



(an Exploration stage company)

1st Quarter Interim Consolidated Financial Statements
March 31, 2010
Unaudited-Prepared by Management

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ARTHA RESOURCES CORPORATION

Consolidated Balance Sheets

As at:

	March 31 2010 (Unaudited)	December 31 2009 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents (note 2)	\$ 691,377	\$ 276,187
Accounts receivable	5,790	7,556
	<u>697,167</u>	<u>283,743</u>
Mineral properties (note 3)	1,727,421	1,583,496
	<u>\$ 2,424,588</u>	<u>\$ 1,867,239</u>

LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities	\$ 21,631	\$ 46,402

SHAREHOLDERS' EQUITY

Share capital (note 4b)	\$ 3,696,449	\$ 2,846,323
Subscriptions received (note 4d)	-	99,955
Contributed surplus (note 4b)	154,073	150,379
Deficit	(1,447,565)	(1,275,820)
	<u>2,402,957</u>	<u>1,820,837</u>
	<u>\$ 2,424,588</u>	<u>\$ 1,867,239</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, Comprehensive Loss and Deficit
(Unaudited)

Three month period ended March 31:

	2010	2009
Expenses		
Bank charges	\$ 822	\$ 357
Consulting fees	73,267	47,000
Investor relations and promotion	43,195	712
Office and general	24,008	4,921
Professional fees	861	-
Regulatory and transfer agent	14,384	6,508
Travel	12,621	1,539
Net loss before other items	169,158	61,037
Other items		
Interest income	(691)	(1,173)
Foreign exchange loss (gain)	3,278	(4,771)
Net and comprehensive loss for the year	(171,745)	(55,093)
Deficit beginning of year	(1,275,820)	(824,767)
Deficit end of year	\$ (1,447,565)	\$ (879,860)
Basic loss per common share	\$ (0.008)	\$ (0.005)
Weighted average common shares outstanding	22,834,776	11,331,287

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

ARTHA RESOURCES CORPORATION
Consolidated Statements of Cash Flows

Three month period ended March 31,

	2010	2009
Cash provided by (used for):		
Operating activities:		
Net loss	\$ (171,745)	\$ (55,093)
Item not affecting cash:		
Stock based compensation	3,694	-
Change in non-cash working capital:		
Accounts receivable	1,766	6,268
Accounts payable	(24,771)	1,190
Net cash used in operating activities	(191,056)	(47,635)
Financing activities:		
Share capital proceeds	788,495	-
Share issue costs	(38,324)	-
Net cash provided by financing activities	750,171	-
Investing activities:		
Mineral property costs	(143,925)	(21,446)
Net cash used by investing activities	(143,925)	(21,446)
Increase/(Decrease) in cash and cash equivalents during the year	415,190	(69,081)
Cash and cash equivalents, beginning of year	276,187	556,533
Cash and cash equivalents, end of year	\$ 691,377	\$ 487,452

Supplementary cash flow information:

Cash and cash equivalents consist of:			
Cash in bank	\$	16,696	\$ 17,932
Cashable term investments	\$	674,681	\$ 469,520
Interest received from cash equivalents	\$	62	\$ 8,093
Non-cash stock-based compensation included in Investor relations and promotion	\$	3,694	\$ -

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

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

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, 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. Accordingly, the Company’s financial statements are presented on a going concern basis which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company’s interim period Consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted 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. 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 consolidated 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, 2009 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.

Principles of Consolidation

The interim period consolidated financial statements include the accounts of the Company’s wholly-owned subsidiary, Artha Resources US Corporation and its investment in mineral properties in Argentina.

CICA Handbook Section 1535 – Capital Disclosures

This section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company discloses the following, based on the information provided internally to the entity's key management personnel:

- i. qualitative information about its objectives, policies and processes for managing capital;
- ii. summary quantitative data about what it manages as capital;
- iii. whether during the period it complied with any externally imposed capital requirements to which it is subject;
- iv. when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The Company objectives in managing its capital (items included in shareholders’ equity) are to fund acquisition, exploration and development of its mineral properties and to meet its administrative and corporate activities to ensure that the Company continues as a going concern.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has historically relied on equity financings to raise sufficient funds to carry out its exploration and acquisition activities and pay its administrative costs. Therefore, the Company intends to raise additional funds as required to carry out its planned activities.

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets. In order to manage its capital requirements management has put into place a planning and budgeting process.

As at March 31, 2010 and December 31, 2009, the Company had no bank indebtedness or long-term debt. The Company is not subject to any externally imposed capital requirements.

Financial Value of Financial Instruments

During 2009, CICA handbook section 3862 “Financial Instruments – Disclosures” was amended to require enhanced disclosure of financial instrument fair value measurements and liquidity risks. Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The carrying values of amounts receivable, and accounts payable and accrued liabilities are a reasonable estimate of their fair value because of the short period to maturity of these instruments.

Cash and cash equivalents are classified as held-for-trading and are therefore recorded at fair value. At March 31, 2010, the Company’s cash and cash equivalents of \$691,377 (December 31, 2009 \$276,187).

Cash and cash equivalents as shown in the consolidated balance sheet as at March 31, 2010 and December 31, 2009, are measured using level 1. The Company does not have any financial instruments that are measured using level 2 or level 3 inputs. During the three month period ended and year ended December 31, 2009, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

3. MINERAL PROPERTIES

Argentina

Silver and Base Metal Properties

On September 18, 2009 the Company obtained an option to acquire five exploration properties, located in the Province of Jujuy in north-west Argentina, from Davcha Resources International Ltd. (“DRI”) a British Columbia, Canada registered private company (the “Option Agreement”). Concurrent with execution of the Option Agreement, Mr. Charles Straw was appointed a director of the Company and became its Chief Executive Officer.

Upon signing the Letter of Intent (“LOI”) relating to this agreement, the Company paid \$25,000 to DRI. To exercise the option the Company must issue and allot to DRI 9,500,000 shares in its capital on the following schedule:

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

3. MINERAL PROPERTIES (Continued)

	Shares
a) Upon the Acceptance Date for filing of formal option agreement	1,700,000
b) One year after the Acceptance Date	1,700,000
c) Two years after the Acceptance Date	1,700,000
d) Three years after the Acceptance Date	1,700,000
e) Four years after the Acceptance Date	1,700,000
f) Upon the Company receiving bankable feasibility report (“BFR”) on one of the Properties with eight years after the Acceptance Date; provided that if the BFR is not received within the said eight years the total consideration will be reduced to 8,500,000 shares of the Company	1,000,000
Total	9,500,000

The property interests acquired are as follows:

Pirquitas North

The Company assumes DRI’s pre-existing option to acquire a 55% interest by incurring exploration expenditures of US\$1.0 million over 4 years. Upon this interest having been earned, the Company and the optioner will enter into a Joint Venture and, thereafter, each party will be required to contribute its proportional share of further expenditures or be diluted accordingly.

Crosby

The Company assumed DRI’s option to acquire a 94% interest in this property, subject to a 2% NSR, in consideration for assuming DRI’s obligation to pay the underlying property owner US\$215,000 (paid), agreeing to reimburse approximately AU\$169,105 (paid) in exploration costs and advances incurred by the property optioner, and the assumption of certain other obligations of DRI under the Option Agreement.

Vallecito, Rosario and Ichaca Properties

The three other properties, Vallecito, Rosario and Ichaca are 100% owned by DRI.

Rare Earth Properties

The Company acquired by staking 60,000 hectares of rare earth ground located in the Jujuy and Salta provinces of northwest Argentina.

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

3. MINERAL PROPERTIES (Continued)

Wyoming, United States

Uranium Properties

On March 6, 2008 the Company signed an option agreement with Uranium One Americas, Inc. (formerly known as 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 CDN\$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.

The following table details the Company's future share issue and exploration cost commitments pursuant to this agreement:

Regulatory Approval	Shares	Cash Expenditures Required (CDN\$) (cumulative)	Cash Spent (CDN\$) (cumulative)
First anniversary	415,765	-	-
Within 18 Months	-	\$500,000	\$534,957
Second anniversary	465,765	-	-
Within 30 Months	-	1,500,000	675,838
Third anniversary	465,765	-	-
Within 42 Months	-	2,500,000	-
Fourth anniversary	465,765	-	-
Within 54 Months	-	3,000,000	-
Within 60 Months	-	5,000,000	-
Total	1,813,060		

Phosphate Properties

The Company acquired 4,440 acres of state phosphate leases and has submitted formal application for an additional 6,004 acres of federal phosphate leases.

Schedule of mineral property expenditures:

Schedule of mineral property expenditures:

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

3. MINERAL PROPERTIES (Continued)

Argentina – Base Metals and Silver properties	Balance at 2008	Additions	Balance at 2009	Additions	Balance at March 31, 2010
Pirquitas North					
Acquisition	-	55,637	55,637	-	55,637
Assays	-	2,561	2,561	7,232	9,793
Field Equipment rental	-	6,255	6,255	-	6,255
Geology Consulting	-	40,100	40,100	23,648	63,748
Office & Sundry	-	1,817	1,817	2,288	4,105
Satellite Imagery	-	1,706	1,706	-	1,706
Surface Geochemistry	-	-	-	27,040	27,040
Travel	-	16,385	16,385	3,884	20,269
	-	124,461	124,461	64,092	188,553
Crosby					
Acquisition	-	443,255	443,255	-	443,255
Assays	-	2,561	2,561	3,099	5,660
Geology Consulting	-	29,960	29,960	7,513	37,473
Office & Sundry	-	1,817	1,817	-	1,817
Satellite Imagery	-	1,706	1,706	-	1,706
Surface Geochemistry	-	-	-	11,588	11,588
Travel	-	10,116	10,116	-	10,116
	-	489,415	489,415	22,200	511,615
Vallecito					
Acquisition	-	55,637	55,637	-	55,637
Geology Consulting	-	12,711	12,711	7,513	20,224
Office & Sundry	-	701	701	-	701
Satellite Imagery	-	1,706	1,706	-	1,706
Travel	-	308	308	-	308
	-	71,063	71,063	7,513	78,576
Rosario					
Acquisition	-	55,637	55,637	-	55,637
Geology Consulting	-	13,238	13,238	7,513	20,751
Office & Sundry	-	701	701	-	701
Satellite Imagery	-	1,706	1,706	-	1,706
Travel	-	308	308	-	308
	-	71,590	71,590	7,513	79,103
Ichaca					
Acquisition	-	55,637	55,637	-	55,637
Geology Consulting	-	12,180	12,180	7,513	19,693
Office & Sundry	-	701	701	-	701
Satellite Imagery	-	1,706	1,706	-	1,706
Travel	-	308	308	-	308
	-	70,532	70,532	7,513	78,045
Subtotal Base Metals and Silver properties, Argentina		827,061	827,061	108,831	935,892
Argentina – Rare Earth Elements					
Jujuy					
Acquisition	-	4,521	4,521	-	4,521
Environmental Report	-	-	-	3,645	3,645
		4,521	4,521	3,645	8,166
Salta					
Acquisition	-	24,658	24,658	9,402	34,060
Environmental Report	-	-	-	4,112	4,112
		24,658	24,658	13,514	38,172
Subtotal Rare Earth Elements		29,179	29,179	17,159	46,338
Subtotal Argentina properties	-	856,240	856,240	125,990	982,230

ARTHA RESOURCES CORPORATION
Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

3. MINERAL PROPERTIES (Continued)

Wyoming, United States	Balance at 2008	Additions	Balance at 2009	Additions	Balance at March 31, 2010
Uranium properties					
Clarkson Hill					
Drilling	117,052	563	117,615	-	117,615
Geology Consulting	82,204	1,292	83,496	469	83,965
Lease & Regulatory	17,088	8,068	25,156	-	25,156
Office & Sundry	6,960	1,689	8,649	383	9,032
Staking	5,604	-	5,604	-	5,604
Travel	1,740	12	1,752	-	1,752
	230,648	11,624	242,272	852	243,124
WY					
Drilling	122,778	4,926	127,704	-	127,704
Geology Consulting	66,649	64,317	130,966	13,356	144,322
Lease & Regulatory	17,567	11,720	29,287	-	29,287
Office & Sundry	6,138	8,439	14,577	2,159	16,736
Staking	1,202	-	1,202	-	1,202
Travel	5,011	379	5,390	-	5,390
	219,345	89,781	309,126	15,515	324,641
DCB					
Drilling	5,140	-	5,140	-	5,140
Geology Consulting	27,034	1,242	28,276	468	28,744
Lease & Regulatory	27,158	15,244	42,402	-	42,402
Office & Sundry	6,089	1,688	7,777	335	8,112
Staking	601	-	601	-	601
Travel	494	19	513	-	513
	66,516	18,193	84,709	803	85,512
BL					
Geology Consulting	8,840	454	9,294	468	9,762
Lease & Regulatory	1,682	1,232	2,914	-	2,914
Office & Sundry	5,927	1,662	7,589	297	7,886
Staking	601	-	601	-	601
Travel	1,398	-	1,398	-	1,398
	18,448	3,348	21,796	765	22,561
	534,957	122,946	657,903	17,935	675,838
Phosphate properties					
Assays	470	-	470	-	470
Geology Consulting	47,489	625	48,114	-	48,114
Lease & Regulatory	9,734	9,903	19,637	-	19,637
Office & Sundry	656	76	732	-	732
Travel	400	-	400	-	400
	58,749	10,604	69,353	-	69,353
Subtotal Wyoming properties	593,706	133,550	727,256	17,935	745,191
Total mineral property costs	593,706	989,790	1,583,496	143,925	1,727,421

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

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, 2008	11,331,287	\$ 1,886,127	\$ 82,834
Private Placement, net of share issue costs of \$44,804	7,500,000	705,196	-
Issued Davcha 1,700,000 shares	1,700,000	255,000	
Stock-based compensation			67,545
Balance as at December 31, 2009	20,531,287	\$ 2,846,323	\$ 150,379
Private Placement, net of share issue costs of \$38,324	5,923,000	850,126	
Stock-based compensation			3,694
Balance as at March 31, 2010	26,454,287	3,696,449	154,073

c. On February 24, 2010 the Company closed its private placement for \$888,450 through the sale of 5,923,000 units of the Company at a price of 15 cents per unit. Each unit consists of one common share of the Company and one half of one share purchase unit at an exercise price of \$0.25 for a period of 24 months.

d. At December 31, 2009 the Company had received subscription advances of \$99,955 in respect of a private placement of 5,923,000 units at a price of \$0.15.

e. During fiscal 2009 pursuant to the Option Agreement with Davcha Resources International, the Company issued 1,700,000 common shares at \$0.15.

f. On October 6, 2009 the Company completed a private placement of 7,500,000 units a price of \$0.10 for gross proceeds of \$750,000. Each unit consists of one common share and one half 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 \$0.20.

g. Shares held in escrow:

A total of 3,150,001 common shares were escrowed. Upon the completion of the Company's Qualifying Transaction, 315,000 common shares were released from escrow as at March 31, 2010. 945,000 (2009 - 1,417,500) 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.

h. Warrants:

During the three month period ended March 31, 2010 the Company extended the expiry date on the 4,331,286 warrants from March 6, 2010 to September 6, 2010.

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

For the three month period ended March 31, 2010

4. SHARE CAPITAL (Continued)

	Number of warrants	Weighted average exercise price	Weighted average remaining life of warrants outstanding	Expiry date
Balance as at December 31, 2008	4,331,286	\$0.25	0.44 years	September 6, 2010
Private placement issued	3,750,000	\$0.20	1.58 years	October 6, 2011
Balance as at December 31, 2009	8,081,286	\$0.23	0.91 years	
Balance as at December 31, 2009	8,081,286	\$0.23		
Private placement issued	2,961,500	\$0.20	1.90 years	February 24, 2012
Balance as at March 31, 2010	11,042,786	\$0.23		

5. STOCK-BASED COMPENSATION

During fiscal 2009 the Company granted 820,000 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.

During fiscal 2009 the company cancelled 207,500 stock options.

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

	2010			2009		
Expiry Date	Number of options	Weighted average exercise price	Weighted average remaining life of options outstanding	Number of options	Weighted average exercise price	Weighted average remaining life of options outstanding
May 9, 2011	450,000	\$0.10	1.11 years	450,000	\$0.10	1.35 years
July 4, 2012	65,000	0.38	2.26 years	65,000	0.38	2.51 years
April 30, 2013	210,000	0.35	3.08 years	210,000	0.35	3.33 years
May 9, 2013	-	-	-	-	-	-
October 29, 2014	820,000	0.20	4.58 years	820,000	0.20	4.83 years
Total balance	1,545,000	\$0.20		1,545,000	\$0.20	

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2008	932,500	0.19
Granted during the year	820,000	0.20
Cancelled during the year	(207,500)	0.17
Outstanding, March 31, 2010 and December 31, 2009	1,545,000	0.20

ARTHA RESOURCES CORPORATION

Notes to the Consolidated Financial Statements

For the three month period ended March 31, 2010

5. STOCK-BASED COMPENSATION (Continued)

During the three month period ended March 31, 2010 stock based compensation costs in the amount of \$3,694 (2009-\$67,545) were recorded in the Consolidated Statement of Operations and Comprehensive Loss. The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model. The fair value of options granted during the year is \$0.1668.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted:

	2010 and 2009
	Stock options
Risk-free interest rate	1.98%
Expected life of options	5 years
Annualized volatility	243%
Dividend rate	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 3 month period ended March 31, 2010, the Company paid \$15,000 (2009 - \$20,000) to a director of the Company for technical review and evaluation of the exploration projects.

During the 3 month period ended March 31, 2010, the Company paid \$23,500 (2009 - \$nil) for geological and corporate services of that director as CEO of the Company.

During the 3 month period ended March 31, 2010, the Company paid \$25,000 (2009 - \$15,000) for professional services of that director as President of the Company.

During the 3 month period ended March 31, 2009, the Company paid \$25,000 (2009 - \$12,000) for professional services of that director as Chief Financial Officer of the Company.

During the 3 month period ended March 31, 2009, the Company paid \$17,000 (2009 - \$nil) for professional services of that director as Corporate Secretary of the Company.

7. COMMITMENTS

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.

8. SUBSEQUENT EVENTS

Subsequent to March 31, 2010:

- a) William Sheriff resigned from the board of directors of the Company and Christine Thomson was appointed to the Company's board of directors.
- b) The Company appointed Dr. Vicente Mendez to its Advisory Board.