERIOD

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

- In July 2019, the Company, in part of a follow-up to prior compilation work, completed an 11-sonic-drill-hole orientation program on its Destiny project in Quebec. (See "RESOURCE PROPERTIES" in this Report for additional information).
- In October 2019, the Company announced the results from 40 surface glacial till samples collected on its 100-per-cent-owned Mud Lake gold property during the 2018 and follow-up 2019 field seasons. (See "RESOURCE PROPERTIES" in this Report for additional information).

#### RESULTS OF OPERATIONS

- **three months ended September 30, 2019 ("Period") results as compared with the three months ended September 30, 2018 ("2019 Period")**

General and administrative expenditures during the Period increased as a result of higher exploration and evaluation expenditures and the allocation of salaries and wages. The Company did not grant any incentive stock options and thus recognized \$Nil in share-based compensation (2019 Period: \$44,284 in respect of incentive stock options granted on September 19, 2018). During the 2019 Period, the Company received 2,000,000 shares in the capital of Sanatana, which shares were valued at \$70,000, in connection with the Sanatana Option Agreement on the Empress property (see "RESOURCE PROPERTIES" in this Report).

#### SUMMARY OF QUARTERLY RESULTS

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

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<i>In thousands \$</i>								
<b>Financial results</b>								
Net loss (income) for period	156	80	290	131	63	233	141	328
Basic and diluted (income) loss per share	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01
Exploration and evaluation expenditures	37	52	48	184	7	110	41	87
<b>Balance sheet data</b>								
Cash and short term deposits	684	789	850	961	1,270	1,372	1,504	1,679
Exploration and evaluation assets	2,156	2,156	2,156	2,156	2,156	2,156	2,189	2,189
Total assets	3,129	3,276	3,323	3,597	3,744	3,804	4,058	4,349
Shareholders' equity	3,005	3,161	3,241	3,531	3,662	3,681	3,996	4,213

#### RESOURCE PROPERTIES

The Company owns three core gold properties in Quebec, Ontario and Manitoba. 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.

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 2020 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

## **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

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. At a cut-off grade of 1.0 g/t gold from approximately 15 metres below surface to a depth of 400 metres, the DAC deposit was estimated to include 3,858,800 tonnes at an average grade of 1.71 gpt Au Indicated (212,310 contained ounces gold) and 2,521,400 tonnes at an average grade of 1.53 gpt Au Inferred (124,390 contained ounces gold). 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.

On May 15, 2018, the Company entered into an agreement with Hinterland Metals Inc. ("Hinterland") pursuant to which Hinterland could earn up to a 75% interest in the Company's Destiny property (the "Destiny Property"), by making certain cash and share payments to the Company, and incurring staged exploration expenditures on the Destiny property. Additionally, Hinterland was required to close a minimum financing of \$750,000 on or before June 30, 2018 (the "Hinterland Private Financing"). Hinterland was unable to complete the Hinterland Private Financing, pursuant to which the Hinterland Agreement terminated.

In July, 2019 the Company completed an 11 hole sonic drilling program to test for glacial dispersion of gold grains down ice from the DAC-Gap-Darla gold zones. Raw data from processing of the till samples was received in October, 2019 and an interpretation report is expected in December, 2019 or January 2020.

*\*N143-101 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 2020.

In October, 2018 the Company completed 1,010 m of diamond drilling in five holes. The program was designed to further test the main East-West mineralized corridor drilled in 2011 holes MIN11-06 and 07 as well as other targets on the property. This program continued to build on Alto's previous work which identified persistent anomalous gold mineralization in widespread breccia zones hosted by feldspar porphyritic diorite. Chlorite altered gold-bearing breccia zones associated with feldspar porphyritic diorite were intersected in each of the 2018 holes, with gold values ranging from under 0.002 g/t to 4.48 g/t Au in individual samples.

**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

A summary of the downhole intervals containing higher gold values from the 2018 program are presented in Table 1.

Table 1 - Miner Lake 2018 DDH Anomalous Au Intervals\*

MIN18-10	From (m)	To (m)	Interval (m)	Au (g/t)
	50.7	55.2	4.5	0.379
	117	121.5	4.5	0.259
	150	153	3.0	1.03
	160.5	175.5	15.0	0.48
MIN18-11				
	155.1	159.6	4.5	0.272
	170.1	173.1	3.0	2.57
includes	171.6	173.1	1.5	4.48
	183.6	194.1	10.5	0.36
MIN18-12	59	60.5	1.5	0.941
MIN18-13	156.5	158	1.5	0.346
MIN18-14	117.5	139.5	22.0	0.23

\*The intervals reported are down-hole lengths as there is insufficient drilling density to determine the true widths. Mineralized zones generally start at 0.1 g/t gold and assay averages may include minimal intervals of waste material. No top cuts of assays were used.

New areas of the property were mapped, prospected and rock grab sampled during the summer of 2018. Zones of hydrothermal breccia were discovered in the diorite approximately one kilometer north of the main E-W mineralized corridor. These zones also appear to trend E-W and are similar in appearance to the gold-bearing breccias to the south. Bedrock grab samples confirmed a new a cluster of gold anomalies associated with these breccias, including 2.88 g/t Au. Ground VLF consisting of five lines, totaling 10 km of geophysical surveying has been completed. Two strong VLF anomalies were delineated, one of which is approximately 200 m south of the target E-W corridor.

The Company completed nine holes totalling 1,732 m 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 2.0 m. 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 fault/hydrothermal breccia zones. The main target on this property is a large gold (with copper) deposit that might be exploited by open pit mining.

**c) Oxford Lake Property, Manitoba**

The Company owns a 100% interest in the Oxford Lake Property subject to underlying royalties on some of the claims. Currently the property comprises approximately 36,000 ha and is in good standing through 2019.

# **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

In December 2018, the Company received a work permit to carry out exploration programs consisting of line cutting, ground geophysics and 3,000 m of diamond drilling on its Oxford Lake project in Manitoba. The work permit was issued with certain conditions including a heritage resource impact assessment (HRIA) satisfactory to the Historic Resource Branch of Manitoba Sport, Culture, and Heritage that must be carried out prior to commencement of the exploration work. The Company has obtained quotations and costs estimates from several archaeological consultants for the HRIA.

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 banded iron formation ("BIF"), 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 BIF: 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.

The Rusty Gold Deposit and Blue Jay Zone lie along a magnetic trend, the Carrot River-Rusty-Blue Jay trend, that was traced by Alto's 2011 VTEM and aeromagnetic surveys for 30 km along strike but only a limited number of holes were drilled in the past along this trend. BIF 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).

An eight week summer exploration program consisting of rock sampling, geological mapping and prospecting was completed in August 2017. In total, 803 rock grab samples were collected on the entire Oxford Lake property. Highlight of results include:

#### **The 30 km Carrot River-Rusty-Blue Jay BIF Trend**

The Carrot River-Rusty-Blue Jay trend is a 30 km trend of aeromagnetic highs associated with banded iron formation ("BIF") units which host the historical Rusty Gold Deposit, the multiple, high grade Blue Jay Gold Zone and the solitary hole CR92-2 drilled by Noranda 10 km further west in the Carrot River area intersecting gold in BIF (0.98 g/t Au over 3.1 m). Bedrock exposures on the trend west of the Rusty Gold Deposit and near CR92-2 are sparse due to overburden cover however Alto's prospecting team made significant new discoveries. Other significant gold anomalies were obtained from the Brogden Lake area located at the west end of the Carrot River-Rusty- Blue Jay trend, approximately 5 km west of CR92-2. Grab sampling of a historical gold showing here returned up to 2.41 g/t Au associated with a narrow, banded magnetite-chert iron formation.

#### **District Scale Exploration Potential of the Oxford Lake Property**

The Hyers Island area lies near the south end of this large property, approximately six kilometres southwest from the Rusty Gold Deposit. Verification grab samples from historical occurrences returned up to 109 g/t Au within a 15cm wide quartz-sulphide-carbonate vein from the south shore of Hyers Island; the vein also includes 16.9 g/t Ag, 0.7% Cu and 24% Zn. Several other notable gold and gold-base metals samples were obtained from narrow quartz-sulphide veins and sulphide pods near the south shore of Hyers Island including 7.2 g/t Au and 83.7 g/t Ag; 2.1 g/t Au and 24.1 g/t Ag; 1.2 g/t Au and 14.5 g/t Ag; and 2.3 g/t Au.

Significant new gold, silver and zinc assays were obtained from bedrock grab samples mineralized with pyrite and sphalerite on north Hyers Island including 4.9 g/t Au with 51 g/t Ag and 12.7% Zn; 1.8 g/t Au and 15.9 g/t Ag; and 2.9 g/t Au. The mineralized samples are within gossan-stained zones from a few cm to several metres in width, but their extent, controls on mineralization and continuity have not yet been determined. Other new high-grade gold and silver values were obtained from a narrow quartz-sulphide vein located west of Hyers Island. The vein assayed 12.4 g/t Au with 48 g/t Ag.

**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

The Cat Eye Bay area lies near the southeast corner of this large property, approximately 15 km southeast from the Rusty Gold Deposit. Grab samples of narrow sulphide mineralized zones from historical trenches returned poly-metallic mineralization including 37.8 g/t Au, 71.9 g/t Ag, 2.5% Cu and 2.5% Zn. Historical drilling in the area of the trenches returned up to 9.3 g/t Au, 89.5 g/t Ag and 4.42% Zn over 0.52 m core length. Two new occurrences were discovered by Alto in 2017 away from the historical trenches. One occurrence, which is located approximately 400 m northwest and possibly along strike from Cat Eye Bay trenches, returned grab sample values up to 12.5 g/t Au and 0.9 g/t Ag. Gold and silver here are hosted by centimeter scale quartz veinlets within magnetite-amphibolite rock interpreted to be highly metamorphosed iron formation. The second occurrence is located approximately 3 km northeast of Cat Eye Bay and gold values up to 5.8 g/t Au, 7 g/t Ag and 1.1% Cu were obtained from quartz-chalcopyrite veinlets hosted by a 20 cm shear zone within mafic volcanics.

The abundance of the high grade showings and their widespread distribution confirm the excellent exploration potential of the Oxford Lake property, both on Alto's main BIF target along the Carrot River-Rusty-Blue Jay trend as well as in the Hyers Island and Cat Eye Bay areas. Additional work is required in the Hyers Island area as well as Cat Eye Bay to better understand the controls on mineralization before drilling is carried out.

*\*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) Other Properties**

The Company also has interests in the following properties:

Property Name	Status	Comments
Windfall East (formerly Alcudia), Quebec	Sold during fiscal year ended June 30, 2017	The Windfall East project was sold to Beaufield in May 2017. The Company retains a 1% NSR royalty, of which Beaufield retains the right to buy 0.5% NSR for \$1 million.
Coldstream, Ontario	Sold during fiscal year ended June 30, 2016	The project was sold in 2016 and Alto retained NSR royalties ranging from 0.5 to 1.5% on certain claims.
Empress, Ontario	100% Alto subject to production royalties	An Option Agreement (as amended) to option a 100% interest in the Empress property to Sanatana was finalized in June 2017. At June 30, 2019, the terms include the issuance to Alto of a total of 4,200,000 shares of Sanatana (received), warrants allowing for the purchase of up to, in the aggregate, 1,000,000 shares of Sanatana at \$0.10 per share until June 25, 2022 (received), cash payments totalling \$75,000 (received), and completion of a total of \$150,000 in expenditures, as to \$50,000 and \$100,000 due by December 21, 2018 and June 21, 2019, respectively, which dates were amended, in July 2019, to December 31, 2019. Upon exercise of the Option, Alto will retain a 1% NSR royalty on existing claims and 0.33% NSR on claims which lie within a predetermined area of interest acquired during the option period. Sanatana also reimbursed \$20,000 for exploration



**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

		expenditures incurred by Alto prior to finalizing the agreement.
Greenoaks, Ontario	100% Alto subject to underlying production royalties	Located in the Beardmore-Geraldton greenstone belt contiguous to 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 Greenstone Gold Mines; several significant gold occurrences occur on the Mud Lake property. Prospecting, mapping, and rock and till sampling programs were completed during the summer of 2018 and 2019. High gold grain counts were recovered from near the southwest end of the Mud Lake Shear Zone (MLSZ). Also, a new shear zone was discovered to the east of the MLSZ and the highest number of gold grains (427 grains) from these programs came from a till sample near the newly discovered shear zone (see Alto news release dated October 29, 2019).
Brookbank East	100%	Located approximately 15 km on strike east of the Brookbank gold deposit within a trend of gold occurrence that extends for over 30 km. Geology and alteration are reported to be similar to that observed at the Brookbank. A historical drill hole is reported to contain 10 g/t Au over 0.91 m. Prospecting and mapping programs were completed during the summer of 2018.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company does not have any cash flow from operations as its projects are at an exploration stage, therefore financings have been the primary source of funds.

At September 30, 2019, the Company had cash of \$684,015 and working capital of \$848,897. In the opinion of management, the working capital at September 30, 2019 is sufficient to support the Company's general administrative and corporate operating requirements for the next three months. 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. 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.

Given the volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities, management regularly reviews expenditures and exploration programs and equity markets in order that the Company has sufficient liquidity to support its growth strategy.

**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

**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, operational costs to operate the Company and keep it in good standing, the maintenance costs of its properties and expenses required to maintain the properties and any agreements pertaining to the properties in good standing. 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**

Services, expenses, 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 consists of Richard Mazur (CEO and a Director), Marian (Mike) Koziol (President and a Director), Jeannine Webb (CFO), Jacqueline Collins (Corporate Secretary), and David Cowan (Director), Gary Zak (Director) and Michael Steeves (Director). During the three months ended September 30, 2019 and 2018, the Company incurred the following net charges, all recorded based on fair value, in respect of services received from related parties:

	<b>Three months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(\$)</b>	<b>(\$)</b>
Mike Koziol - services (Officer and company with Director in common)	39,000	39,000
Mirador Management – management fees (company with an officer in common)	10,500	10,500
J Collins Consulting - Corporate Secretary services	9,000	9,000
Venturex Consulting - CFO services	10,500	10,500
McMillan LLP – legal fees (Legal firm with a partner and Company Director in common)	3,693	1,270
<b>Total</b>	<b>72,693</b>	<b>70,270</b>

In respect of services provided to and expenses incurred on behalf of the Company, the Company owed various related parties the following at September 30, 2019 and June 30, 2019:

	<b>September 30, 2019</b>	<b>June 30, 2019</b>
	<b>(\$)</b>	<b>(\$)</b>
In respect of services provided to the Company		
owed to Companies with directors and officers in common	5,453	5,794
owed to a Director and Officer	81,000	72,000
In respect of expenses incurred on behalf of the Company		
owed to Directors and Officers	14,203	16,422
	<b>100,656</b>	<b>94,216</b>

In addition, pursuant to an agreement with an officer, a severance payment of \$156,000 will be due to him in the event of termination without cause.

**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

During the periods ended September 30, 2019 and 2018, the Company incurred the following fees from key management personnel:

	<b>Three months ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(\$)</b>	<b>(\$)</b>
Management fees, directors and audit committee fees	72,693	70,270
Share-based compensation	-	44,284
	<b>72,693</b>	<b>114,554</b>

**SHARE CAPITAL INFORMATION**

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

<b>Common shares - issued and outstanding</b>				<b>56,373,295</b>
	Exercise price	Expiry Date	Shares issuable	
	(\$)		(#)	
<b>Warrants</b>	0.12	April 19, 2020	1,775,000	
	0.12	April 19, 2020	224,000	
	0.12	June 4, 2020	2,002,857	
	0.12	June 4, 2020	175,450	
	0.12	June 27, 2020	1,268,750	
				<b>5,446,057</b>
<b>Stock options</b>	0.05	December 10, 2020	325,000	
	0.10	March 27, 2022	700,000	
	0.05	September 19, 2023	2,000,000	
				<b>3,025,000</b>
				<b>64,844,352</b>

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**SUBSEQUENT EVENTS**

The Company has no subsequent events to report that have not already been included in this Report.

**RECENT ACCOUNTING PRONOUNCEMENTS**

*Adoption of new IFRS pronouncements:*

The adoption of the following IFRS standards and amendments to existing standards effective July 1, 2018 did not have an effect on the Company's financial statements:

- i) IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.
- ii) IFRIC 23, "Uncertainty over Income Tax Treatments": the effective for annual periods beginning on or after January 1, 2019.

*New accounting standards not yet adopted:*

- i) IAS 1, "Presentation of Financial Statements" is effective for annual periods beginning on or after January 1, 2020.
- ii) IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" is effective for annual periods beginning on or after January 1, 2020.

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.

# Alto Ventures Ltd.

## Management's Discussion and Analysis

### For the three months ended September 30, 2019

---

#### FINANCIAL AND OTHER INSTRUMENTS

The Company adopted new accounting standard IFRS 9 – Financial Instruments, effective July 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption, although it was determined that the adoption of IFRS 9 had no significant impact on the comparative year's financial statements.

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of IAS 39, except that fair value changes due to changes in an entity's own credit risk are recorded in other comprehensive Income rather than in net earnings.

Upon adoption of IFRS 9, the Company has changed its accounting policy for financial instruments as follows:

#### Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company completed an assessment of its financial assets and liabilities as at June 30, 2019. The adoption of IFRS 9 has no significant quantitative impact on the Company's financial instruments as at June 30, 2019.

However, it has an impact on the classification of the Company's financial instruments compared to the old standard IAS 39 as follows:

<b>Asset or Liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Marketable securities	FVOCI	FVTPL
Prepays and deposits	Loans and receivables	Amortized cost
Due to related parties	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

# **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model. On adoption of the expected credit loss model there was no material adjustment.

#### *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 September 30, 2019 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 \$6,840 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

##### *Currency risk*

As at September 30, 2019, 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 and any Québec Sales Tax ("QST") due from the Government of Québec.

##### *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 September 30, 2019, the Company had a cash balance of \$684,015 (June 30, 2019: \$789,245) to settle current liabilities of \$123,774 (June 30, 2019: \$115,534). Management plans to continue to seek the necessary financing through a combination issuance of new equity instruments, disposition of its properties, 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:

# **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

- 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.

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.

Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is supportive of measures established to

# **Alto Ventures Ltd.**

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

### **For the three months ended September 30, 2019**

---

achieve such cooperation. The outcome of any aboriginal land claims cannot be predicted, and if successful, could have a significant adverse effect on the Company.

The current or future operations of the Company, including exploration and evaluation activities, 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 conduct exploration and evaluation activities and/or 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 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).



**Alto Ventures Ltd.**  
**Management's Discussion and Analysis**  
**For the three months ended September 30, 2019**

---

**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**

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 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).