



(a capital pool company)

3rd Quarter Interim Financial Statements –September 30, 2007
Unaudited-Prepared by Management
not reviewed by an independent auditor

The accompanying notes are an integral part of these financial statements

ARTHA RESOURCES CORPORATION
(A Capital Pool Company)
Balance Sheet
(Expressed in Canadian Dollars)
As at September 30, 2007
(Unaudited)

	September 30, 2007 (Unaudited)	December 31, 2006 Audited
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 261,363	\$ 333,976
Accounts receivable	4,166	7,886
	\$ 265,529	\$ 341,862
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 16,323	\$ 13,110
Shareholders' Equity		
Share capital (note 4)	\$ 399,566	\$ 398,681
Contributed surplus	37,671	33,341
Deficit	(188,031)	(103,270)
	249,206	328,752
Continuing operations (note 1)	\$ 265,529	\$ 341,862

On behalf of the Board:

"Signed"

W. Todd McMurray

"Signed"

Kamal Nagra

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ARTHA RESOURCES CORPORATION
(A Capital Pool Company)
Statement of Operations and Deficit
(Unaudited)

For the Nine and Three Month Periods Ended September 30, 2007 and 2006

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Expenses				
Bank charges	\$ 282	\$ 127	\$ 513	\$ 378
Expenses relating to identification of Qualifying transaction	60,421	13,815	74,369	29,766
Office and general	-	-	-	342
Professional fees	-	-	1,500	5,001
Regulatory and transfer agent	2,770	939	12,953	1,846
Stock based compensation	4,495	-	4,495	25,446
	67,968	14,881	93,830	62,779
Other income				
Interest income	2,969	3,632	9,069	5,437
Loss for the period	(64,999)	(11,249)	(84,761)	(57,342)
Deficit beginning of period	(123,032)	(46,093)	(103,270)	-
Deficit end of period	\$ (188,031)	\$ (57,342)	\$ (188,031)	\$ (57,342)
Basic and diluted loss per common shares	\$ (0.010)	\$ (0.002)	\$ (0.013)	\$ (0.012)
Weighted average common shares outstanding	6,659,451	6,650,001	6,655,422	4,701,137

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ARTHA RESOURCES CORPORATION
(A Capital Pool Company)
Statement of Cash Flows
(Unaudited)

For the Nine and Three month period ended September 30, 2007 and September 30, 2006

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Cash provided by (used for):				
Operations:				
Net Loss	\$ (64,999)	\$ (11,249)	\$ (84,761)	\$ (57,342)
Item not affecting cash				
Stock based compensation	4,495	-	4,495	25,446
		-		
Change in non-cash working capital:				
Accounts receivable	(1,630)	(725)	3,720	(4,289)
Accounts payable	1,280	(18,132)	3,213	5,206
Net cash used in operating activities	(60,854)	(30,106)	(73,333)	(30,979)
Financing activities:				
Share capital net of issue costs	\$ -	\$ -	\$ 720	\$ 407,251
Net cash provided by financing activities	-	-	720	407,251
Increase in cash and cash equivalents during the period	\$ (60,854)	\$ (30,106)	\$ (72,613)	\$ 376,272
Cash and cash equivalents, beginning of period	322,217	406,378	333,976	-
Cash and cash equivalents, end of period	\$ 261,363	\$ 376,272	\$ 261,363	\$ 376,272

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ARTHA RESOURCES CORPORATION
(A Capital Pool Company)
Notes to Financial Statements
For the nine month period ended September 30, 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 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX Venture").

On February 8, 2006, the Company changed its name from Touchstones Capital Corporation to Artha Resources Corporation.

The Company's continued operations are dependent upon its ability to identify and evaluate potential acquisitions of interest in properties, corporations, asset or business, and once identified and evaluated, to negotiate an acquisition of thereof or participation therein subject to receipt of regulatory and, if required, shareholder approval in order for the Company to complete a qualifying transaction approved by the TSX Venture.

2. Significant accounting policies

The interim period financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of the financial data is based on accounting principles and practices consistent with those used in the preparation of the Company's audited financial statements for the period from incorporation (January 9, 2006) to December 31, 2006. The unaudited interim financial statements of the Company do not contain all the disclosure required by Canadian generally accepted accounting principles for annual financial statements and should be read in conjunction with the audited financial statements for the period from incorporation (January 9, 2006) to December 31, 2006 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.

3. Cash and cash equivalents

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the TSX Venture. The Company's excess cash balances are held in accounts at Canadian Chartered Banks. From time to time these funds are invested in fully insured interest-bearing instruments, which are redeemable without penalty at any time.

4. 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			
Cash – seed shares	3,150,001	\$ 157,500	\$ -
Initial public offering	3,500,000	350,000	-
Share issue cost	-	(109,096)	-
Stock-based compensation	-	-	25,446
Agent's warrants	-	-	7,947
Agent's warrants exercised	<u>2,250</u>	<u>277</u>	<u>(52)</u>
Balance as at December 31, 2006	<u>6,652,251</u>	<u>\$ 398,681</u>	<u>\$ 33,341</u>
Shares Issued for cash	7,200	720	
Stock-based compensation			4,495
Agent's warrants exercised		165	(165)
Balance as at September 30, 2007	<u>6,659,451</u>	<u>\$ 399,566</u>	<u>\$ 37,671</u>

(c) Shares held in escrow:

Of the issued and outstanding common shares, 3,150,001 will be held in escrow pursuant to the requirements of the Exchange, to be released as to 10% thereof on the completion of the Company's Qualifying Transaction and as to 15% on each of the 6, 12, 18, 24, 30, and 36 month anniversary dates thereafter.

(d) Initial public offering:

On May 9, 2006 the Company completed the initial Public Offering of 3,500,000 common shares at \$0.10 per share for gross proceeds of \$350,000. Union Securities Ltd acted as agent in respect of the offering and received a cash commission of \$45,000 as well as a warrant to acquire up to 350,000 common shares at \$0.10 per share, exercisable for a period of eighteen months.

(e) During the nine months period ended September 30, 2007, 7,200 Agent's warrants were exercised to acquire 7,200 common shares for cash consideration of \$720.

During fiscal 2006, 2,250 Agent's warrants were exercised to acquire 2,250 common shares for cash consideration of \$225.

5. Stock-based compensation

During the three months period ended September 30, 2007, the Company granted 65,000 stock options exercisable at a price of \$0.38 per share for a period of five years to a Director of the Company. The stock option is subject to vesting as to 25% upon issuance and 25% each six months thereafter pursuant to the Company's Stock Option Plan.

The stock based compensation costs in the amount of \$4,864 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 based on the Black-Scholes valuation of stock options.

Directors and Officers

Risk-free interest rate	3.58%
Expected life of options	5 Years
Annualized volatility	93%
Dividend rate	-

During fiscal 2006, the Company granted to its directors and officers, on the closing date, options to purchase 600,000 common shares at a price of \$0.10 per share. These options are non-transferable and will expire on May 9, 2011 if unexercised. No options have been exercised to date.

As at September 30, 2007 the following stock options and agent's warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	600,000	\$0.10	May 9, 2011
Options	65,000	\$0.38	July 3, 2012
Agent's warrants	340,550	\$0.10	December 5, 2007

6. Subsequent Events

The Company increased the private placement from \$1,300,250 to \$1,515,950.10 by issuing an addition 616,286 units.