



(an Exploration stage company)

1st Quarter Condensed Consolidated Interim Financial Statements

March 31, 2011

Unaudited-Prepared by Management

(The Condensed Consolidated Interim Financial Statements have not been reviewed by the Company's Auditors)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS AND DEFICIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ARTHA RESOURCES CORPORATION
Condensed Consolidated Interim Statements of Financial Position
(unaudited)
(Expressed in Canadian dollars)

	March 31, 2011	December 31, 2010 (Note 9)	January 1, 2010 (Note 9)
ASSETS			
Current assets			
Cash and cash equivalents (note 3)	\$ 2,558,962	\$ 2,688,011	\$ 276,187
Accounts receivable	26,117	49,291	7,556
	2,585,079	2,737,302	283,743
Exploration and evaluation assets (note 4)	1,863,889	1,704,314	1,583,496
	\$ 4,448,968	\$ 4,441,616	\$ 1,867,239

LIABILITIES

Current liabilities			
Accounts payable and accrued liabilities	\$ 36,564	\$ 82,490	\$ 46,402

SHAREHOLDERS' EQUITY

Share capital (note 5b)	\$ 7,297,582	\$ 7,043,332	\$ 2,846,323
Subscriptions received (note 5f)		-	99,955
Contributed surplus (note 5b)	817,966	769,773	150,379
Deficit	(3,703,144)	(3,453,979)	(1,275,820)
	4,412,404	4,359,126	1,820,837
	\$ 4,448,968	\$ 4,441,616	\$ 1,867,239

Continuing operations (note 2)

On behalf of the Board:

“W. Todd McMurray”

W. Todd McMurray

“Kamal Nagra”

Kamal Nagra

ARTHA RESOURCES CORPORATION**Condensed Consolidated Interim Statements of Comprehensive Loss and Deficit**

(unaudited)

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2011	2010
Expenses		
Bank charges	\$ 764	\$ 822
Consulting fees	84,081	73,267
Exploration	16,443	-
Investor relations and promotion	30,129	43,195
Office and general	27,754	24,008
Professional fees	19,247	861
Regulatory and transfer agent	9,894	14,384
Share-based compensation	48,193	-
Travel	7,461	12,621
Net Loss before other items	243,966	169,158
Other items		
Interest income	(5,993)	(691)
Foreign exchange loss (gain)	11,192	3,278
Net loss and comprehensive loss for the period	(249,165)	(171,745)
Deficit beginning of period	(3,453,979)	(1,275,820)
Deficit end of period	\$ (3,703,144)	\$ (1,447,565)
Basic loss per common share	\$ (0.005)	\$ (0.008)
Weighted average common shares outstanding	51,294,942	22,834,776

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

ARTHA RESOURCES CORPORATION
Condensed Consolidated Interim Statements of Changes in Equity
(unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31,	
	2011	2010
Share Capital:		
Balance, at January 1	\$ 7,043,332	\$ 2,846,323
Shares issued during the period, net of issue costs	254,250	850,126
Balance, at March 31	7,297,582	3,696,449
Contributed surplus:		
Balance, at January 1	769,773	150,379
Fair value of share-based compensation of option vesting	48,193	3,694
Balance, at March 31	817,966	154,073
Deficit:		
Balance, at January 1	(3,453,979)	(1,275,820)
Loss for the period	(249,165)	(171,745)
Balance, at March 31	(3,703,144)	(1,447,565)
Total shareholders' equity	\$ 4,412,404	\$ 2,402,957

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

ARTHA RESOURCES CORPORATION
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31,	
	2011	2010
Cash flows from operating activities:		
Operating activities:		
Net loss	\$ (249,165)	\$ (171,745)
Adjustments to reconcile loss to net cash used in operating activities		
Share-based compensation	48,193	3,694
Interest income	(5,993)	(691)
Changes in non-cash working capital balances		
Accounts receivable	28,875	2,395
Accounts payable	(45,927)	(24,771)
Cash used in operating activities	(224,017)	(191,118)
Interest received	293	62
Total cash outflows from operating activities	(223,724)	(191,056)
Cash flows from Financing activities:		
Share capital proceeds	254,250	788,495
Share issue costs	-	(38,324)
Total cash inflows from financing activities	254,250	750,171
Cash flows from Investing activities:		
Exploration and evaluation assets	(159,575)	(143,925)
Total cash outflows from investing activities	(159,575)	(143,925)
Increase/(Decrease) in cash and cash equivalents during the period	(129,049)	415,190
Cash and cash equivalents, beginning of period	2,688,011	276,187
Cash and cash equivalents, end of period	\$ 2,558,962	\$ 691,377

Supplementary cash flow information:

Cash and cash equivalents consist of:

Cash in bank	\$ 194,274	\$ 16,696
Cashable term investments	\$ 2,364,688	\$ 674,681

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

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

1. NATURE OF OPERATIONS

Artha Resources Corporation (“the Company”) was incorporated under the laws of the Province of British Columbia, Canada on January 9, 2006. The Company’s principal business activity is in the exploration and evaluation of mineral properties located in various provinces in Argentina and Wyoming USA. The Company is listed on the TSX Venture Exchange, having the symbol AHC-V

The address of the Company’s corporate office and principal place of business is 543 Granville Street, Suite 1502, Vancouver, British Columbia V6C 1X8

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Company for the year-ending December 31, 2011 will be prepared in accordance with International financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian “GAAP”). These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They are the Company’s first IFRS condensed consolidated interim financial statements for the period covered by the first annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011 and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year end December 31, 2010 and the accompanying notes included.

An explanation of how the transition from Canadian generally accepted accounting principles (GAAP) to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 9.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 23, 2011

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis and using the accrual basis of accounting.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant areas requiring the use of management estimates relate to the determination of the impairment of investment in exploration and evaluation assets, assumptions used in determining share-based payment transaction and income tax. Actual results may differ from these estimates.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

2. BASIS OF PREPARATION *(Continued)*

(c) Going Concern of Operations:

The Company has not generated revenue from operations. The Company incurred a net loss of \$249,165 during the three months-ended March 31, 2011 and, as of that date the Company's deficit was \$3,703,144. However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. 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 exploration and evaluation assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year-ending December 31, 2011 and have been applied consistently to all periods presented in these condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Principles of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company's wholly-owned subsidiary, Artha Resources US Corporation and its investment in exploration and evaluation assets in Argentina.

Share-based payments

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 the awards of stock is determined by the quoted market price of the Company's stock.

The fair value of such awards at the date of grant is charged to the statement of comprehensive loss 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 received 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.

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. Diluted earnings per share is not disclosed as it is anti-dilutive.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency

The Company's functional and presentation currency is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income or expense.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Provisions

The Company is engaged in resources exploration and evaluation 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.

Management of capital

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

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, 2011, the Company had no bank indebtedness or long-term debt. The Company is not subject to any externally imposed capital requirements.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Mineral Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for regional reconnaissance or property investigations prior to the acquisition of a property are charged to operations. Expenditures incurred subsequent to acquisition are capitalized and will be amortized on the unit-of-production method when, and if, estimated proven or probable reserves can be determined by independent consulting engineers and production has begun. When there is little prospect of further work on a property being carried out by the Company, the deferred costs associated with that property are charged to operations during the year such determination is made. The amounts shown for Exploration and Evaluation Assets represent acquisition costs and exploration costs incurred to date after the property was acquired or optioned, less recoveries and write-offs, and are not intended to reflect present or future values.

Exploration and Evaluation Asset acquired under an option agreement where payments are made at the sole discretion of the Company, is capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

Impairment of Non Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

Income Taxes

The Company accounts for income taxes using the asset and liability method of accounting. Under this method future income tax assets and future income tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax asset, including unused tax losses, are restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. These future income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to apply when the tax assets or liabilities are to be settled or realized.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
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For the three month period ended March 31, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue on new shares or options are shown in equity as deduction from the proceeds.

Financial instruments

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, fair market values, and fair value hierarchal classification of the Company's financial instruments are as follows:

		Level 1	Level 2	Level 3
March 31, 2011	Cash and cash equivalents	\$2,558,962	-	-

ARTHA RESOURCES CORPORATION
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4. EXPLORATION AND EVALUATION ASSETS

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:

	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.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

4. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Rare Earth Properties

The Company acquired, by staking, 156,500 hectares of rare earth ground located in the Jujuy and Salta provinces of northwest Argentina and in the Jasimampa area in the Sierra Norte de Córdoba, Santiago del Estero Province, Argentina.

Wyoming, United States

Uranium Properties

In the State of Wyoming the Company has 32 mineral claims which were acquired through staking directly from the Bureau of Land Management in the state of Wyoming USA.

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.

At December 31, 2010, the Company dropped its option on the Clarkson Hill, WY, DCB, and BL uranium properties and has written off all related deferred costs.

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	\$789,433
Third anniversary	465,765	-	-
Within 42 Months	-	2,500,000	-
Fourth anniversary	465,765	-	-
Within 54 Months	-	3,000,000	-
Fifth anniversary	-	5,000,000	-
Total	1,813,060		

Phosphate Properties

The Company did not renew the phosphate leases in August 2010 due to its focus on the exploration properties in Argentina, and has written off all costs.

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three month period ended March 31, 2011

4. EXPLORATION AND EVALUATION ASSETS (Continued):

Schedule of mineral exploration and evaluation expenditures:

Argentina – Base Metals and Silver properties	Balance January 1, 2010	Additions	Balance December 31, 2010	Additions	Balance March 31, 2011
Pirquitas North	\$	\$	\$	\$	\$
Acquisition	55,637	-	55,637	-	55,637
Assays	2,561	19,504	22,065	-	22,065
Field Equipment	6,255	309	6,564	-	6,564
Geology Consulting	40,100	131,577	171,677	11,869	183,546
Office & Sundry	1,817	8,997	10,814	1,411	12,225
Satellite Imagery	1,706	5,440	7,146	-	7,146
Surface Geochemistry	-	27,040	27,040	-	27,040
Surface Geophysics	-	92,068	92,068	-	92,068
Travel	16,385	64,343	80,728	5,040	22,740
	124,461	349,278	473,739	18,320	492,059
Crosby					
Acquisition	443,255	-	443,255	-	443,255
Assays	2,561	18,739	21,300	-	21,300
Field Equipment	-	309	309	-	309
Geology Consulting	29,960	93,367	123,327	7,500	130,827
Office & Sundry	1,817	3,294	5,111	1,411	6,522
Satellite Imagery	1,706	-	1,706	-	1,706
Surface Geochemistry	-	11,588	11,588	-	11,588
Travel	10,116	22,559	32,675	5,040	37,715
	489,415	149,856	639,271	13,951	653,222
Vallecito					
Acquisition	55,637	-	55,637	-	55,637
Assays	-	35,462	35,462	3,917	39,379
Drilling	-	-	-	27,447	27,447
Environmental Report	-	1,023	1,023	-	1,023
Geology Consulting	12,711	72,420	85,131	22,339	107,470
Office & Sundry	701	1,495	2,196	2,377	4,573
Satellite Imagery	1,706	2,796	4,502	-	4,502
Travel	308	10,870	11,178	7,093	18,271
	71,063	124,066	195,129	63,173	258,302
Rosario					
Acquisition	55,637	-	55,637	-	55,637
Geology Consulting	13,238	30,891	44,129	13,692	57,821
Office & Sundry	701	971	1,672	1,411	3,083
Satellite Imagery	1,706	-	1,706	-	1,706
Travel	308	2,489	2,797	4,491	7,288
	71,590	34,351	105,941	19,594	125,535
Ichaca					
Acquisition	55,637	-	55,637	-	55,637
Assays	-	-	-	3,780	3,780
Geology Consulting	12,180	34,187	46,367	13,823	60,190
Office & Sundry	701	971	1,672	1,279	2,951
Satellite Imagery	1,706	-	1,706	-	1,706
Travel	308	2,489	2,797	5,639	8,436
	70,532	37,647	108,179	24,521	132,700
Subtotal Base Metals and Silver properties, Argentina	827,061	695,198	1,522,259	139,559	1,661,818

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
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4. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Schedule of mineral exploration and evaluation expenditures:

Argentina – Rare Earth Elements	Balance January 1, 2010	Additions	Balance December 31, 2010	Additions	Balance March 31, 2011
Jujuy	\$	\$	\$	\$	\$
Acquisition	4,521	1,087	5,608	-	5,608
Environmental Report	-	3,645	3,645	-	3,645
	4,521	4,732	9,253	-	9,253
Salta					
Acquisition	24,658	18,442	43,100		43,100
Assays	-	30,415	30,415		30,415
Environmental Report	-	6,870	6,870		6,870
Geology Consulting	-	79,500	79,500		79,500
Office & Sundry	-	1,593	1,593	1,334	2,927
Travel	-	11,324	11,324	-	11,324
	24,658	148,144	172,802	1,334	174,136
Santiago Del Estero Minas					
Acquisition	-	-	-	16,340	16,340
Office & Sundry	-	-	-	695	695
Travel	-	-	-	1,647	1,647
	-	-	-	18,682	18,682
Subtotal Rare Earth Elements	29,179	152,876	182,055	20,016	202,071
Subtotal Argentina properties	856,240	848,074	1,704,314	159,575	1,863,889

ARTHA RESOURCES CORPORATION
Notes to the Condensed Consolidated Interim Financial Statements
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4. EXPLORATION AND EVALUATION ASSETS (Continued):

Schedule of mineral exploration and evaluation expenditures:

Wyoming, United States	Balance January 1, 2010	Additions (Recoveries)	Write-offs	Balance December 31, 2010	Additions	Balance March 31, 2011
Uranium properties	\$	\$	\$	\$	\$	\$
Clarkson Hill						
Drilling	117,615	-	(117,615)	-		
Geology Consulting	83,496	10,363	(93,859)	-		
Lease & Regulatory	25,156	7,232	(32,388)	-		
Office & Sundry	8,649	1,513	(10,162)	-		
Staking	5,604	-	(5,604)	-		
Travel	1,752	368	(2,120)	-		
	242,272	19,476	(261,748)	-		
WY						
Drilling	127,704	417	(128,121)	-		
Geology Consulting	130,966	60,214	(191,180)	-		
Lease & Regulatory	29,287	9,415	(38,702)	-		
Office & Sundry	14,577	8,530	(23,107)	-		
Staking	1,202	-	(1,202)	-		
Travel	5,390	1,846	(7,236)	-		
	309,126	80,422	(389,548)	-		
DCB						
Drilling	5,140	-	(5,140)	-		
Geology Consulting	28,276	6,424	(34,700)	-		
Lease & Regulatory	42,402	14,739	(57,141)	-		
Office & Sundry	7,777	1,467	(9,244)	-		
Staking	601	-	(601)	-		
Travel	513	-	(513)	-		
	84,709	22,630	(107,339)	-		
BL						
Geology Consulting	9,294	6,424	(15,718)	-		
Lease & Regulatory	2,914	1,165	(4,079)	-		
Office & Sundry	7,589	1,413	(9,002)	-		
Staking	601	-	(601)	-		
Travel	1,398	-	(1,398)	-		
	21,796	9,002	(30,798)	-		
Subtotal Uranium properties	657,903	131,530	(789,433)	-		
Phosphate properties						
Assays	470	-	(470)	-		
Geology Consulting	48,114	-	(48,114)	-		
Lease & Regulatory	19,637	(3,119)	(16,518)	-		
Office & Sundry	732	-	(732)	-		
Travel	400	-	(400)	-		
	69,353	(3,119)	(66,234)	-		
Subtotal Phosphate properties						
Subtotal Wyoming properties	727,256	128,411	(855,667)	-		
Total Exploration and Evaluation Assets	1,583,496	976,485	(855,667)	1,704,314	159,575	1,863,889

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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
Issued:			
Balance as at January 1, 2010	20,531,287	\$ 2,846,323	\$ 150,379
Private Placement, net of share issue costs of \$38,731	5,923,000	849,719	-
Private Placement, net of share issue costs of \$29,810	4,545,455	470,190	-
Private Placement, net of share issue costs of \$122,900 and FV of agent warrants	20,000,000	2,877,100	13,651
Stock-based compensation	-	-	605,743
Balance as at December 31, 2010	50,999,742	\$ 7,043,332	\$ 769,773
on exercise of warrants @\$0.25	753,000	188,250	
on exercise of warrants @\$0.20	330,000	66,000	
Stock-based compensation	-	-	48,193
Balance as at March 31, 2011	52,082,742	\$ 7,297,582	\$ 817,966

- c. On December 3, 2010 the Company closed its private placement for \$3,000,000 through the sale of 20,000,000 units of the Company at a price of \$0.15 per unit. Each unit consists of one common share of the Company and one half of one share purchase warrant at an exercise price of \$0.30 for a period of 24 months.
- d. On September 17, 2010 the Company closed its private placement for \$500,000 through the sale of 4,545,455 units of the Company at a price of \$0.11 per unit. Each unit consists of one common share of the Company and one half of one share purchase warrant at an exercise price of \$0.25 for a period of 24 months.
- e. 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 \$0.15 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.
- f. 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.

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5. SHARE CAPITAL *(Continued)*

g. Warrants:

During fiscal 2011 753,000 warrants @ \$0.25 were exercised for gross proceeds of \$188,250 and 330,000 warrants @ \$0.20 were exercised for gross proceeds of \$66,000.

During fiscal 2010 the Company extended the expiry date on the 4,331,286 share purchase warrants from March 6, 2010 to December 31, 2011.

	Number of warrants	Weighted average exercise price	Weighted average remaining life of warrants outstanding	Expiry date
Balance as at January 1, 2009	4,331,286	\$0.25	0.75 years	December 31, 2011
Private placement issued	3,750,000	\$0.20	0.52 years	October 6, 2011
Balance as at January 1, 2010	8,081,286	\$0.23		
Private placement issued	2,961,500	\$0.25	0.90years	February 24, 2012
Private placement issued	2,272,727	\$0.25	1.47years	September 17, 2012
Private placement issued	10,000,000	\$0.30	1.68years	December 3,2012
Agent Warrants	76,331	\$0.30	1.68years	December 3,2012
Balance as at December 31, 2010	23,391,844	\$0.26		
Exercised	(753,000)	\$0.25	-	-
Exercised	(330,000)	\$0.20	-	-
Balance as at March 31, 2011	22,308,844	\$0.26	-	-

6. SHARE-BASED PAYMENTS

During fiscal 2011 the Company granted 225,000 stock options to its directors, officers and consultants with a weighted-average exercise price of \$0.30. 50,000 of the stock options were subject to vesting as to 25% upon issuance and 25% each six months thereafter. The Company also cancelled 115,000 stock options.

During the year ended December 31, 2010, the Company granted 2,875,000 stock options to directors, officers and consultants with a weighted-average exercise price of \$0.20 and an expiry date of December 8, 2015. All of these options vested on the grant date. The Company also cancelled 210,000 stock options.

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6. **SHARE-BASED PAYMENTS** (Continued)

The Following is a summary of changes in options from January 1, 2010 to March 31, 2011:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year			Closing Balance	Vested And Exercisable
				Granted	Exercised	Forfeited		
May 9, 2006	May 9, 2011	\$0.10	450,000	-	-	-	450,000	450,000
Jul. 4, 2007	Jul. 4, 2012	\$0.38	65,000	-	-	-	65,000	65,000
Apr. 30, 2008	Apr. 30, 2013	\$0.35	210,000	-	-	100,000	110,000	110,000
Oct. 29, 2009	Oct. 29, 2014	\$0.20	820,000	-	-	225,000	595,000	446,250
Dec. 8 2010	Dec. 8, 2014	\$0.20	175,000	-	-	175,000	-	-
Dec 8 2010	Dec. 8,2015	\$0.20	-	2,875,000	-	-	2,875,000	2,875,000
Feb. 22, 2011	Feb 22,2016	\$0.27	-	25,000	-	-	25,000	25,000
Mar 11, 2011	Mar. 1,2016	\$0.32	-	150,000	-	-	150,000	150,000
Ma 11, 2011	Mar. 11,2016	\$0.25	-	50,000	-	-	50,000	12,500
			1,720,000	3,100,000	-	500,000	4,320,000	4,133,750
Weighted Average Exercise Price			\$0.20	\$0.21	-	\$0.23	\$0.20	\$0.20

	Number of options	Weighted average exercise price \$
Outstanding, January 1, 2010	1,545,000	0.20
Granted during the year	2,875,000	0.20
Cancelled during the year	(210,000)	0.27
Outstanding, December 31, 2010	4,210,000	0.20
Granted during fiscal 2011	225,000	0.30
Cancelled during fiscal 2011	(115,000)	0.20
Outstanding, March 31, 2011	4,320,000	0.20

During fiscal 2011, share-based compensation costs in the amount of \$48,193 (2010 - \$605,743) were credited to contributed surplus, with \$48,193 (2009 - \$590,967) expensed to share-based compensation and (2009 - \$3,694) expensed to the investor relations and promotion account. The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average fair value of options granted during fiscal 2011 is \$0.2491 (2010 - \$0.1886).

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

	2011	2010	2010
		Agent Warrants	Stock options
Risk-free interest rate	1.98%	1.43%	1.98%
Expected life of options	5 Years	2 Years	5 years
Annualized volatility	123%	206%	123%
Dividend rate	Nil	Nil	Nil

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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, 2011, the Company paid:

\$24,000 (2010 - \$23,500) for geological and corporate services provided by a director also serving as Chief Executive Officer of the Company.

\$27,000 (2010 - \$25,000) for professional services provided by a director also serving as President of the Company.

\$25,500 (2010 - \$25,000) for professional services provided by a director also serving as Chief Financial Officer of the Company.

\$22,500 (2010 - \$17,000) for professional services provided by a director also serving as Corporate Secretary of the Company.

8. COMMITMENTS

The Company entered into an office sublease for its head office at Suite 1502-543 Granville Street, Vancouver, for three years, commencing on April 1, 2011 and ending March 31, 2014, at yearly base rent of \$60,340. The Company terminated the office sublease for its head office at Suite 1518-800 West Pender Street, Vancouver.

9. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements for the year-ending December 31, 2011 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of IFRS requires that comparative financial information be provided. As a result the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 generally required that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles.

Exploration and Evaluation Assets

IFRS 6, "Exploration for and Evaluation of Mineral Resources" allows the Company to follow an approach similar to Canadian GAAP, and therefore, exploration and evaluation expenditures can be either expensed or capitalized. The IFRS applies to expenditures after the pre-acquisition stage until such time as the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. IFRS 6 requires exploration and evaluation assets to be tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The Company has chosen to capitalize its exploration and evaluation expenditures. Applying this accounting policy had no impact on transition to IFRS.

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9. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

Optional Exemptions

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

Share-Based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

Mandatory Exceptions

a) Estimates

In accordance with IFRS 1, the Company's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

b) Reconciliation of IFRS and Canadian GAAP

The Company's adoption of IFRS had no impact on the unaudited condensed consolidated interim statements of financial position, comprehensive loss, equity or cash flows and the audited condensed consolidated statement of financial position as at December 31, 2010 and opening balances at January 1, 2010.

Reconciliation of comprehensive loss and equity

Comprehensive Loss

	Three Months Ended March 31, 2010	Year Ended December 31, 2010
Comprehensive loss under Canadian GAAP	\$171,745	\$2,178,159
Adjustment for differing accounting treatments	-	-
Comprehensive loss under IFRS	\$171,745	\$2,178,159

Equity

	January 1, 2010	March 31, 2010	December 31, 2010
Total shareholders' equity under Canadian GAAP	\$1,820,837	\$2,402,957	\$4,359,126
Adjustments for differing accounting treatments	-	-	-
Total equity under IFRS	\$1,820,837	\$2,402,957	\$4,359,126

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10. EVENTS AFTER THE REPORTING DATE

Subsequent to March 31, 2011:

- (a) The Company issued 185,000 common shares upon the exercise of outstanding share purchase warrants .of 185,000 at an exercise price of \$0.20 per share for gross proceeds of \$37,000.
- (b) On April 29, 2011, the Company issued 1,700,000 common shares to Davcha Resources International Ltd. (“DRI”) at a deemed price of \$0.32 per share as part of the Company’s Option Agreement with DRI. See note 4.
- (c) The Company issued 450,000 common shares upon the exercise of stock options at an exercise price of \$0.10 per share for gross proceeds of \$45,000.