



(an Exploration stage company)

Consolidated Financial Statements
December 31, 2008 and 2007

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

AUDITORS' REPORT

To the Shareholders of Artha Resources Corporation

We have audited the consolidated balance sheets of Artha Resources Corporation as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
February 19, 2009

ARTHA RESOURCES CORPORATION**Consolidated Balance Sheets**

As at December 31,

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents (note 2)	\$ 556,533	\$ 1,276,452
Accounts receivable	10,139	15,020
Prepaid expenses	-	8,874
	<u>566,672</u>	<u>1,300,346</u>
Mineral properties (note 3)	593,706	-
	<u>\$ 1,160,378</u>	<u>\$ 1,300,346</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 16,184	\$ 14,343

SHAREHOLDERS' EQUITY

Share capital (note 4)	\$ 1,886,127	\$ 441,351
Subscriptions received	-	1,164,451
Contributed surplus (note 4)	82,834	34,436
Deficit	(824,767)	(354,235)
	<u>1,144,194</u>	<u>1,286,003</u>
	<u>\$ 1,160,378</u>	<u>\$ 1,300,346</u>

Continuing operations (note 1)

On behalf of the Board:

"W. Todd McMurray"
W. Todd McMurray

"Kamal Nagra"
Kamal Nagra

ARTHA RESOURCES CORPORATION**Consolidated Statements of Operations and Comprehensive Loss and Deficit**

For the years ended December 31,

	2008	2007
Expenses		
Bank charges	\$ 2,125	\$ 870
Consulting fees	136,025	-
Expenses relating to identification of qualifying transaction	78,641	212,739
Investor relations and promotion	98,475	-
Office and general	42,454	740
Professional fees	41,855	9,927
Regulatory and transfer agent	18,676	30,679
Stock based compensation	48,398	8,990
Travel	55,365	-
	522,014	263,945
Other income		
Interest income	(27,983)	(20,123)
Foreign exchange (gain)/loss	(23,499)	7,143
Net loss and comprehensive loss for the period	(470,532)	(250,965)
Deficit beginning of period	(354,235)	(103,270)
Deficit end of period	\$ (824,767)	\$ (354,235)
Basic and diluted loss per common shares	\$ (0.045)	\$ (0.038)
Weighted average common shares outstanding	10,550,235	6,688,216

ARTHA RESOURCES CORPORATION**Consolidated Statements of Cash Flows**

For the years ended December 31,

	2008	2007
Cash provided by (used for):		
Operations:		
Net loss	\$ (470,532)	\$ (250,965)
Item not affecting cash		
Stock based compensation	48,398	8,990
Change in non-cash working capital:		
Accounts receivable	4,881	(7,134)
Accounts payable	1,841	1,233
Prepaid expenses	8,874	(8,874)
Net cash used in operating activities	(406,538)	(256,750)
Financing activities:		
Share capital net of issue costs	280,325	34,775
Subscriptions received	-	1,164,451
Net cash provided by financing activities	280,325	1,199,226
Investing activities:		
Mineral property costs	(593,706)	-
Net cash used by investing activities	(593,706)	-
(Decrease)/Increase in cash and cash equivalents during the period	(719,919)	942,476
Cash and cash equivalents, beginning of period	1,276,452	333,976
Cash and cash equivalents, end of period	\$ 556,533	\$ 1,276,452

Supplementary cash flow information:

Cash and cash equivalents consist of:

Cash in bank	42,285	726,452
Cashable term investments	514,248	550,000
Interest received from cash equivalents	26,737	12,661

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

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. When it first commenced trading on the TSX Venture Exchange (“the Exchange”) in June 2006, the Company was classified as a Capital Pool Company under the Exchange’s listing policy 2.4, pending completion of a Qualifying Transaction (“QT”) as defined under that policy. On March 6, 2008 the Company completed its QT, as further described in Note 3, after receiving the required approval of the Exchange.

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

Measurement uncertainty

The Company’s consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Basis of presentation

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

Mineral Properties

Mineral property interests 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.

Stock-based compensation plan

The Company has a stock option plan as described in Note 6. The Company accounts for stock-based compensation expense using the fair value base method determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company’s common shares and an expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company’s stock.

The value of such awards is charged to the statement of operations over the vesting period of the stock awards with an offsetting credit to contributed surplus, except for options granted as consideration for share issue costs, which are charged to share capital. Consideration paid for shares on exercise of the stock options will be credited to share capital together with the amount of any contributed surplus that arose as a result of the grant of the exercised stock options.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basic and diluted loss per share

Basic loss per share is calculated on the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Foreign currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities, and equity are translated at historical rates. Revenues and expenses are translated at average rate of exchange prevailing during the year. Gains and losses on translation are included in determining net income (loss) for the year.

Environmental risk

The Company is engaged in resources exploration and development and is accordingly exposed to environmental risks associated with such activity. The properties of the Company are currently in the initial exploration stages and it has not determined whether significant site reclamation costs will be required. The Company would only record liabilities for site reclamation when reasonably determinable and when such costs can be reliably quantified.

Cash and cash equivalents

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

CICA Handbook Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Company has a simple capital structure and therefore this standard has had no impact on its financial statement disclosures.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Instruments

Fair values

The Company's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. All financial instruments are designated as held-for-trading. The fair value of these financial instruments approximates their carrying value due to their short term nature and capacity for prompt liquidation.

Canadian accounting standards require all financial instruments to be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments within its scope, including derivatives, are to be included on the Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Depending on the classification, changes in fair value are to be recognized in the statements of operations and comprehensive income.

All held-for-trading and available-for-sale financial instruments are recorded on the balance sheet at fair value. All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. Transaction costs incurred to acquire held-for-trading financial instruments are recorded to the Consolidated Statement Operations and Deficit. Transaction costs incurred to acquire all other financial instruments are included in the underlying balance.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. Cash deposits are maintained with Canada and United States financial institutions of reputable credit and are redeemable on demand. Accounts receivable consist of Input Tax Credits owed to the Company by the Government of Canada and interest accrued on cash equivalents. Accordingly, the Company's opinion is that credit risk is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or will engage in negotiations to extend terms with debtors. The Company manages liquidity by continuously monitoring and forecasting cash flows.

Foreign Exchange Risk

The Company faces certain foreign risk as most of its expenses are deferred exploration expenses incurred in the United States and the United States dollar may appreciate or depreciate against the Canadian dollar, the Company's reporting currency. It also has exposure risk with respect to amounts due for option payments (Note 3), as these amounts are owed in US dollars. In recent quarters the fluctuations between the United States Dollar and the Canadian Dollar had not warranted the Company to actively manage its foreign exchange risk. Notwithstanding, the Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Instruments *(Continued)*

Interest Rate Risk

Included in the results of operation of the Company is interest income on Canadian Dollar and United States Dollar derived from cash equivalents. Interest income is not material to the Company. The Company has no outstanding debt subject to interest. Accordingly the Company's opinion is that there currently is no interest rate risk for the Company.

Hedges, CICA Section 3865

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. The Company currently does not have any hedges.

Comprehensive Income, CICA Section 1530

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income is the change in net assets that results from transactions, events and circumstances from sources other than shareholders and includes items such as unrealized gains or losses on available-for-sale investments. Accumulated other comprehensive income includes the holding gains and losses from available-for-sale securities which are not included in net income (loss) until realized. Section 1530 currently has no material impact on the Company's financial statements.

Recent accounting pronouncements - International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be accurately determined at this time.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

3. MINERAL PROPERTIES

On March 6, 2008 the Company signed an option agreement with Energy Metal Corporation US a wholly-owned subsidiary of Uranium One, a Canadian public Company, 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 details the Company's future share issue and exploration cost commitments pursuant to this agreement:

Regulatory Approval	Shares	Cash Expenditures	Completed
First anniversary	415,765		-
Within 18 Months		\$500,000	\$534,957
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 60 Months		\$1,500,000	-
Total	1,813,060	\$5,000,000	\$534,957

ARTHA RESOURCES CORPORATION**Notes to the Consolidated Financial Statements**

December 31, 2008 and 2007

3. MINERAL PROPERTIES *(Continued)***Wyoming, United States**

Schedule of mineral property expenditures:

	Balance at 12-31-07	Additions	Write-offs	Balance at 12-31-08
Clarkson Hill				
Drilling	-	117,052	-	117,052
Geology Consulting	-	82,204	-	82,204
Lease & Regulatory	-	17,088	-	17,088
Office & Sundry	-	6,960	-	6,960
Staking	-	5,604	-	5,604
Travel	-	1,740	-	1,740
	-	230,648	-	230,648
WY				
Drilling	-	122,778	-	122,778
Geology Consulting	-	66,649	-	66,649
Lease & Regulatory	-	17,567	-	17,567
Office & Sundry	-	6,138	-	6,138
Staking	-	1,202	-	1,202
Travel	-	5,011	-	5,011
	-	219,345	-	219,345
DCB				
Drilling	-	5,140	-	5,140
Geology Consulting	-	27,034	-	27,034
Lease & Regulatory	-	27,158	-	27,158
Office & Sundry	-	6,089	-	6,089
Staking	-	601	-	601
Travel	-	494	-	494
	-	66,516	-	66,516
BL				
Geology Consulting	-	8,840	-	8,840
Lease & Regulatory	-	1,682	-	1,682
Office & Sundry	-	5,927	-	5,927
Staking	-	601	-	601
Travel	-	1,398	-	1,398
	-	18,448	-	18,448
Other				
Assays	-	470	-	470
Geology Consulting	-	47,489	-	47,489
Lease & Regulatory	-	9,734	-	9,734
Office & Sundry	-	656	-	656
Travel	-	400	-	400
	-	58,749	-	58,749
Total Balance	-	593,706	-	593,706

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

4. 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
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			48,398
Balance as at December 31, 2008	11,331,287	\$ 1,886,127	\$ 82,834

- c. On March 6, 2008, the Company completed a private placement of 4,331,286 units at a price of \$0.35 for gross proceeds of \$1,515,950. 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 to acquire one common share of the Company at a price of \$0.65. Of the gross proceeds raised, \$1,164,451 had been received at December 31, 2007.

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 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.

e. Warrants:

	Number of warrants	Weighted average exercise price	Weighted average remaining life of warrants outstanding	Expiry date
Balance as at December 31, 2006	347,500	\$0.10	0.93	December 5, 2007
Brokers warrants exercised	(347,500)	\$0.10	-	-
Balance as at December 31, 2007	-	-	-	-
Private placement issue	4,331,286	\$0.65	1.18	March 6, 2010
Balance as at December 31, 2008	4,331,286	\$0.65	1.18	

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

5. 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	2008			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	2.35 years	600,000	\$0.10	3.36 years
July 04, 2012	65,000	0.38	3.51 years	65,000	0.38	4.51 years
April 30, 2013	217,500	0.35	4.33 years	-	-	-
May 09, 2010	50,000	0.35	1.35 years	-	-	-
Exercised	-	-	-	-	-	-
Total balance	932,500	\$0.19		665,000	\$0.13	

The grant date fair value of options granted during the year ended December 31, 2008 was \$0.20 (2007 - \$0.14).

During fiscal 2008 stock based compensation costs in the amount of \$48,398 (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:

	2008		2007	
	Stock options	Agent's Warrants	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	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 twelve month period ended December 31, 2008, the Company paid \$50,800 (2007 - \$25,000) to a director of the company for technical review and evaluation of the exploration projects.

During the twelve month period ended December 31, 2008, the Company paid \$50,000 (2007 - \$nil) for professional services of that director as President of the company.

During the twelve month period ended December 31, 2008, the Company paid \$40,000 (2007 - \$nil) for professional services of that director as Chief Financial Officer of the company.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007

7. INCOME TAX RECONCILIATION

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2008	2007
	31.00%	34.12%
Income tax expense (benefit) computed at statutory rates	\$ (160,971)	\$ (85,629)
Non-deductible amounts	250,742	(4,374)
Unrecognized (recognized) benefit of tax losses	(89,771)	90,003
Income tax provision per financial statements	\$ -	\$ -

The significant components of the Company's future income tax assets as at December 31, 2008 and 2007 are as follows:

	2008	2007
Future income tax assets		
Losses carried forward, Canada	\$ 226,000	\$ 357,000
Losses carried forward, United States	234,000	-
Share issuance costs	28,000	22,000
	488,000	379,000
Valuation allowance	(488,000)	(379,000)
Future income tax assets, net	\$ -	\$ -

This potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The following schedule approximates the Company's non-capital loss carry-forwards:

	\$
2006	98,000
2007	263,000
2008	1,075,000
Balance as at December 31, 2008	1,436,000

8. SUBSEQUENT EVENT

The Company entered into an office sublease for its head office at Suite 1518- 800 West Pender Street for 3 years and 5 months commencing on March 1, 2009 and ending on July 30, 2012, at yearly base rent of \$15,164 escalating to \$16,502 after July 31, 2010.