Alto Group Holdings Inc.
Form 10-Q
April 23, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2012

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ______

Commission File Number 000-53592

ALTO GROUP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**27-0686507**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

715 13th Street NE, Wenatchee, WA 98802

(Address of principal executive offices) (Zip Code)

(509) 884-2218

(Registrant's telephone number, including area code)

10757 South River Front Parkway, Suite 125, South Jordan, UT 84095
(801) 816-2520

(Former Address if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of April 18, 2012 there were 4,891,756,208 shares of our common stock issued and outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The Consolidated Financial Statements of the Company are prepared as of February 29, 2012.

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ALTO GROUP HOLDINGS INC.
(an exploration stage company)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	February 29, 2012	November 30, 2011
CURRENT ASSETS		
Cash and cash equivalents	$925	$7,995
Loans receivable	7,500	7,500
Total Current Assets	8,425	15,495
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $44,521 and $33,341, respectively	186,531	197,711
OTHER ASSETS		
Mining assets	45,500	45,500
Other assets	2,631	3,220
Total Other Assets	48,131	48,720
TOTAL ASSETS	$243,087	$261,926
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$598,838	$650,542
Due to related parties	52,000	37,000
Notes and loans payable	1,571,746	2,842,451
Proceeds from investors pursuant to Stock Purchase Agreements to be effective upon completion of reverse stock split	382,500	382,500
Total Current Liabilities	2,605,084	3,912,493
TOTAL LIABILITIES	2,605,084	3,912,493
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.00001 par value; 100,000,000 shares authorized: Series A Preferred Stock, 20,000,000 shares designated, 14,000,000 and 14,000,000 shares issued and outstanding,		

respectively	140	140
Series B Preferred Stock, 100,000 and 100,000 shares issued and outstanding, respectively	1	1
Common stock, $0.00001 par value; 7,000,000,000 shares authorized, 4,906,756,205 and 619,613,332 shares issued and outstanding, respectively	49,068	6,196
Additional paid-in capital	10,763,188	9,429,855
Deficit accumulated during the exploration stage	(13,174,394)	(13,086,759)
Total Stockholders' Deficit	(2,361,997)	(3,650,567)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$243,087	$261,926

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

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ALTO GROUP HOLDINGS INC.
(an exploration stage company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended February 29, 2012	February 28, 2011	From Inception on September 21, 2007 Through February 29, 2012
NET REVENUES	$—	$—	$—
OPERATING EXPENSES			
Exploration and carrying costs (including stock-based costs of $-0-, $-0-, and $123,000, respectively	—	211,480	610,248
Officers' and directors' compensation (including stock-based compensation of $-0-, $-0-, and $860,000, respectively)	15,000	48,000	1,196,000
Consulting fees (including stock-based compensation of $-0-, $-0-, and $2,606,600, respectively)	—	159,650	3,360,390
Professional fees (including stock-based compensation of $-0-, $2,372,017 and $4,303,492, respectively)	12,150	2,468,878	4,911,352
General and administrative	21,624	183,077	1,502,797
Donated services	—	—	18,400
Impairment of mineral property acquisition costs	—	—	6,500
Total Operating Expenses	48,774	3,071,085	11,605,687
LOSS FROM OPERATIONS	(48,774)	(3,071,085)	(11,605,687)
OTHER INCOME (EXPENSES)			
Gain from forgiveness of amounts due to former related parties	—	—	28,539
Write off of goodwill	—	(431,713)	(431,713)
Interest expense (including amortization of debt discount of $-0-, $-0-, and $350,391, respectively)	(38,861)	(17,444)	(647,463)
Loss on conversion of notes payable to investors to common stock	—	—	(518,070)
Total Other Income (Expenses)	(38,861)	(449,157)	(1,568,707)

LOSS BEFORE INCOME TAXES	(87,635)	(3,520,242)	(13,174,394)
INCOME TAX EXPENSE	—	—	—
NET LOSS	$(87,635)	$(3,520,242)	$(13,174,394)
BASIC AND FULLY DILUTED:			
Net loss per common share	$(0.00)	$(0.03)	
Weighted average shares outstanding	1,582,752,279	136,372,236	

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

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ALTO GROUP HOLDINGS INC.
(an exploration stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended		From Inception on September 21, 2007 Through
	February 29, 2012	February 28, 2011	February 29, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(87,635)	$(3,520,242)	$(13,174,394)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	11,180	2,796	44,521
Write off of goodwill	—	431,713	431,713
Stock issued for services, including $-0-, $2,372,017, and $4,303,824, respectively, of excess of fair value of common stock issued over amount of debt and accrued interest settled (charged to professional fees in the statements of operations)	—	2,372,017	7,737,396
Amortization of debt discount	—	—	350,391
Gain from forgiveness of amounts due to related parties	—	—	(28,539)
Loss on conversion of notes payable to investors to common stock	—	—	518,070
Donated services and expenses	—	—	18,400
Impairment of mineral property acquisition costs	—	—	6,500
Changes in operating assets and liabilities:			
Other assets	589	(12,000)	(2,631)
Accounts payable and accrued liabilities	53,796	124,203	797,760
Accrued consulting fees due to related parties	15,000	40,000	352,538
Net Cash Used by Operating Activities	(7,070)	(561,513)	(2,948,275)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received in connection with acquisition of Liberty American, LLC	—	65	65
Purchases of property and equipment	—	(97,852)	(231,052)
Mineral property acquisition costs	—	—	(6,500)
Net Cash Used by Investing Activities	—	(97,787)	(237,487)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in due to related party	—	—	28,006
Proceeds from notes payable	—	747,000	2,842,000
Repayment of note payable	—	—	(50,000)
Repayment of loan payable of Liberty American, LLC to the Company's corporate counsel	—	(61,419)	(61,419)
Proceeds from sale of common stock	—	—	45,600

Proceeds from investors pursuant to Stock Purchase Agreements to be effective upon completion of reverse stock split	—	—	382,500
Net Cash Provided by Financing Activities	—	685,581	3,186,687
NET INCREASE IN CASH AND CASH EQUIVALENTS	(7,070)	26,281	925
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,995	2,142	—
CASH AND CASH EQUIVALENTS, END OF PERIOD	$925	$28,423	$925
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash Payments For:			
Interest	$—	$—	$—
Income taxes	$—	$—	$—
Non-cash investing and financing activities:			
Forgiveness of due to related party by then majority stockholder on September 15, 2009	$—	$—	$28,006
Stock issued for services	$—	$—	$7,893,424
Conversion of notes payable and accrued interest into common stock:			
Notes payable ($1,270,705, $30,000, and $1,386,205, respectively) and accrued interest ($105,500, $1,356, and $112,506, respectively) settled	$1,376,205	$31,356	$1,498,711
Excess of fair value of common stock issued over amount of debt and accrued interest settled	—	2,372,017	4,821,894
Fair value of common stock issued	$1,376,205	$2,403,373	$6,320,605
Settlement of accrued consulting fees due to related parties in exchange for common stock on June 20, 2011	$—	$—	$136,000
Conversion of common stock to Series A preferred stock on March 3, 2010	$—	$—	$360,000
Common stock issued for acquisition of mining assets on March 12, 2010	$—	$—	$45,500
Common stock issued for acquisition of Liberty American, LLC on January 24, 2011	$—	$145,000	$145,000

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

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ALTO GROUP HOLDINGS, INC.

(an exploration stage company)

NOTES TO FINANCIAL STATEMENTS

February 29, 2012

(Unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Alto Group Holdings Inc. (the "Company") was incorporated in the State of Nevada on September 21, 2007. The Company is an Exploration Stage Company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. The Company's principal business is the acquisition and exploration of mineral resources. The Company has not presently determined whether its properties contain mineral reserves that are economically recoverable.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. As at February 28, 2012, the Company has a total stockholders' deficit of $2,361,997 and has accumulated losses of $13,174,394 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim consolidated financial statements be read in conjunction with the Company's unaudited financial statements and notes thereto included in its Form 10-K filed on March 14, 2012. Operating results for the three months ended February 28, 2012 are not necessarily indicative of the results to be expected for the year ending

November 30, 2012.

NOTE 3 - COMMON STOCK

On December 14, 2011, the Company approved the conversion into common stock certain notes (the “Notes”) issued by the Company between February 1, 2011 and June 1, 2011. Subject to the terms and conditions contained therein, the Notes were converted into an aggregate of 4,287,142,876 shares of common stock of the Company.

On February 9, 2012, the Company issued an aggregate of 300,000 shares of Series C Preferred Stock (hereafter, the “Preferred Stock”) in equal amounts to Robert Howie, Chene Gardner, and Douglas McFarland, each of whom were, at the time of issuance, members of the Board of Directors. The Preferred Stock contains no economic rights whatsoever,

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ALTO GROUP HOLDINGS, INC.

(an exploration stage company)

NOTES TO FINANCIAL STATEMENTS

February 29, 2012

(Unaudited)

NOTE 3 - COMMON STOCK (Continued)

including no rights to participate in dividends, distributions, or the net assets of the Company upon liquidation, as well as no right to convert such shares into common stock or other securities of the Company. Each share of Preferred Stock does, however, possess 100,000 votes per share and is entitled to vote together with holders of the company's common stock on all matters upon which common stockholders may vote.

NOTE 4 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period of February 29, 2012 through the dare the financial statements were issued, and concluded there were no other events or transactions occurring during this period that required recognition or disclosure in its financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operation.

Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. We use words such as anticipate, believe, plan, expect, future, intend and similar expressions to identify such forward-looking statements. You should not place too much reliance on these forward-looking statements. Our actual results are likely to differ materially from those anticipated in these forward-looking statements for many reasons.

Plan of Operation

We were incorporated in the State of Nevada on September 21, 2007. We are an exploration stage corporation. An exploration stage corporation is one engaged in the search of mineral deposits or reserves which are not in either the development or production stage. We maintain our statutory registered agent's office at National Registered Agents, Inc. of NV, 1000 East William Street, Suite 204, Carson City, Nevada 89701 and our business office and mailing address is 715 13th Street NE, Wenatchee, WA 98802. Our telephone number is (509) 884-2218.

If we are able to successfully develop the interests we acquire, we may engage in (or contract with third parties for the) extraction and production of the minerals involved, may sell these interests, or pursue a combination of the foregoing. Although we believe that rights to the mineral interests we acquire may contain valuable deposits that would inure to the benefit of the Company and its shareholders, we cannot assure you that commercially viable deposits exist on any of these properties until further exploration and development has been undertaken and a thorough economic feasibility analysis has been prepared. We are actively seeking to raise working capital sufficient to begin exploration and development of these concessions, as well as for other development opportunities.

We have not generated any revenues since the inception of the Company and we have been issued a “going concern” opinion from our auditors. We have no plans to change our business activities from the exploration and development of mining interests with the objective of including extraction and production operations as a core component of the business of the Company.

Liquidity and Capital Resources

As of February 29, 2012, our working capital deficit of $2,596,659 was comprised of total current assets of $8,425 consisting of cash and cash equivalents, and total current liabilities of $2,605,084. While we continued to consume working capital in the pursuit of our business plan, the consumption was more than offset by the sale of equity securities and the conversion of certain indebtedness into equity.

We do not believe that the Company’s current capital resources will be sufficient to fund its operating activity and other capital resource demands during the next fiscal year. Our ability to continue as a going concern is contingent upon our ability to obtain capital through the sale of equity or issuance of debt, joint venture or sale of assets, and ultimately attaining profitable operations. We cannot provide that we will be able to successfully complete any one of these activities.

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We are presently seeking additional debt and equity financing to provide sufficient funds for payment of obligations incurred and to fund our ongoing business plan.

Although we are actively seeking to acquire and develop mineral interests throughout the world, we have not yet generated any revenue from our operations. We have historically relied on equity and debt financings to fund our capital resource requirements. We have experienced net losses since inception. We will be dependent on additional debt and equity financing to develop our new business.

All of our investment in research and development activities has been expensed, and does not appear as an asset on our balance sheet.

Our ability to pay accounts payable and accrued expenses and repay borrowings is dependent upon receipt of new funding from related parties, private placements or debt financing. Certain related parties have periodically advanced funds to us to meet our working capital needs. The related parties are under no obligation to continue these advances.

Net cash used in operating activities was $7070 during the quarter ended February 29, 2012, compared to $561,513 during the quarter ended February 28, 2011. During the quarter ended February 29, 2012, we incurred a net loss of $87,635. Accounts payable and accrued expenses increased by $53,796 during the quarter ended February 29, 2012. By comparison, during the quarter ended February 28, 2011, we incurred a net loss of $3,520,242 and reported an increase in accounts payable and accrued expenses of $124,203. During the quarter ended February 28, 2011, the Company issued stock for services valued at $2,372,017 based on the market value of the stock at the time of stock issuance. Historically, we have reported significant fluctuations in cash usage, as the timing of our cash payments is typically dependent upon cash provided by financing activities.

During the quarters ended February 29, 2012 and February 28, 2011, the Company used $-0- and $97,787, in investing activities. During the quarter ended February 28, 2011, the Company purchased property and equipment in the amount of $97,852.

Net cash provided by financing activities during the quarter ended February 29, 2012 was $-0- compared to $685,581 during the quarter ended February 28, 2011 which consisted of proceeds of $747,000 in the form of loans from accredited investors. The Company also used $61,419 to repay loans of Liberty American LLC to Corporate Counsel.

Our Excelsior Mining Interests

On April 21, 2011, we formed Alto Cascade Resources, LLC (“Alto Cascade”), as a joint venture with Douglas McFarland, our Chief Executive Officer. Alto Cascade, 51% of which is owned by the Company, holds 60 lode mining claims in respect of the Great Excelsior Mine located in Whatcom County in the Mount Baker quadrangle in western Washington State.

The Great Excelsior Mine was a former gold and silver producer which was forced to close in 1918 due to falling metal prices and a shortage of supplies. This mining property has

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been explored by numerous mining companies over the years, including ASARCO, Silver Standard, Ltd., Quintana Resources, Inc., US Borax, Steelhead Resources, Inc, FMC Gold Corp., Stanford Metals, Ltd, and Arizuma Silver, Inc.

If we were able to commence production at Great Excelsior, we would likely not construct milling facilities but would transport extracted material to a nearby mill operated by other larger gold and silver producers. Extensive metallurgical testing had been done on the ore by Hazen Research, Inc. of Golden, Colorado. Recovery of 96.8 percent of the silver and 95.6 percent of the gold could also, in our opinion, be accomplished by flotation accompanied by a nitric acid leach of the concentrates and CIL recovery.

Property Interests and Mining Claims in General

Mining claims are subject to the same risk of defective title that is common to all real property interests. Additionally, mining claims are self-initiated and self-maintained and therefore, possess some unique vulnerabilities not associated with other types of property interests. It is impossible to ascertain the validity of unpatented mining claims solely from an examination of public real estate records and, therefore, it can be difficult or impossible to confirm that all of the requisite steps have been followed for location and maintenance of a claim. Furthermore, as these interests are derived from mining claims in foreign jurisdictions, the risk of a defective claim or other problems with ownership and development of the claim (including but not limited to the right of eminent domain) is compounded further. If the validity of a patented mining claim or mineral interest is challenged by an applicable governmental body on the grounds that mineralization has not been demonstrated, the claimant has the burden of proving the present economic feasibility of mining minerals located thereon. Such a challenge might be raised at any stage of development or at the commencement of production, or simply when the government seeks to include the land in an area to be dedicated to another use.

Reserve Estimates

Our reserve and resource figures are estimates, and we cannot assure you that the indicated level of recovery will be realized or that we will have the resources to do so. Because mining development is inherently capital intensive, we would expect that the Company would partner with a larger mining company or other strategic source of capital and knowledge in respect of any significant development or operational activity. Prolonged declines in the market price of gold may render reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce our reserves. Should such reductions occur, discontinuation of exploration and development (including the production of a NI 43-101 compliant report) could be discontinued. There are numerous uncertainties inherent in estimating quantities of proven and probable gold reserves. The estimates in this document are based on various assumptions relating to gold prices during the expected life of production and the results of additional planned development work, either by us or in partnership with a larger mining company or other third party with more sufficient capitalization. Actual future production rates, sales prices, and amounts, revenues, taxes, operating expenses, environmental and regulatory compliance expenditures, development expenditures and recovery rates may vary substantially from those assumed in any estimates we have given. Any significant change in these assumptions, including changes that result from variances between projected and actual results, could result in a material downward or upward revision of current estimates.

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Joint Ventures

Our mining interests are held in joint ventures or are subject to joint venture agreements between the Company and a third party. These joint venture agreements typically obligate the Company to contribute substantial capital, property, or other expertise to develop these interests.

Any failure, by us or our joint venture partners in respect of the obligations in our joint venture agreements, could have a material adverse effect on the mining interests held through the joint venture, and could therefore have a material adverse effect on the Company as a whole. In the two years prior to the date of this Memorandum, we have had several joint venture agreements terminated or substantially amended because of our inability to comply with our contractual obligations under these agreements.

Reclamation

In most jurisdictions where we have or are seeking to develop mineral interests, we generally are required to mitigate long-term environmental impacts by stabilizing, contouring, re-sloping and re-vegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts will be conducted in accordance with detailed plans, which must be reviewed and approved by the appropriate regulatory agencies.

Government Regulation

Mining operations and exploration activities are subject to various national, state/provincial, and local laws and regulations, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. Our objective is to obtain the licenses, permits or other authorizations currently required to conduct our exploration program. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and the regulations applicable to the mineral interests we now hold in the United States.

Mining claims involving federally owned land in the United States are principally regulated by the Department of the Interior – Bureau of Land Management (“BLM”). The BLM administers over 258 million acres of public lands and 700 million acres of subsurface minerals in 19 mostly western U.S. states. The Federal Land Policy and Management Act of 1976 provides that public lands remain under the stewardship of the BLM and that their resources be managed under a multiple-use concept, which uses include certain mining and exploration activities. The General Mining Law of 1872 remains the major federal law governing locatable minerals and allows individuals and entities the opportunity to explore for, discover, and purchase certain valuable mineral deposits on those federal lands that are open for mining claim location and patent (open to mineral entry). These mineral deposits include most metallic mineral deposits and certain nonmetallic and industrial minerals. The law sets general standards and guidelines for claiming the possessory right to a valuable mineral deposit discovered during exploration. The General Mining Law also allows for the enactment of state laws governing location and recording of mining claims and sites that are consistent with federal law.

Environmental Regulations

Our activities are subject to various national and local laws and regulations governing protection of the environment. These laws are continually changing and, in general, are becoming more restrictive. In the United States, for example, any mining activity which disturbs the surface of the earth is required to be reclaimed, even if the claim or site is abandoned or forfeited, and a plan of operation must be submitted and approved by the BLM prior to activity. In addition, any such reclamation activities are subject to individual state law requirements which also regulate air, water pollution, and use of hazardous materials.

Changes to current state or federal laws and regulations in the United States, or other countries where we hold mineral interests could, in the future, require additional capital expenditures and increased operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could impact the economics of our projects.

During 2010 and 2011, we had no material environmental incidents or non-compliance with any applicable environmental regulations.

Significant Events During the Quarter

Issuance of Super-Voting Shares. On February 9, 2012, the Company issued an aggregate of 300,000 shares of Series C Preferred Stock (hereafter, the “Preferred Stock”) in equal amounts to Robert Howie, Chene Gardner, and Douglas McFarland, each members of the Board of Directors. The Preferred Stock contains no economic rights whatsoever, including no rights to participate in dividends, distributions, or the net assets of the Company upon liquidation, as well as no right to convert such shares into common stock or other securities of the Company. Each share of Preferred Stock does, however, possess 100,000 votes per share and is entitled to vote together with holders of the company’s common stock on all matters upon which common stockholders may vote.

Changes in Management and Directors. On February 9, 2012, the Board of Directors and holders of a majority of the Company’s voting shares dismissed Mark Klok from the Company as an officer and director, respectively. Also on February 9, 2012, the Company appointed Douglas McFarland and Chene Gardner to its Board of Directors and appointed Mr. Gardner as Chairman, Chief Financial Officer, and Secretary. Mr. McFarland was subsequently appointed as Chief Executive Officer on February 15, 2012. Also on February 15, 2012, Paul Donaldson was appointed to the Board of Directors. On February 23, 2012, W. Glen Zinn was appointed to the Board of Directors. On March 20, 2012, Robert Howie was dismissed from the Board of Directors.

Restatement of Bylaws. On February 9, 2012, the Board of Directors amended and restated the Company’s Bylaws in their entirety. The principal purpose of the restatement was to remove the requirement that all actions taken by the Board at a duly called meeting be made by unanimous vote and, instead, require that such vote be a majority of directors then present at the meeting.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

We believe the following more critical accounting policies are used in the preparation of our financial statements:

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Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. On a periodic basis, management reviews those estimates, including those related to valuation allowances, loss contingencies, income taxes, and projection of future cash flows.

Mineral Property Costs. The Company has been in the exploration stage since its formation on April 25, 2007 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition, exploration and development of mineral properties. Mineral property acquisition costs are capitalized when management has determined that probable future benefits consisting of a contribution to future cash inflows have been identified and adequate financial resources are available or are expected to be available as required to meet the terms of property acquisition and budgeted exploration and development expenditures. Mineral property acquisition costs are expensed as incurred if the criteria for capitalization are not met. In the event that a mineral property is acquired through the issuance of the Company's shares, the mineral property will be recorded at the fair value of the respective property or the fair value of common shares, whichever is more readily determinable.

When mineral properties are acquired under option agreements with future acquisition payments to be made at the sole discretion of the Company, those future payments, whether in cash or shares, are recorded only when the Company has made or is obliged to make the payment or issue the shares. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves and pre feasibility, the costs incurred to develop such property will be capitalized.

Recent Accounting Pronouncements

We have reviewed accounting pronouncements issued during the past two years and have adopted any that are applicable to the Company. We have determined that none had a material impact on our financial position, results of operations, or cash flows for the quarters ended February 29, 2012 and February 28, 2011.

Forward-Looking Statements

This report contains or incorporates by reference forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning our future business plans and strategies, the receipt of working capital, future revenues and other statements that are not historical in nature. In this report, forward-looking statements are often identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like. These forward-looking statements reflect our current beliefs, expectations and opinions with respect to future events, and involve future risks and uncertainties which could cause actual results to differ materially from those expressed or implied.

Other uncertainties that could affect the accuracy of forward-looking statements include:

- the worldwide economic situation;
- any changes in interest rates or inflation;
- the willingness and ability of third parties to honor their contractual commitments;
- our ability to raise additional capital, as it may be affected by current conditions in the stock market and competition for risk capital;

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- our capital expenditures, as they may be affected by delays or cost overruns;
- environmental and other regulations, as the same presently exist or may later be amended;
- our ability to identify, finance and integrate any future acquisitions; and
- the volatility of our common stock price.

This list is not exhaustive of the factors that may affect any of our forward-looking statements. You should read this report completely and with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements represent our beliefs, expectations and opinions only as of the date of this report. We do not intend to update these forward looking statements except as required by law. We qualify all of our forward-looking statements by these cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

(a) We maintain a system of controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. As of February 28, 2012, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective.

As permitted by applicable SEC rules, this report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report, which is included in Item 8 above, was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

(b) There were no changes in our internal control over financial reporting during the quarter ended February 29, 2012 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Because we are a smaller reporting company, we are not required to provide the information required by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On December 14, 2011, the Company approved the conversion into common stock certain notes (the "Notes") issued by the Company between February 1, 2011 and June 1, 2011. Subject to the terms and conditions contained therein, the Notes were converted into an aggregate of 4,287,142,876 shares of common stock of the Company. The Company believes that these transactions were exempt from registration with the Securities and Exchange Commission pursuant to Section 4(2) of the Securities Act of 1933.

On February 9, 2012, the Company issued an aggregate of 300,000 shares of Series C Preferred Stock (hereafter, the "Preferred Stock") in equal amounts to Robert Howie, Chene Gardner, and Douglas McFarland, each members of the Board of Directors. The Preferred Stock contains no economic rights whatsoever, including no rights to participate in dividends, distributions, or the net assets of the Company upon liquidation, as well as no right to convert such shares into common stock or other securities of the Company. Each share of Preferred Stock does, however, possess 100,000 votes per share and is entitled to vote together with holders of the company's common stock on all matters upon which common stockholders may vote. The Company believes that the issuance of the Series C Preferred Stock was a transaction not involving a public offering and was exempt from registration with the Securities and Exchange Commission pursuant to Rule 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

The following exhibits are filed with or incorporated by referenced in this report:

Item No.	Description
3.1	Amended and Restated Articles of Incorporation (incorporated by reference from our Current Report on Form 8-K filed on December 5, 2011).
3.3	Amended and Restated Bylaws (incorporated by reference from our Current Report on Form 8-K filed on February 14, 2012).
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Douglas McFarland.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chene Gardner.
32.1*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Douglas McFarland.
32.2*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chene Gardner.

* filed herewith

In accordance with Section 13 or 15(d) of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALTO GROUP HOLDINGS, INC.

	/s/ Douglas McFarland
Dated: April 19, 2012	By: Douglas McFarland, Chief Executive Officer