



(an Exploration stage company)

3rd Quarter Interim Financial Statements –September 30, 2008
Unaudited-Prepared by Management
not reviewed by an independent auditor

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 financial statements
Consolidated Financial Statements

ARTHA RESOURCES CORPORATION**Consolidated Balance Sheet**

(Unaudited)

As at September 30, 2008 and December 31, 2007

	September 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 861,574	\$ 1,276,452
Accounts receivable	22,083	15,020
Prepaid expenses	-	8,874
	883,657	1,300,346
Mineral Properties	458,423	-
	\$ 1,342,080	\$ 1,300,346
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 142,796	\$ 14,343
Shareholders' equity		
Share capital (note 4)	\$ 1,886,127	\$ 441,351
Subscriptions received	-	1,164,451
Contributed surplus	58,635	34,436
Deficit	(745,478)	(354,235)
	1,199,284	1,286,003
Continuing operations (note 1)	\$ 1,342,080	\$ 1,300,346

On behalf of the Board:

*"W. Todd McMurray"**W. Todd McMurray**"Kamal Nagra"**Kamal Nagra*The accompanying notes are an integral part of these financial statements
Consolidated Financial Statements

ARTHA RESOURCES CORPORATION
Consolidated Statement of Operations and Deficit
(Unaudited)

For the Nine and Three Month Periods Ended September 30, 2008 and 2007

	Three Months Ended September 30,		Six Months Ended September 30,	
	2008	2007	2008	2007
Expenses				
Bank charges	\$ 983	\$ 282	\$ 1,466	\$ 513
Consulting fees	27,830	-	94,025	-
Expenses relating to identification of qualifying transaction	-	60,421	78,641	74,369
Investor relations and promotion	33,224	-	90,496	-
Office and general	5,022	-	35,339	-
Professional fees	3,065	-	29,121	1,500
Regulatory and transfer agent	3,501	2,770	17,349	12,953
Stock based compensation	-	4,495	24,199	4,495
Travel	22,677	-	45,629	-
	96,302	67,968	416,265	93,830
Other income				
Interest income	4,614	2,969	23,403	9,069
Foreign exchange gain/(loss)	(2,571)	-	1,619	-
Loss for the period	(94,259)	(64,999)	(391,243)	(84,761)
Deficit beginning of period	(651,219)	(123,032)	(354,235)	(103,270)
Deficit end of period	\$ (745,478)	\$ (188,031)	\$ (745,478)	\$ (188,031)
Basic and diluted loss per common shares	\$ (0.008)	\$ (0.010)	\$ (0.038)	\$ (0.013)
Weighted average common shares outstanding	11,331,287	6,659,451	10,287,985	6,655,422

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Consolidated Financial Statements

ARTHA RESOURCES CORPORATION
Consolidated Statement of Cash Flows
(Unaudited)

For the Nine and Three month period ended September 30, 2008 and June 30, 2007

	Three Months Ended September 30,		Six Months Ended September 30,	
	2008	2007	2008	2007
Cash provided by (used for):				
Operations:				
Net Loss	\$ (94,259)	\$ (64,999)	\$ (391,243)	\$ (84,761)
Item not affecting cash				
Stock based compensation	-	4,495	24,199	4,495
Change in non-cash working capital:				
Accounts receivable	14,050	(1,630)	(7,063)	3,720
Accounts payable	122,366	1,280	128,453	3,213
Prepaid	809	-	8,874	-
Net cash used in operating activities	42,966	(60,854)	(236,780)	(73,333)
Financing activities:				
Share capital net of issue costs	-	-	280,325	720
Net cash provided by financing activities	-	-	280,325	720
Investing activities:				
Mineral Properties	(323,434)	-	(458,423)	-
Net cash used by investing activities	(323,434)	-	(458,423)	-
(Decrease)/Increase in cash and cash equivalents during the period	(280,468)	(60,854)	(414,878)	(72,613)
Cash and cash equivalents, beginning of period	1,142,042	322,217	1,276,452	333,976
Cash and cash equivalents, end of period	\$ 861,574	\$ 261,363	\$ 861,574	\$ 261,363

The accompanying notes are an integral part of these financial statements
Consolidated Financial Statements

ARTHA RESOURCES CORPORATION
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
September 30, 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	Other	Total
Exploration Expenditures:	\$	\$	\$	\$	\$	\$
Drilling	113,108	33,565	1,195	-	-	147,868
Geology Consulting	78,077	46,757	27,000	8,840	39,865	200,539
Lease & Regulatory	16,313	17,567	27,158	1,682	9,734	72,454
Office & Sundry	6,041	4,976	5,204	5,009	503	21,733
Staking	5,604	1,202	601	601	-	8,008
Travel	1,741	4,113	494	1,398	75	7,821
Total	220,884	108,180	61,652	17,530	50,177	458,423

- (a) On March 6, 2008 the Company completed an option agreement with Energy Metal Corporation US 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 Corporation US to earn 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	-
Total	1,813,060	\$5,000,000	\$67,264

5. Share capital

- (a) Authorized:

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

5. Share capital (continued)

(b) Issued voting common shares:

	Number of Shares	Share Capital		Contributed Surplus
Issued:				
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	-
Stock-based compensation				24,199
Balance as at September 30, 2008	11,331,287	\$	\$1,886,127	\$ 58,635

(b) 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

(c) 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 September 30, 2008 2,362,500 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 2008 the Company granted 267,500 (2007 65,000) stock options. 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:

Expiry Date	September 30, 2008			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
May 09, 2011	600,000	\$0.10	2.61 years	600,000	\$0.10	3.36 years
July 04, 2012	65,000	0.38	3.76 years	65,000	0.38	4.51 years
April 30, 2013	217,500	0.35	4.58 years	-	-	-
May 09, 2010	50,000	0.35	1.61 years	-	-	-
Exercised		-		-	-	-
Total balance	932,500	\$0.19		665,000	\$0.13	

During fiscal 2008 stock based compensation costs in the amount of \$24,199 (2007-\$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:

	September 30, 2008	December 31, 2007	
	Stock options	Stock Options	Agent's Warrants
Risk-free interest rate	2.43% - 2.88%	3.43% - 3.58%	3.18%
Expected life of options	2 to 5 years	5 years	18 months
Annualized volatility	126% - 139%	93% - 43%	43%
Dividend rate		Nil	Nil

6. 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 nine month period ended September 30, 2008 the Company paid \$35,800 (2007 - \$25,000) to a director of the Company for technical review and evaluation of the exploration projects.

During the six month period ended June 30, 2008 the Company paid \$35,000 (2007 - \$nil) for professional services of that director as of President of the Company.

During the six month period ended September 30, 2008 the Company paid \$28,000 (2007 - \$nil) for professional services of that director as of Chief Financial Officer of the Company.

7. Subsequent Events

Subsequent to September 30, 2008 the Company acquired 4,440 acres of state phosphate leases and has submitted a formal application for an additional 6,004 acres of federal phosphate leases.