



MANAGEMENT DISCUSSION AND ANALYSIS  
For the Three Months Ended March 31, 2015

**ARTHA RESOURCES CORPORATION**  
**Form 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

The following discussion and analysis should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended March 31, 2015 and audited consolidated financial statements for the year ended December 31, 2014 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Statements in this report that are not historical facts and are forward-looking statements involving known and unknown risks and uncertainties could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

1.1 Date of This Report

May 21, 2015

1.2 Overall Performance

**Nature of Business**

Artha Resources Corporation ("Artha" or the "Company") is a publicly traded mineral exploration company listed on the TSX Venture trading under the symbol "AHC". The Company's principal business activity is the exploration and evaluation of mineral properties located in various provinces in Argentina.

The registered address, head office, principal address and records office of the Company is Suite 415 – 1040 West Georgia Street, Vancouver, BC V6E 4H1, Canada.

**Business Highlights**

During the period the Company focused on restructuring the Company pursuant to several significant transactions as detailed below:

**Share consolidation**

On February 3, 2015, the Company completed a consolidation of its common shares by issuing one new common share for every ten existing common shares.

**Debt settlement agreements**

The Company entered into debt settlement agreements with a number of related party and arms-length creditors. Pursuant to such agreements, with a settlement cut-off date of December 31, 2014, the Company settled \$713,109 of outstanding debts for consideration of the issuance of 911,388 common shares (issued April 17, 2015) and cash payments totaling \$46,468.

### **Termination of Aguilar option agreement**

On April 23, 2015, the Company and Teck Argentina Ltd. (“Teck”) agreed to terminate the Aguilar option agreement (detailed in the accompanying condensed consolidated interim financial statements). As consideration, the Company has agreed to pay Teck US\$20,000 and has issued to Teck 1,500,000 units (the “Settlement Units”). Each Settlement Unit consists of one common share of the Company and one-half of one common share-purchase warrant, with each whole warrant entitling Teck to purchase one common share of the Company at a price of \$0.18 per share for a period of 24 months from the date of issuance.

The Company has also agreed to pay Teck up to an additional US\$20,000 to cover future environmental assessment costs relating to the Aguilar Property. The settlement eliminates the Company’s liability of US\$600,000 relating to the firm expenditure commitments and the Company’s obligation to complete a minimum of 4,000 meters of diamond drilling or combination RC/diamond drilling on the Aguilar Property prior to October 31, 2015.

### **Acquisition of Cardero Argentina, S.A. and concurrent financings**

On March 27, 2015, the Company entered into a definitive purchase agreement with Cardero Resource Corp. (“Cardero”) whereby the Company will acquire all of the issued and outstanding shares of Cardero Argentina, S.A. (“Cardero Argentina”) (the “Transaction”). As consideration for the acquisition, as well as for services provided by Cardero to the Company in connection with the Transaction, the Company will pay / issue to Cardero US \$50,000 cash and 21,953,781 common shares. The Transaction will result in a reverse-takeover of the Company. Cardero Argentina is a mineral exploration company with properties located in Argentina.

In connection with the transaction, the Company intends to complete private placements for proceeds of up to \$1,000,000, including a bridge financing of \$50,000 at a price of \$0.08 per unit (the “Bridge Financing Units”) to cover certain costs associated with the Transaction and a concurrent private placement of up to \$950,000 at a price of \$0.10 per unit (the “Concurrent Financing Units”). Each Bridge Financing Unit will consist of one common share of the Company and one-half of one share-purchase warrant, each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.12 per share for a period of 24 months from the closing of the bridge financing. Each Concurrent Financing Unit will consist of one common share of the Company and one whole share-purchase warrant, each warrant entitling the holder to purchase one common share of the Company at a price of \$0.15 per share for a period of 24 months from the closing of the concurrent financing. The closing of the Transaction is subject to regulatory and shareholder approval.

Additional details can be reviewed in the news releases published on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Exploration Properties**

#### **Argentina – Gold, Silver and Base Metal Properties**

Summaries of Artha’s properties and the related agreements can be found in the March 31, 2015 condensed consolidated interim financial statements filed on SEDAR at [www.sedar.com](http://www.sedar.com).

1.3 Selected Annual Information

Information regarding annual results is included in the consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2014. The Company does not generate revenues and has not held any long-term liabilities in the years ended December 31, 2014, 2013 or 2012.

1.4 Summary of Quarterly Results

The following tables provide a brief summary of the Company's financial operations. For more detailed information, refer to the Company's financial statements.

	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Revenue	\$ -	\$ -	\$ -	\$ -
Net (income) loss and comprehensive (income) loss	(840,485)	647,755	74,242	15,181
Basic and diluted loss per share	(0.11)	0.90	0.10	0.00
Total assets	512,235	536,186	594,788	737,929
Total long-term liabilities	-	-	-	-

	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Revenue	\$ -	\$ -	\$ -	\$ -
Net (income) loss and comprehensive (income) loss	(16,977)	4,682,356	225,011	235,824
Basic and diluted loss per share	(0.00)	6.60	0.30	0.30
Total assets	748,568	726,945	5,469,042	5,699,621
Total long-term liabilities	-	-	-	-

1.5 Results of Operations

*For the three months ended March 31, 2015 and 2014*

The net income for the period ended March 31, 2015 was \$840,485 (2014 – \$16,977). Recurring overhead expenses and exploration and promotional activity has been minimal in response to the current market conditions. Significant charges are as follows:

During the three months ended March 31, 2015, the Company recognized a foreign exchange loss of \$84,338 related to the change in foreign currency rates applied to the Teck obligation of US\$600,000 in the period. The fluctuation in the comparative period was lower due to a lower balance of the obligation.

During the three months ended March 31, 2015, the Company recognized a gain on settlement of debt of \$1,044,486 related to the debt settlement agreements and settlement on the Teck obligation described above. Additionally, the Company paid or accrued professional fees of \$99,924 in the current period related to the corporate transactions completed and proposed in the period.

Net cash outflow from operating activities for the period ended March 31, 2015 was \$22,893 (2014 - \$171) related to the management of basic corporate expenses and working capital.

## 1.6 Liquidity

As at March 31, 2015, the Company had a working capital deficiency of \$672,969 (December 31, 2014 – \$1,513,454). At present the Company has no producing properties. In the past the Company has financed its operations through the sale of equity securities. The Company expects to obtain financing in the future through proposed financing in conjunction with the acquisition of Cardero Argentina. There can be no assurance that the Company will succeed in obtaining additional financing at the time required by the Company. The Company does not currently hold any long-term debt and is accordingly not subject to any externally imposed capital requirements.

During the period ended March 31, 2015, the Company entered into debt settlement agreements and a settlement with Teck to reduce outstanding obligations. Accordingly, the Company recognized a gain on settlement of debt of \$1,044,486 during the period to reflect settlement values.

## 1.7 Capital Resources

All future payments under mineral property agreements are made at the option of the Company. The Company must meet certain expenditure and payment requirements as described in the exploration and evaluation asset note of the condensed consolidated interim financial statements for the period ended March 31, 2015 in order to maintain title to its properties. Additional funding will be required in order to complete exploration programs in the future. The Company may attempt to issue new shares, issue debt and enter into agreements with respect to its properties in order to obtain funding.

## 1.8 Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

## 1.9 Transactions with Related Parties

### *Transactions with related parties*

There were no related party transactions in the three months ended March 31, 2015 and 2014.

### *Due to related parties*

As at March 31, 2015, amounts due to officers, directors and companies controlled by officers and / or directors was \$147,978 (December 31, 2014 - \$296,555) are included in accounts payable and accrued liabilities. The reduction in amount owing during the period relates to debt settlement agreements signed in the period.

### *Loan from related party*

During the year ended December 31, 2013, the Company received an unsecured, non-interest bearing loan of \$10,000 from a company with common directors. The loan has no fixed repayment terms. The loan was forgiven pursuant to a debt settlement agreement and recognized as a gain on settlement in the period ended March 31, 2015.

## 1.10 Proposed Transactions

Proposed transactions include the acquisition of Cardero Argentina and concurrent financing as described under section 1.2.

### 1.11 Changes in Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those detailed in Note 3 of the consolidated financial statements for the year ended December 31, 2014.

#### **New standards not yet adopted**

##### *IFRS 9 Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing recognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

### 1.12 Financial and Other Instruments

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and receivables. Cash deposits are maintained with Canadian, United States and Australian financial institutions of reputable credit and are redeemable on demand. Receivables consist primarily of amounts due from related companies that are in the exploration stage increasing credit risk.

#### *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 is engaged in ongoing evaluation of opportunities to improve its financial position which includes, but is not limited to, additional equity financings, obtaining exploration partners and/or the sale of assets. At March 31, 2015, the Company had a working capital deficiency of \$672,969.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

*Foreign exchange risk*

The Company's exploration work is conducted in Argentina. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine Pesos. Additionally, option payments on mineral properties are payable in United States dollars. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest income is not material to the Company. The Company has no outstanding debt subject to interest. Accordingly, the Company does not believe it is exposed to significant interest rate risk.

*Price risk*

The Company is exposed to price risk with respect to commodity prices, particularly those included in its exploration and evaluation asset portfolio. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

1.13 Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this report:

Common shares	9,729,315
Warrants	750,000

1.14 Risks and Uncertainties

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to Artha's business, actually occur, Artha's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

*Artha will require additional funding.*

The Company has historically relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

*Artha will require various permits to enable it to conduct its current and anticipated future operations.*

The Company's current and anticipated future operations, including further exploration and development activities and the commencement of production from the Company's portfolio of exploration and evaluation assets in Argentina requires the granting of the necessary permits from various federal, state and local authorities and communities. The granting, continuing validity and enforcement of the terms of such concessions and permits are, as a practical matter, often subject to the discretion of the applicable governments or government officials. There can be no assurance that all concession and permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. Further, delays or failure to obtain such concession and permits, the withdrawal, expiry or non-renewal of existing concessions and permits, or failure to comply with the terms of such concessions and permits could have a material adverse impact on the Company.

*Artha is subject to government regulation*

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

*Exploration, development and mining activities can be hazardous and involve a high degree of risk.*

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.