



Management's Discussion & Analysis
for the Years Ended
December 31, 2010 and 2009

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

Rodinia Oil Corp.

December 31, 2010

This management's discussion and analysis, as provided by the management of Rodinia Oil Corp. (the "Corporation") as of April 29, 2011, is to be read in conjunction with the accompanying audited consolidated financial statements and related notes for the year ended December 31, 2010 and 2009. The financial data presented has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting currency is the Canadian dollar.

Forward-Looking Information – Certain statements contained in this document, including Management's assessment of the Corporation's future plans and operations, may constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "plan" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation, or industry results, to differ materially from those expressed or implied by such forward-looking statements. The Corporation believes the expectations reflected in these forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this document should not be unduly relied upon. These statements speak only as of the date of this document.

Overview

The Corporation was incorporated in Alberta on July 21, 2006, and is a Canadian oil and gas exploration company whose primary assets consist of an average working interest of approximately 85% in petroleum exploration licenses and permits in the Officer Basin of South Australia and Western Australia that cover approximately 8.5 million net acres in South Australia and 11.1 million net acres in Western Australia. The common shares and warrants of the Corporation trade on the TSX Venture Exchange under the symbols "ROZ" and "ROZ.WT" respectively.

On May 28, 2010, the Corporation closed its initial public offering (the "IPO") and on June 11, 2010 the Corporation closed the over-allotment to the IPO for combined gross proceeds of \$57,358,750. The IPO financing consisted of the sale of units at an ascribed price of \$1.00 per unit (the "IPO Units"). Each IPO Unit is comprised of one common share and one half of one common share purchase warrant (the "IPO Warrants") with a full IPO Warrant entitling the holder to purchase one common share of the Corporation at a price of \$1.33 per share until the date that is 24 months following the closing date. The Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2011 in addition to working capital funds that management believes will allow the Corporation to operate well into 2012.

On March 19 and 25, 2010, the Corporation closed a non-brokered private placement financing for aggregate gross proceeds of \$4,167,409 through the issuance of 5,556,545 units (the "Private Placement Units") at an ascribed value of \$0.75 per Private Placement Unit. Each Private Placement Unit is comprised of one common share and one half of one common share purchase warrant with a full warrant entitling the holder to purchase one common share of the Corporation at a price of \$1.15 per share until the date that is 24 months following the closing date.

The Corporation holds its Australian assets through its wholly-owned subsidiary Rodinia Oil (Australia) Pty. Ltd. ("Rodinia Australia"), a corporation incorporated pursuant to the laws of South Australia. When used in this MD&A, the term the "Corporation" refers to the Corporation and Rodinia Australia on a consolidated basis.

On February 24, 2009, the Corporation renegotiated the terms of its joint venture farmout agreements involving PEL 81, PEL 253, PELA 351, PELA 303 and PELA 445 (South Australia) and SPA 5/06-7 and SPA 6/06-7 (Western Australia) with EnSearch Petroleum Pvt. Ltd. ("EnSearch"). Pursuant to the terms of the renegotiated agreements, the Corporation increased its operated working interest from 75% to 80% in each of the aforementioned operating areas.

2011 Outlook

With the Corporation's \$53,919,100 working capital surplus as at December 31, 2010, its expansive exploration land base and extensive knowledge of the subsurface acquired through three phases of 2-D seismic acquisition, the Corporation is well positioned to execute on its strategic exploratory 2011 drilling program. The Corporation's management currently estimates sufficient working capital to drill six exploratory wells before additional sources of financing would be required. The Corporation's Board of Directors has approved a 2011 capital expenditure budget of \$42 million net to the Corporation (\$52.5 million gross), consisting of drilling up to four exploratory wells and the completion of the Corporation's ongoing phase III seismic acquisition program.

The Corporation entered into a drilling contract with Ensign International Drilling in November 2010. This drilling contract includes four firm wells with the option to extend the contract to drill four additional wells (eight in total) with Ensign's Rig 16 as part of this program.

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Subsequent Events

On January 1, 2011, the Corporation issued 1,850,000 stock options to directors, officers and consultants at an exercise price of \$3.15 per share. The options expire in five years and vest one third on the date of grant and third on each of the first and second anniversaries of the date of grant.

Overview of Consolidated Financial Results

The following selected financial data is derived from the unaudited and audited consolidated financial statements of the Corporation and reference should be made to such unaudited and audited financial statements.

	Unaudited				Audited
	Three Months Ended Dec. 31, 2010	Three Months Ended Sep. 30, 2010	Three Months Ended Jun. 30, 2010	Three Months Ended Mar. 31, 2010	Year Ended Dec. 31, 2010
	(\$)	(\$)	(\$)	(\$)	(\$)
Net (gain) loss	(930,820)	(403,013)	2,180,685	312,408	1,159,260
Per Common Share (basic and diluted)	(0.03)	0.00	0.03	0.01	0.01
Negative/(positive) cash flow from operations	390,902	145,432	868,320	147,296	1,551,950
Working Capital	53,919,100	57,238,737	56,429,257	3,954,121	53,919,100
Petroleum and Natural Gas Assets	15,716,637	12,129,746	10,852,492	10,890,607	15,716,637
Total Assets	74,072,462	70,708,372	68,972,855	16,527,686	74,072,462
Shareholders' Equity	72,378,797	70,502,298	68,533,053	16,109,160	72,378,797

	Unaudited				Audited
	Three Months Ended Dec. 31, 2009	Three Months Ended Sep. 30, 2009	Three Months Ended Jun. 30, 2009	Three Months Ended Mar. 31, 2009	Year Ended Dec. 31, 2009
	(\$)	(\$)	(\$)	(\$)	(\$)
Net (gain) loss	(655,877)	312,839	317,697	302,005	276,664
Per Common Share (basic and diluted)	(0.02)	0.01	0.01	0.01	0.01
Negative/(positive) cash flow from operations	211,507	682,435	1,768,930	(1,694,247)	968,625
Working Capital	116,463	338,350	735,678	1,031,558	116,463
Petroleum and Natural Gas Assets	10,841,456	10,864,799	10,025,572	9,302,614	10,841,456
Total Assets	12,568,492	11,917,830	11,664,549	13,380,387	12,568,492
Shareholders' Equity	12,259,371	11,688,209	11,261,251	10,834,173	12,259,371

Cash and cash equivalents

Cash increased from \$348,356 at December 31, 2009 to \$51,338,334 at December 31, 2010. The increase in cash and cash equivalents is due to completion of the Corporation's IPO on May 28, 2010 for gross proceeds of \$52,500,000 and subsequent over-allotment on June 11, 2010 for gross proceeds of \$4,858,750.

Accounts Receivable

Accounts receivable increased from \$36,287 at December 31, 2009 to \$2,468,420 at December 31, 2010. The majority of the balance relates to accrued receivables from EnSearch pertaining to the ongoing seismic program in the Officer Basin. The majority of the remaining balance relates to Australian investment tax credits on the Corporation's qualifying expenditures which are received in the subsequent quarter. Significantly higher activity levels in the fourth quarter of 2010 as compared to the same period in 2009 resulted in a higher investment tax credit at December 31, 2010 as compared to December 31, 2009.

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Prepaid Expenses and Deposits

Prepaid expenses and deposits increased from \$40,941 at December 31, 2009 to \$572,597 at December 31, 2010. The majority of the balance as at December 31, 2010 relates to a \$500,000 Australian deposit for a drilling rig that the Corporation plans to use for its 2011 drilling exploration program.

Financial Instruments

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity.

The Corporation uses forward foreign currency exchange rate contracts in order to reduce its exposure to currency risks from fluctuations in the Canadian and Australian currencies. These contracts are recorded on the Corporation's balance sheet as an asset or liability based on their current fair values. Management continually monitors the Corporation's currency risk and believes this exposure is not material to its overall operations at this time. During the year ended December 31, 2010 the Corporation recorded a realized gain on financial instruments of \$601,075 and an unrealized gain on financial instruments of \$1,233,414. As December 31, 2010 the Corporation had the following forward foreign currency exchange rate contracts:

Type of contract	AUD bought (\$)	CAD sold (\$)	Rate (%)	Term	Mark to Market Fair Value
Currency exchange	2,500,000	2,105,250	84.21	March 9, 2011	421,111
Currency exchange	2,500,000	2,088,000	83.52	June 9, 2011	413,302
Currency exchange	2,500,000	2,077,750	83.11	September 9, 2011	399,001
					1,233,414

Investment in PetroFrontier Corp.

On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to PetroFrontier Corp. ("PetroFrontier") at a carrying value of \$500,001. Pursuant to the terms of the sale agreement, the Corporation received 2,000,000 common shares, which after PetroFrontier's initial private placement offering of \$860,000 on February 28, 2009, represented approximately 27% of the outstanding common shares of PetroFrontier. PetroFrontier raised a further \$9,175,000 on November 2, 2009 at \$1.00 per share, through a brokered private placement, further diluting the Corporation's shareholdings to approximately 12%. During the year ended December 31, 2010, PetroFrontier issued a further \$60,352,751 of share capital, further diluting the Corporation's shareholdings to approximately 4%. The Corporation has recorded a dilution gain in the year ended December 31, 2010 of \$1,773,083 as compared to \$830,665 during the prior year, resulting from the increased valuation of PetroFrontier's net assets which has more than offset the dilution of PetroFrontier shareholdings of the Corporation. The Corporation also recorded equity losses of \$375,067 and \$29,214, respectively relating to the Corporation's share of PetroFrontier losses during the years ended December 31, 2010 and 2009. Details of the Corporation's equity investment in PetroFrontier as at December 31, 2010 and 2009 are as follows:

PetroFrontier Corp. ⁽¹⁾	December 31, 2010	December 31, 2009
Total assets	67,981,817	10,418,927
Total liabilities	2,764,508	78,347
Total equity	65,217,309	10,340,580
Net loss from operations	4,370,065	529,057

⁽¹⁾ The Corporation held a 4% and 12% proportionate interest in PetroFrontier as at December 31, 2010 and 2009, respectively.

Property, Plant and Equipment

Property, plant and equipment increased from \$10,841,456 at December 31, 2009 to \$15,716,637 at December 31, 2010. Capital expenditures for the year ended December 31, 2010 totaled \$4,580,758 as compared to \$977,851 incurred in the prior year. The majority of expenditures in 2010 were incurred in South Australia associated with the Corporation's phase three 2D seismic acquisition and interpretation program. Included in the Property, Plant and Equipment balance is a non-cash foreign exchange revaluation gain for the year ended December 31, 2010 of \$250,631 (\$1,607,555 – December 31, 2009), which has been recorded in accordance with the Corporation's accounting policy for foreign exchange translation. The revaluation gain recorded in the current year reflects the strengthening in the Australian foreign currency in relation to the Canadian currency during the year. The increase in property, plant and equipment for the year ended December 31, 2009 was recorded net of the divestment of the

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Northern Territory, Australia assets to PetroFrontier valued at \$500,001. The retained long-term investment in PetroFrontier is accounted for as "Investment in PetroFrontier Corp." on the consolidated balance sheet.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased from \$309,121 at December 31, 2009 to \$1,693,665 at December 31, 2010. The majority of the accounts payable and accrued liabilities at December 31, 2010 relate to the Corporation's ongoing phase three 2D seismic acquisition and interpretation program.

Interest Revenue

Interest increased from \$8,624 for the year ended December 31, 2009 to \$267,194 for the year ended December 31, 2010. Overall, interest revenue earned during the years ended December 31, 2010 and 2009 were as expected by management given the cash balances on hand during those periods.

General and Administrative

General and administrative expense for the year ended December 31, 2010 totaled \$1,854,355 as compared to \$707,952 in the prior year. The majority of the increase in general and administrative expenses for the year is a result of the increased salaries, travel and office costs as the Corporation began to ramp up for going public and commencing drilling operations. The following provides a summary of the significant components of the general and administrative expenses:

	Year Ended December 31, 2010 (\$)	Year Ended December 31, 2009 (\$)
Salaries, wages and benefits	641,452	472,488
Travel and employee expenses	513,776	92,153
Office expenses	813,890	284,475
Consulting services expense	111,000	142,556
Directors expenses	75,000	10,144
Miscellaneous expenses	301,703	56,575
Overhead Recoveries	(602,466)	(350,439)
	1,854,355	707,952

Stock Based Compensation

Stock compensation expense for the year ended December 31, 2010 totaled \$2,759,218 compared to \$289,187 in the prior year. The substantial increase in stock based compensation expense is due to the fact that 4,800,000 options were granted during the second quarter of 2010.

The Corporation had agreed to an employee compensation arrangement with the Corporation's President and Chief Executive Officer and one of its directors whereby a portion of their annual compensation was paid in common shares of the Corporation. This compensation arrangement ceased at the end of March 31, 2010. The common shares issued under this arrangement were issued on a quarterly basis at the prevailing fair market price during the period of service. During the three months ended March 31, 2010, 83,611 common shares were issued at \$0.30 per share for total compensation of \$25,082 relating to amounts earned and accrued during the three months ended December 31, 2009. The remaining 66,667 common shares were issued at \$0.65 per share for total compensation of \$43,334 and related to amounts earned during the three months ended March 31, 2010. In addition, on April 1, 2010, 66,667 Private Placement Units were issued at \$0.65 per share and \$0.20 per warrant for total compensation of \$50,001 to the Corporation's Vice President Finance, Chief Financial Officer and Corporate Secretary as part of his employment compensation. The Corporation accounts for this non-cash expense within stock based compensation with the offset being recorded in share capital, not contributed surplus.

Interest and Banking

Interest and banking expenses for the year ended December 31, 2010 totaled \$26,633 compared to \$12,846 in the prior year. Higher interest and banking expense during the current year as compared to the prior year is largely due to an increase in banking activities. Overall, interest and banking charges were as expected by management.

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Bad Debt

In September 2009, the Corporation provided for a bad debt provision of \$63,188, relating to sublease rent in the Canadian office of which collection at that time was in doubt. As at December 31, 2009, the provision was reduced to \$38,972 based on payments received subsequent to year end. During 2010, the entire bad debt was reversed, thus resulting in a recovery of \$38,972 as the entire receivable balance recorded at December 31, 2009 was collected during 2010.

Depreciation

The Corporation recorded depreciation expense of \$57,725 for the year ended December 31, 2010 as compared to \$37,782 in the prior year. The depreciation expense recorded during the current and prior year relate mostly to office equipment and furniture. As the Corporation is in the exploration and development phase no depletion has been recorded.

Net Loss

The Corporation recorded a net loss for the year ended December 31, 2010 of \$1,159,260 compared to \$276,664 in the prior year. As the Corporation is in the exploration and development phase, there is currently no oil and natural gas producing properties from which to generate revenues. The Corporation's net loss for the current year was generated primarily from stock based compensation (non-cash) expense, general and administrative expenses including salaries, office costs, and travel costs in addition to depreciation (non-cash) expense. The net loss was offset by a gain on equity investment of \$1,398,016 (\$801,451 – December 31, 2009) recorded during the current year in relation to the Corporation's investment in PetroFrontier Corp. and realized and unrealized gains on financial instruments totaling \$601,075 and \$1,233,414, respectively. The net loss per share (basic and diluted) for the year ended December 31, 2010 was \$0.01 compared to \$0.01 in the prior year.

Comprehensive Loss

The Corporation recorded a comprehensive loss for the year ended December 31, 2010 of \$727,376 (\$1,295,679 earnings in 2009). The difference between net earnings/loss and comprehensive earnings/loss is comprised entirely of other comprehensive income relating to the revaluation of the Corporation's assets and liabilities in accordance with the Corporation's accounting policy on foreign exchange gains and losses. During the year ended December 31, 2010, the Australian dollar relative to the Canadian dollar strengthened from CAD 0.94 to CAD 1.02 at December 31, for 2009 and 2010 as compared CAD 0.86 at December 31, 2008 to CAD 0.94 at December 31, 2009 resulting in a gain on the conversion of the Corporation's Australian assets net of the loss incurred on the conversion of the Rodinia Oil Corp.'s Australian liabilities

Common Share Information

Weighted average outstanding Common Shares

	Year ended	
	Dec 31, 2010	Dec 31, 2009
Basic and diluted ⁽¹⁾	80,362,775	40,525,974

⁽¹⁾ As the Corporation has losses for all periods referenced above, no addition is made to the basic weighted average number of Common Shares when calculating diluted weighted average number of Common Shares as the diluted per Common Share amounts are anti-dilutive.

Liquidity and Capital Resources

The diluted numbers of Common Shares outstanding at December 31, 2010 and December 31, 2009 were as follows:

	December 31, 2010	December 31, 2009
Common Shares	105,994,540	41,040,693
Options	8,231,666	4,825,000
Common Share purchase warrants	2,666,611	-
IPO warrants	30,187,500	-
Total Common Shares (diluted)	147,080,317	45,865,693

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As at December 31, 2010, the Corporation had \$51,338,334 in cash and cash equivalents. The source of the Corporation's net working capital of \$53,919,100 is a result of the non-brokered private placement financing, which closed on March 19 and 25, 2010 and the Corporation's IPO financing, which closed on May 28, 2010 with the over-allotment closing on June 11, 2010.

On the two closing dates March 19 and 25, 2010, the Corporation raised aggregate gross proceeds of \$4,167,409 through the issuance of 5,556,545 Private Placement Units at an ascribed value of \$0.75 per Private Placement Unit. Each Private Placement Unit is comprised of one common share and one half of one common share purchase warrant with a full warrant entitling the holder to purchase one common share of the Corporation at a price of \$1.15 per share until the date that is 24 months following the closing date.

On May 28, 2010, the Corporation closed its initial public offering (the "IPO") and on June 11, 2010 the Corporation closed the over-allotment to the IPO for combined gross proceeds of \$57,358,750. The IPO financing consisted of the sale of units at an ascribed price of \$1.00 per unit (the "IPO Units"). Each IPO Unit is comprised of one common share and one half of one common share purchase warrant (the "IPO Warrants") with a full IPO Warrant entitling the holder to purchase one common share of the Corporation at a price of \$1.33 per share until the date that is 24 months following the closing date. The Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2011 in addition to working capital funds that management believes will allow the Corporation to operate well into 2012.

With current working capital on hand, the Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2011 in addition to working capital funds that will allow the Corporation to operate well into 2012.

In addition, the Corporation has 8,231,666 stock options and 32,854,111 warrants issued and outstanding at strike prices ranging from \$0.20 to \$1.75 as at December 31, 2010 and could potentially yield \$7,156,666 and \$43,215,978 of total proceeds, respectively. If all of these instruments are exercised it would result in an additional 41,085,777 common shares being issued, which represents dilution of 38.8% in comparison to the shares issued and outstanding as at December 31, 2010.

The Corporation's investing activities for the year ended December 31, 2010 totaled \$4,580,758 as compared to \$977,851 incurred in the prior year. The majority of expenditures in 2010 were incurred in South Australia associated with the Corporation's phase three 2D seismic acquisition and interpretation program. The majority of expenditures in 2009 were incurred in South Australia and pertained to the completion of the Corporation's phase two 2D seismic acquisition and interpretation program.

Material Contracts and Commitments

As at December 31, 2010, the Corporation had the following material commitments:

PEL 81 Minimum Work Plan Commitment

The Corporation was granted PEL 81 in June 2007 with a five year term to complete the minimum work commitments. The following table summarizes these commitments and their status as at December 31, 2010:

Year	Start	End	Minimum Work Requirements	December 31, 2010
1	June 25, 2007	June 24, 2008	Acquire 250 km 2D seismic, reprocess existing data, geological and geophysical studies	Completed
2	June 25, 2008	June 24, 2009	Acquire 250 km 2D seismic 12 month suspension an variation of license – October 29, 2009	Completed
3	June 25, 2010	June 24, 2011	Geological and geophysical studies	Completed
4	June 25, 2011	June 24, 2012	Drill one well and acquire 250 km 2D seismic	Outstanding
5	June 25, 2012	June 24, 2013	Drill one or two wells	Outstanding

As at December 31, 2010, the Corporation had completed all of its minimum work requirements associated with PEL 81 with the exception of drilling one well in year four and one or two wells in year five. The Corporation anticipates fulfilling the remainder of its minimum work requirements associated with PEL 81 during 2011.

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PEL 253 Minimum Work Plan Commitment

The Corporation was granted PEL 253 in June 2007 with a five year term to complete the minimum work commitments. The following table summarizes these commitments and their status as at December 31, 2010:

Year	Start	End	Minimum Work Requirements	Status
1	June 25, 2007	June 24, 2008	Acquire 100 km 2D seismic, geological and geophysical studies	Completed
2	June 25, 2008	June 24, 2009	Acquire 100 km 2D seismic, geological and geophysical studies	Completed
3	June 25, 2010	June 24, 2011	12 month suspension an variation of license – October 29, 2009 Geological and geophysical studies	Completed
4	June 25, 2011	June 24, 2012	Drill one well and geological and geophysical studies	Outstanding
5	June 25, 2012	June 24, 2013	Acquire 200 km 2D seismic	Outstanding

As at December 31, 2010, the Corporation had completed all of its minimum work requirements associated with PEL 253 with the exception of drilling one well in year four. The Corporation anticipates fulfilling the remainder of its minimum work requirements associated with PEL 253 during 2011.

Drilling Rig

On October 22, 2010, the Corporation executed an agreement with Ensign Australia Pty. Limited ("Ensign") to engage Ensign's Rig 16 to carry out its initial drilling program. The Corporation's contract with Ensign includes four firm wells with the option to extend the contract to drill four additional wells (eight total) with Rig 16 as part of this program.

Operating leases

The Corporation maintains operating leases relating to the Corporation's corporate offices in both Canada and Australia.

The following table summarizes all of the Corporation's commitments over the following five years as at December 31, 2010:

	Total	2011	2012	2013	2014	2015
Drilling commitments	32,260,422	28,193,580	4,066,842	-	-	-
Operating leases	365,468	156,572	104,448	104,448	-	-
	32,625,890	28,350,152	4,171,290	104,448	-	-

Off Balance Sheet Arrangements

The Corporation had no guarantees or off-balance sheet arrangements except for lease agreements relating to the Corporation's office facilities that were entered into in the normal course of operations. All leases are treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases on the balance sheet as at December 31, 2010. The total future obligation from these operating leases is described above in the section "Material Contracts and Commitments".

Accounting Estimates

Management of the Corporation is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the consolidated financial statements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. The following are significant accounting estimates:

- In regard to stock-based compensation the Corporation has estimated the volatility, expected life and risk-free interest rates of the stock-based compensation.
- The carrying value of petroleum and natural gas properties is limited to the future expected cash flows from the properties. If it is determined that carrying values of petroleum and natural gas properties cannot be recovered from future cash flows, the asset is written down to its estimated fair value via a charge to earnings.

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- The determination of the Corporation's income and other tax liabilities and assets requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Change in Accounting Policies and Recent Accounting Pronouncements

International Financial Reporting Standards (IFRS)

Effective January 1, 2011, Canadian publicly accountable entities are required to adopt IFRS. As a reporting issuer, the Corporation's financial statements up to, and including, the December 31, 2010 financial statements are reported in accordance with Canadian GAAP as it exists on each reporting date. The adoption date of January 1, 2011, requires the restatement, for comparative purposes, of amounts reported in 2010, including the opening balance sheet as at January 1, 2010.

To prepare, the Corporation has completed a high level IFRS changeover plan and has established a timeline for the execution and completion of the conversion. The Corporation has appointed internal staff, and has engaged the services of an external consultant, to review the impact of transitioning to IFRS and to prepare financial statements in compliance with IFRS. The Corporation's external auditors have been involved throughout the IFRS conversion process.

Below is a summary of the Corporation's accounting policies expected to have a significant impact on its financial statements. The list and comments below should not be regarded as a complete list of changes that will result from the transition to IFRS and are still subject to final audit.

Most adjustments required on transition to IFRS will be made retrospectively against opening retained earnings as of the date of the first comparative balance sheet presented, based on standards applicable at that time. IFRS 1 provides entities adopting IFRS for the first time with certain optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. Management is in the process of analysing the various accounting policy choices available under IFRS 1 and will implement those determined to be the most appropriate for the Corporation. In particular, the following IFRS 1 exemptions are being considered in its IFRS opening balance sheet:

- Property, Plant and Equipment ("PP&E") – IFRS 1 provides an option to entities such as the Corporation who follow the full cost accounting guideline under Canadian GAAP to value their oil and gas PP&E on the date of transition to IFRS at its deemed cost, defined as the carrying value assigned to these assets under Canadian GAAP at the date of transition. Under IFRS, the Corporation's PP&E must be divided into multiple cash generating units ("CGU"), which is unlike full cost accounting where all oil and gas assets are accumulated into one cost centre. The deemed cost of the Corporation's oil and gas PP&E has been allocated to five CGUs based on the Corporation's current exploration focus areas. These CGUs could change in the future as a result of changes in operations or because of significant acquisitions or dispositions.
- Stock-based compensation – IFRS 1 provides for an optional exemption to the requirements under IFRS 2 "Share-Based Payments" regarding liabilities arising from share-based payment transactions settled before the Corporation's transition to IFRS. The Corporation has elected this exemption for its options issued and vested prior to January 1, 2010. This exemption allows for these options not to be recalculated using the requirements of IFRS 2 and to be recorded using the amount determined under the entity's previous GAAP. Under Canadian GAAP and as required under IFRS, the Corporation used the graded method over the vesting of the options to recognize its share-based compensation expense.

The following is a listing of key areas where accounting policies differ and where accounting policy decisions are necessary that will impact the Corporation's reported financial position and results of operations:

- Re-classification of Exploration and Evaluation ("E&E") expenditures from PP&E – Upon transition to IFRS, the Corporation will reclassify all E&E expenditures that are currently recognized as PP&E on the Balance Sheet. This consists of the carrying value of certain undeveloped land that relates to exploration properties and seismic expenditures. E&E assets will not be amortized and must be assessed for impairment when indicators suggest the possibility of impairment as well as upon transfer to PP&E. Management has identified that all of its property, plant and equipment meets the criteria to be classified as E&E in the opening balance sheet prepared under IFRS as at January 1, 2010.
- Calculation of depletion expense for PP&E assets – Upon transition to IFRS, the Corporation has the option to calculate depletion using a reserve base of proved reserves or both proved plus probable reserves, as compared to the Canadian

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GAAP method of calculating depletion using proved reserves only. Although the Corporation currently has no reserves management plans to determine its depletion expense using proved plus probable reserves as its depletion base.

- Impairment of PP&E assets – Canadian GAAP generally uses a two-step approach to impairment testing; first comparing asset carrying values with undiscounted future cash flows to determine whether an impairment exists, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted cash flows). Under Canadian GAAP, the Corporation includes all assets in one impairment test.

IFRS uses a one-step approach for testing and measuring impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use. Under IFRS, impairment of PP&E must be calculated at a more granular level than what is currently required under Canadian GAAP resulting in impairment testing being done at the CGU Level.

These differences may potentially result in impairment charges where the carrying value of assets were previously supported under Canadian GAAP by consolidated undiscounted cash flows, but could not be supported by cash flows determined on a more granular discounted basis.

At January 1, 2010 impairment tests were performed in accordance with IFRS and no impairment was identified.

- Asset retirement obligation – Under IFRS, the Corporation will be required to value its entire liability for future asset retirement costs at each balance sheet date using a current liability-specific discount rate, which can generally be interpreted to mean the current risk-free rate of interest. Under Canadian GAAP, obligations are discounted using a credit-adjusted risk-free rate and, once recorded, the asset retirement obligation is not adjusted for future changes in discount rates. At January 1, 2010, the Corporation had not recorded any asset retirement obligations and as such there are no noted changes under IFRS.
- Stock-based compensation – IFRS requires that the fair value of equity instruments incorporate an estimated forfeiture rate and that each vesting installment be treated as a separate award (graded vesting). IFRS 1 also permits retrospective restatement for only those equity instruments not yet vested as of January 1, 2010. The Corporation will include a reasonable forfeiture rate, as required by IFRS, in the calculation of the fair value of the outstanding options. Under Canadian GAAP, forfeitures could be accounted for as they occurred. These changes are not expected to result in a significant change in the opening balance sheet.

The Corporation will continue to monitor new International Financial Reporting Standards and amendments to existing IFRS that may impact the adoption of IFRS. IFRS implementation will continue into 2011 with the Corporation preparing IFRS compliant financial statements, along with IFRS compliant comparative periods. Throughout 2011, the Corporation will continue to make the required changes to business processes, financial systems and information technology systems.

Business Combinations

In 2009 a new standard, Section 1582, Business Combinations replaced the previous business combinations standard. The new standard applies prospectively to business combinations on or after January 1, 2011 with earlier adoption permitted. Under this standard, the purchase price used in a business combination is based on the fair value of shares exchanged at the market price at the acquisition or closing date. Under the current standard, the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is announced. In addition, the new standard requires all acquisition costs to be expensed while the current standard allows for the capitalization of these costs as part of the purchase price. The new standard also addresses contingent liabilities, which will be required to be recognized at fair value on acquisition and subsequently re-measured at each reporting period until settled. The current standard requires only contingent liabilities that are payable to be recognized. The new standard requires negative goodwill to be recognized in earnings rather than the current standard of deducting from non-current assets in the purchase price allocation. The Corporation is currently assessing the impact of the standard. The adoption of Section 1582 will also require the adoption of Section 1601 "Consolidated Financial Statements" and 1602 "Non-controlling interests". The Corporation is currently assessing the impact of the standard.

Consolidated Financial Statements and Non-Controlling Interests

In 2009 two new standards, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests, were issued which replace the existing guidance under Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are

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effective for business combinations occurring on or after January 1, 2011, with early application permitted. The Corporation is currently assessing the impact of the standard.

Business Risks and Uncertainties

The Corporation's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the Corporation's current and future operations in the foreign jurisdictions in which it operates. The Corporation has identified certain risks pertinent to its business including: exploration and reserve risks, drilling and operating risks, costs and availability of materials and services, capital markets and the requirement for additional capital, loss of or changes to joint venture or related agreements, economic and sovereign risks, reliance on joint venture partners, market risk, volatility of future oil and gas prices and foreign currency risk.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves that the Corporation may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomical. There is no assurance that commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental and other approvals or consents, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Limited Operating and Earnings History

The Corporation only recently commenced operations in Australia and has no earnings history. Accordingly, the Corporation has no operating history in the oil and gas industry in Australia and has no meaningful, historical financial information or record of performance. The Corporation's business plan requires significant expenditure, particularly capital expenditure, in its oil and gas establishment phase. Any future profitability from the Corporation's business will be dependent upon the successful development of the Corporation's lands, and there can be no assurance that the Corporation will achieve profitability in the future. There are no known quantities of oil or natural gas reserves on the Corporation's properties. Revenues, other than interest on unused funds, may not occur for some time, if at all. The timing and extent of these is variable and uncertain and accordingly the Corporation is unable to predict when, if at all, profitability will be achieved. An investment in the Common Shares is highly speculative and should only be made by persons who can afford a significant or total loss of their investment.

History of Losses

The Corporation has historically incurred losses from operations. As at December 31, 2010, the Corporation had a cumulative deficit of \$4,897,038. There can be no assurance that the Corporation will achieve profitability in the future. In addition, should the Corporation be unable to continue as a going concern, realization of assets and settlement of liabilities other than in the normal course of business may be at amounts significantly different from those in the financial statements.

Cash Flow from Operations

The negative cash flow from operations of the Corporation for the year ended December 31, 2010 was \$1,551,950. The inability of the Corporation to generate positive operating cash inflow in the future could have a material adverse impact on its business, operations and prospects.

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Competition

Oil and gas exploration is intensely competitive in all phases and involves a high degree of risk. The Corporation competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Currently the Corporation is insulated from competition on the lands which it currently holds due to the nature of the proprietary exploration rights granted by the governing bodies under the various licenses and permits, however the Corporation may face competition on surrounding lands if it seeks to increase its land position to acquire other prospective leads. The Corporation may also face competition from competitors on lands which it currently holds a license or permit for in the event that, as a condition of the license or permit, it is required to partially relinquish certain of the lands. In this circumstance, if the Corporation elects to re-apply for such permits or licenses, there are no assurances that the Corporation will be successful. The Corporation's ability to add reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Competition may also be presented by alternate fuel sources.

Delays in Business Operations

In addition to the usual delays in payments by purchasers of oil and natural gas to the Corporation or to the operators, and the delays by operators in remitting payment to the Corporation, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of the Corporation in a given period and expose the Corporation to additional third party credit risks.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities. Recent industry conditions have led to extreme shortages of drilling equipment in certain areas. To the extent that the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Expiration of Permits, Applications and Authorities

The Corporation's properties will be held in the form of permits, applications, authorities and working interests in permits, applications and authorities. If the Corporation or the holder of the permits, applications and authorities fails to meet the specific requirement of the permits, applications or authorities, the permits, applications or authorities may terminate or expire. There can be no assurance that the obligations required to maintain each of the permits, applications and authorities will be met. The termination or expiration of the Corporation's permits, applications and authorities or the working interests relating to the permits, applications and authorities may have a material adverse effect on the Corporation's results of operations and business.

Operational Dependence

In the future other companies may operate some of the assets in which the Corporation has an interest. As a result, the Corporation may have limited ability to exercise influence over the operation of such assets or their associated costs, which could adversely affect the Corporation's financial performance. Therefore, the Corporation's return on the assets operated by others will depend upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Reliance on Key Personnel

The Corporation's success will depend in large measure on the performance of the Board and other key personnel. The loss of the services of any of such persons could have a material adverse effect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for

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the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Assessments of Value of Acquisitions

Acquisitions of oil and gas issuers and oil and gas assets are typically based on engineering and economic assessments made by independent engineers and the Corporation's own assessments. These assessments will include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Corporation's control. In particular, the prices of, and markets for, oil and natural gas products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic and engineering uncertainty which could result in lower production and reserves than anticipated. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm that the Corporation may use for its year-end reserve evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the Corporation. Any such instance may offset the return on and value of the Common Shares.

Estimate of Fair Market Value

There are numerous uncertainties inherent in an estimate of fair market value including many factors beyond the Corporation's control. The valuations herein represent estimates only. In general, estimates are based upon a number of variable factors and assumptions, such as engineering and geophysical information pertaining to hydrocarbon potential, current material contracts of the Corporation, production history of competitors on similar land positions, access to lands, availability, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies, and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and are only attempts to define the degree of speculation involved.

Third Party Credit Risk

The Corporation is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on the Corporation and its cash flow from operations.

Joint Venture

The Corporation may become a party to joint venture operating agreements in the future. Under these agreements, the Corporation may be required to adapt into programs and budgets which it does not necessarily agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, the situation could arise where any or all of the other joint ventures parties are unable to fund their pro rata contributions to expenditure, in which case the Corporation may have to make increased contributions to ensure that the program succeeds.

The Corporation will be required under joint operating agreements to pay its percentage interest of all costs and liabilities incurred by the joint venture in connection with the joint venture activity. In common with the other joint venture parties, if the Corporation fails to pay its share of any costs and liabilities it may be deemed to have withdrawn from the joint venture and may have to transfer its interests in the exploration permits and the joint operation agreements to the other joint venture participants.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

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Insurance

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Prior to drilling, the Corporation will obtain insurance in accordance with industry standards to address certain of these risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not be insurable in all circumstances or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Corporate Matters

The Corporation does not anticipate the payment of any dividends on the Common Shares for the foreseeable future. Certain directors and officers of the Corporation are also directors and officers of other oil and natural gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as directors and officers of the Corporation and as directors and officers of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the ABCA.

Title to Properties

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation. To the extent title defects do exist, it is possible the Corporation may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

Additional Funding Requirements

From time to time, the Corporation will require additional financing in order to carry out its oil and natural gas exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to have limited ability to expend the capital necessary to undertake or complete future exploration programs, forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly.

Currency

From time to time the Corporation may exchange Canadian currency to Australian currency; however, if the Australian dollar declines in value compared to the Canadian dollar after the currency exchange, the Corporation will not benefit from the fluctuating exchange rate.

Dilution

The Corporation may make future acquisitions or enter into financing or other transactions involving the issuance of securities of the Corporation which may be dilutive to existing securityholders.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. The Corporation's operations require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

In Australia, government policies and regulations vary in different states and between different governing bodies in relation to exploration, mining and marketing. The Corporation's activities will require compliance with various laws, both state and those of

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the Commonwealth of Australia, relating to, among other things, the protection of the environment, Aboriginal heritage and culture, native title, the protection of workers and the public. Changes in government, government policies and legislation could have a material adverse affect on the Corporation.

In particular, in order to pursue its exploration programs in Australia, the Corporation may require approval from government and non-government bodies to facilitate access to any blocks and tenements in which it has an interest. Any tenements residing within reserves, including national parks and conservation reserves, which are subject to state and Commonwealth legislation could be subject to a change in legislation that could have a material adverse effect on the Corporation. In addition, any tenements residing in areas which are subject to government policies regarding national defence or of any other particular national interest to Australia may be subject to access requirements that could result in a material adverse affect on the Corporation.

The Corporation's licenses, permits and authorizations will be subject to applications for renewal in accordance with their terms. Where a licensee has not complied with the conditions to which an exploration permit is subject, or any directions given by the relevant Minister and the Minister is not satisfied that circumstances exist that justify the granting of the renewal of the permit, the Minister may refuse to grant a renewal of a permit. Where a Minister is satisfied that a commercially exploitable accumulation of petroleum may occur in an exploration permit area, the Minister may require the licensee to apply for a production license. A Minister may also refuse to grant a production license, or may grant a production license subject to such conditions as the Minister sees fit. If a permit is not renewed or a production license is not granted or granted subject to unfavorable conditions, the Corporation may suffer significant damage through loss of the opportunity to develop and discover that tenement and this could have an adverse affect on the Corporation's business plan.

Rights to licenses, permits and authorities held by the Corporation carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety generally. Failure to observe such requirements could prejudice the right to maintain title to a given area.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and the potential for increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Generally, Australian state and territory legislation and associated regulations include provisions for the regulation of activities on petroleum tenement lands. Statutory provisions require petroleum tenement lands to be protected and rehabilitated to ensure that environmental damage is avoidable or minimal where authorized. These provisions may require approvals and consents to be obtained before certain lands may be accessed and explored. In addition, each state and territory government may impose a wide range of obligations on tenement holders to ensure that petroleum operations comply with various environmental standards and requirements.

No assurance can be given that environmental laws will not result in a curtailment of future production (if any) or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Changes in Legislation

The return on an investment in securities of the Corporation is subject to changes in Canadian and Australian tax laws and government incentive programs and there can be no assurance that such laws or programs will not be changed in a manner that adversely affects the Corporation or the holding and disposing of the securities of the Corporation.

Legislation and regulations continue to be introduced by government and government agencies concerning the security of industrial facilities, including oil and natural gas facilities. The Corporation's operations may be subject to such laws and regulations. Presently, it is not possible to accurately estimate the costs the Corporation could incur to comply with any such laws or regulations, but such expenditures could be substantial.

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Income Taxes

The Corporation will file all required income tax returns and believes that it will be in full compliance with the provisions of the Tax Act and all other applicable tax legislation. However, such returns are subject to reassessment by applicable taxation authorities. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Native Title

The requirement to comply with the "right to negotiate procedure" pursuant to the Native Title Act and the similar procedures set forth in the APY Act and the Maralinga Act have the potential to significantly delay the grant of petroleum tenements in Australian jurisdictions. To the extent such requirements delay the granting of any petroleum tenements to the Corporation, or petroleum tenements are not granted to the Corporation, the Corporation may be adversely affected.

Aboriginal Freehold Land

The provisions set further in the APY Act and the Maralinga Act have the potential to delay the grant of petroleum tenements on lands subject to such acts, and to increase the costs associated with obtaining the grant of such tenements. To the extent such requirements delay the granting of any petroleum tenements to the Corporation, or petroleum tenants are not granted to the Corporation, the Corporation may be adversely affected.

Woomera Prohibited Area

PELA 303 and PEL 81 are within the Prohibited Area in the Woomera area in South Australia and the Corporation may in the future seek further exploration or production licenses within the Prohibited Area. Changes in government, government policies and legislation or the terms of any arrangement or agreement entered into with the Commonwealth of Australia may restrict the Corporation's ability to facilitate access to any area of petroleum and/or natural gas exploration activity which falls within a Prohibited Area. Any such restriction could have a material adverse effect on the Corporation.

Aboriginal Heritage

The procedures and regulatory powers set forth in applicable laws relating to Aboriginal heritage in Australia may delay, limit or prevent oil and gas exploration activities in Australia. Such procedures and powers, to the extent they affect the Corporation, may have an adverse effect on the Corporation's financial condition, results of operations or prospects.

Integrity of Disclosure

The Corporation's management maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

The Board is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the audited consolidated financial statements. The Board approves the annual audited consolidated financial statements and MD&A on the recommendation of the Audit Committee. The Corporation has approved and distributed to all staff a series of policy papers that include Code of Business Conduct and Ethics, Whistle Blower Policy and Procedures, Insider Trading and Reporting Guidelines, Disclosure Policy and Board Control System. Terms of References define Audit Committee and Compensation and Governance Committees. The Corporation has a defined Board Mandate. All consultant contracts are current and approved by independent members of the Board.

Additional Information

Additional information relating to the Corporation can be obtained by contacting the Corporation at Rodinia Oil Corp., Suite 320, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6. Information is also available on the Corporation's website at www.rodiniaoil.com.