



*(an Exploration stage company)*

INTERIM CONSOLIDATED BALANCE SHEETS

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**ARTHA RESOURCES CORPORATION**  
**Consolidated Balance Sheet**  
As at March 31, 2008 and December 31, 2007

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	\$ 1,410,163	\$ 1,276,452
Accounts receivable	26,928	15,020
Prepaid expenses	19,414	8,874
	1,456,505	1,300,346
Mineral Properties (note 4)	67,264	-
	\$ 1,523,769	\$ 1,300,346
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 100,890	\$ 14,343
<b>Shareholders' equity</b>		
Share capital (note 5)	\$ 1,886,127	\$ 441,351
Subscriptions received	-	1,164,451
Contributed surplus	34,436	34,436
Deficit	(497,684)	(354,235)
	1,422,879	1,286,003
Continuing operations (note 1)	\$ 1,523,769	\$ 1,300,346

On behalf of the Board:

*"W. Todd McMurray"*

*W. Todd McMurray*

*"Kamal Nagra"*

*Kamal Nagra*

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**ARTHA RESOURCES CORPORATION**  
**Consolidated Statements of Operations and Deficit**  
(Unaudited)

Three-month period ended March 31

	2008	2007
<b>Expenses</b>		
Bank charges	\$ 330	\$ 129
Consulting Fees	12,000	-
Expenses relating to identification of qualifying transaction	78,641	-
Investor relations and promotion	11,061	-
Office and general	18,741	-
Professional fees	15,537	-
Regulatory and transfer agent	3,960	4,455
Stock-based compensation	-	-
Travel	16,829	-
<b>Loss before other items</b>	<b>157,099</b>	<b>4,584</b>
<b>Other items:</b>		
Interest income	9,679	3,014
Foreign exchange gain	3,971	-
<b>Net loss for the period</b>	<b>(143,449)</b>	<b>(1,570)</b>
<b>Deficit, beginning of period</b>	<b>(354,235)</b>	<b>(103,270)</b>
<b>Deficit, end of period</b>	<b>\$ (497,684)</b>	<b>\$ (104,840)</b>
<b>Basic loss per common share</b>	<b>\$ (0.018)</b>	<b>\$ (0.0002)</b>
<b>Weighted average number of common shares outstanding</b>	<b>8,189,915</b>	<b>6,652,251</b>

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

**ARTHA RESOURCES CORPORATION**  
**Consolidated Statement of Cash Flows**  
(Unaudited)

Three-month period ended March 31

	2008	2007
<b>Cash provided by (used for):</b>		
Operations:		
Net loss	\$ (143,449)	\$ (1,570)
Changes in non-cash working capital:		
Accounts receivable	(11,908)	(2,764)
Accounts payable	86,547	(3,385)
Prepaid expenses	(10,540)	-
Net cash used in operating activities	(79,350)	(7,719)
Financing activities:		
Share capital net of issue costs	280,325	-
Net cash provided by financing activities	280,325	
Investing activities:		
Mineral Properties	(67,264)	-
Net cash used by investing activities		
Increase/(decrease) in cash and cash equivalents during the period	133,711	(7,719)
<b>Cash and cash equivalents, beginning of period</b>	1,276,452	333,976
<b>Cash and cash equivalents, end of period</b>	\$ 1,410,163	\$ 326,257

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

**ARTHA RESOURCES CORPORATION**  
**(An Exploration Stage Company)**  
**Notes to Interim Consolidated Financial Statements**  
March 31, 2008

**1. Incorporation and nature of business**

The Company was incorporated under the British Columbia Business Corporations Act on January 9, 2006 as Touchstones Capital Corporation. On February 8, 2006, the Company changed its name from Touchstones Capital Corporation to Artha Resources Corporation. The Company was classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX Venture”) Policy 2.4 until March 06, 2008.

On March 06, 2008 the company completed their Qualifying Transaction, which was accepted by the TSX Venture Exchange. The shares of the Company commenced trading on the TSX Venture under the exchange symbol AHC, on March 07, 2008.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition thereof.

**2. Significant accounting policies**

The interim period financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of the financial data is based on accounting principles and practices consistent with those used in the preparation of the Company’s audited year end financial statements. The unaudited interim financial statements of the Company do not contain all the disclosure required by Canadian generally accepted accounting principles for year end financial statements and should be read in conjunction with the audited financial statements for the year end December 31, 2007 and the accompanying notes included. In the opinion of the Company its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the result of the interim period presented.

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company’s wholly owned subsidiary Artha Resources US Corporation.

(b) Mineral Properties

Mineral Properties are carried at cost. Cost includes the acquisition cost of the properties claims and related exploration and development costs. These costs will be amortized on the unit of-production basis once production commences or will be written off if the property is sold or abandoned. The carrying values of the properties do not necessarily reflect their present or future values.

Exploration costs are charged against income in the year in which they are incurred unless they relate to specific areas having indicated potential reserves.

**3. Cash and cash equivalents**

The Company’s excess cash balances are held in accounts at Canadian Chartered Banks. From time to time these funds are invested in fully insured interest-bearing instruments, which are redeemable without penalty at any time.

#### 4. Mineral Properties

##### Wyoming, United States

	Clarkson Hill	WY	DCB	BL	Total
Exploration Expenditures:	\$	\$	\$	\$	\$
Geology Consulting	36,753	12,250	6,126	6,126	61,255
Staking	3,605	1,202	601	601	6,009
<b>Total</b>	<b>40,358</b>	<b>13,452</b>	<b>6,727</b>	<b>6,727</b>	<b>67,264</b>

- (a) On March 6, 2008 the Company completed an option agreement with Energy Metals( US) Corporation, a wholly owned subsidiary of Uranium One, to earn up to a 70% interest in the Clarkson Hill, WY, DCB and BL uranium properties located in the State of Wyoming, USA. To acquire an initial 60% interest, the Company must incur \$5 million in exploration expenditures and issue an aggregate of 1,813,060 common shares in stages over 5 years. An additional 10% interest could be subsequently earned upon the delivery of a positive feasibility study to the optioner within 18 months of the Company earning its initial interest, and the payment of all further exploration costs to that point. The optioner will also have the right to back in to a 50% interest in the property, subject to the completion of certain expenditure requirements, will have the right to participate in up to 20% of the Company's equity financings for a period of one year, and will be entitled to appoint two members of the Company's board.

The following Table summarizes the Company's terms with Energy Metal (US) Corporation to earn a 60% interest:

Regulatory Approval:	Shares	Cash Expenditures	Completed
First anniversary	415,765		-
Within 18 Months		\$500,000	\$67,264
Second anniversary	465,765		-
Within 30 Months		\$1,000,000	-
Third anniversary	465,765		-
Within 42 Months		\$1,000,000	-
Fourth anniversary	465,765		-
Within 54 Months		\$1,000,000	-
Within 64 Months		\$1,500,000	-
<b>Total</b>	<b>1,813,060</b>	<b>\$5,000,000</b>	<b>\$67,264</b>

#### 5. Share capital

- (a) Authorized:

Unlimited number of voting common shares without nominal or par value.

- (b) Issued voting common shares:

	Number of Shares	Share Capital	Contributed Surplus
<b>Issued:</b>			
Balance as at December 31, 2006	6,652,251	\$ 398,681	\$ 33,341
Agent's warrants exercised	347,750	42,670	(7,895)
Stock-based compensation	-	-	8,990
Balance as at December 31, 2007	7,000,001	441,351	34,436
Private Placement, net of share issue costs of \$71,174	4,331,286	1,444,776	-
Balance as at March 31, 2007	11,331,287	\$ 1,886,127	\$ 34,436

## 5. Share capital (continued)

(c) On March 6 2008, the Company completed the private placement of 4,331,286 units at a price of \$0.35 for gross proceeds of \$1,512,275.80. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable for a period of two years from the closing date into one common share of the Company at a price of \$0.65 per share

(d) Shares held in escrow:

Upon the completion of the of the Company's Qualifying Transaction 315,000 common shares were released from escrow as at March 31, 2008 2,835,0001 common shares remain in escrow and will be released as to 15% on each of the 6, 12, 18, 24, 30, and 36 month anniversary dates thereafter.

## 6. Stock-based compensation

During fiscal 2007 the Company granted 65,000 stock options exercisable at a price of \$0.38 per share for a period of five years to a Director of the Company. The stock option is subject to vesting as to 25% upon issuance and 25% each six months thereafter pursuant to the Company's Stock Option Plan.

A summary of the Company's options outstanding is as follows:

	March 31, 2007			December 31, 2007		
	Number of shares	Weighted Average Exercise Price	Weighted Average Remaining Life of Options Outstanding	Number of shares	Weighted Average Exercise Price	Weighted Average Remaining Life of Options Outstanding
Balance, beginning of year	600,000	\$ 0.10	3.11 years	600,000	\$ 0.10	3.36 years
x Granted	65,000	0.38	4.26 years	65,000	0.38	4.51 years
Cancelled/ expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Total balance	665,000	\$ 0.13		665,000	\$ 0.13	

During fiscal 2007 stock based compensation costs in the amount of \$8,990 were recorded in the Statement of Loss. The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options and Agent's warrants granted:

	December 31, 2007	
	Stock Options	Agent's Warrants
Risk-free interest rate	3.58% - 3.43%	3.18%
Expected life of options	5 years	18 months
Annualized volatility	93%-43%	43%
Dividend rate	Nil	Nil

## **7. Related party transactions**

All transactions with related parties occurred in the normal course of business and were measured at the exchange amount, which was the fair value as agreed between management and the related parties. The balances disclosed in the financial statements were unsecured receivable or payable upon demand and arose from the provision of services, expense reimbursements or advances. All material transactions and balances with related parties are described below.

During the three month period ended March 31, 2008 the company paid \$15,000 (2007 - \$25,000) to a director of the company for technical review and evaluation of the exploration projects.

During the three month period ended March 31, 2008 the company paid \$5,000 (2007 - \$nil) for professional services of that director as of President of the company.

During the three month period ended March 31, 2008 the company paid \$4,000 (2007 - \$nil) for professional services of that director as of Chief Financial Officer of the company.

## **8. Subsequent Events**

The company acquired and reviewed significant historical data on its WY projects.

The company granted 217,500 incentive stock options at an exercise price of \$0.35 per share.

The company engaged Progressive IR Consultants Corp. to provide investor relations and communications services. The Service Agreement is drawn for an initial term of one year commencing May 8th, 2008. Progressive will be paid a monthly fee of \$7,500.00 and has been granted incentive stock options entitling it to purchase up to 50,000 shares of Artha at a price of \$0.35 per share until May 13, 2010. The stock options are subject to vesting as to 25% upon issuance and 25% each six months thereafter pursuant to the Company's Stock Option Plan.