



Interim Consolidated Financial Statements
for the three and nine months ended
September 30, 2010 and 2009

The management's discussion and analysis as provided by the management of Rodinia Oil Corp. ("Rodinia" or the "Corporation") as of November 25, 2010, is to be read in conjunction with the accompanying unaudited consolidated financial statements and related notes for the three and nine months ended September 30, 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 approximately an 84% working interest in petroleum exploration licenses and permits in the Officer Basin of South Australia and Western Australia that cover approximately 23 million gross acres.

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

On February 24, 2009, the Corporation renegotiated the terms of its joint venture farmout agreements 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 amended agreements, Ensearch reduced its non-operated unearned working interest from 25% to an earned working interest of 20% in each of the aforementioned operating areas. In accordance with the terms of the amended agreement, Ensearch was provided with a credit of approximately \$77,000 (\$AUD) to be offset against future joint venture billings.

In the fourth quarter of 2007, the Corporation signed a farmout and participation agreement with Texalta Petroleum Ltd. ("Texalta") to earn up to a 60% working interest in two exploration permits covering approximately 5.5 million acres (gross) of lands in the Georgina Basin (Northern Territory, Australia) for a total cost of \$10 million with staged payments through to 2010, and to become the operator of such lands. Prior to February 26, 2009, the Corporation had paid \$500,000 to Texalta pursuant to such agreement. On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to Australia Energy Corp. ("AEC"), a privately held Canadian controlled corporation. Pursuant to the terms of the sale agreement, Rodinia received 2,000,000 common shares of AEC, representing approximately 50% of the outstanding common shares of AEC valued at carrying value of \$500,000. After an initial offering which raised gross proceeds of \$864,200 at \$0.25 per share, the Corporation's

interest in AEC was reduced to approximately 27%. AEC and the Corporation share five common directors and executive management. In November 2009, AEC secured additional financing of \$9,175,000 at \$1.00 per common share. Proceeds of AEC's financing will be used towards exploration activities including additional seismic acquisition and the drilling of 2 wells. Following the closing of the AEC financing, Rodinia holds approximately 12% of the issued and outstanding common shares of AEC. Subsequent to AEC's ownership in the Texalta farmout agreement, the farmout and participation agreement was amended such that AEC could earn up to a 50% working interest in the same two exploration permits for a total cost of \$5 million. AEC has now fulfilled its \$5 million commitment and has become the operator of these lands.

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.

On May 28, 2010 and June 11, 2010, the Corporation closed its initial public offering (the "IPO") and the over-allotment to the IPO, respectively. The IPO financing consisted of the sale of units at an ascribed price of \$1.00 per unit (the "IPO Units"). Each IPO Unit was comprised of one common share valued at \$0.95 per common share and one half of one common share purchase warrant, with each full common share purchase warrant (the "IPO Warrants") valued at \$0.10 per IPO Warrant. Each full IPO Warrant entitles 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. On May 28, 2010, the Corporation sold 52,500,000 IPO Units for gross proceeds of \$52,500,000. On June 11, 2010, as part of the IPO over-allotment, the Corporation sold 4,700,000 common shares and 3,937,500 IPO Warrants for gross proceeds of \$4,858,750. The Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2010 and 2011 in addition to working capital funds that management believes will allow the Corporation to operate well into 2012.

Subsequent Events

Subsequent to September 30, 2010, AEC engaged Macquarie Capital Markets Canada Ltd. to act as lead agent on a "best efforts" basis in connection with a proposed private placement (the "Private Placement") of subscription receipts of AEC at a price to be determined in the context of the market for gross proceeds expected to be in excess of \$25,000,000. Rodinia does not intend to participate in the Private Placement and as such Rodinia's ownership in AEC will be diluted, which could have an impact on how Rodinia accounts for its investment in AEC on a go forward basis.

On October 6, 2010, AEC entered into a formal amalgamation agreement with Pendulum Capital Corporation ("Pendulum"), pursuant to which Pendulum will amalgamate (the "Business Combination") with AEC under the *Business Corporations Act* (Alberta) to form a new company on terms as previously agreed pursuant to the Letter Agreement dated August 6, 2010. The Business Combination, when completed, will constitute the qualifying transaction of Pendulum pursuant to Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX Venture") Corporate Finance Manual.

The Business Combination is subject to the approval of TSX Venture Exchange and all other necessary regulatory approvals. The completion of the Business Combination is also subject to additional conditions precedent, including shareholder approval of each of AEC and Pendulum.

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.

	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Net loss	309,066	302,005	317,697	312,839	(655,877)	312,408	2,180,685	403,013
Per common share (basic and diluted)	0.01	0.01	0.01	0.01	(0.01)	0.01	0.03	0.00
Negative cash flow from operations	(123,894)	(1,694,247)	1,768,930	682,435	211,507	147,296	868,320	145,432
Working capital	1,746,193	1,031,558	735,678	338,350	116,463	3,552,871	56,426,257	57,238,737
Petroleum and natural gas assets	8,793,833	9,302,614	10,025,572	10,864,799	10,841,456	10,890,607	10,852,492	12,129,746
Total assets	12,134,699	13,380,387	11,664,549	11,917,830	12,525,968	16,001,175	68,972,855	70,708,372
Shareholders' equity	10,540,026	12,216,847	11,261,251	11,688,209	12,216,847	15,707,910	68,533,053	70,502,298

Cash and cash equivalents

Cash increased from \$348,356 at December 31, 2009 to \$55,650,214 at September 30, 2010. Increase in cash and cash equivalents is due to the closing of a non-brokered private placement in March for gross proceeds of \$4,167,409 and the Corporation's IPO for gross proceeds of \$57,358,750, net of share issue costs, reduced by expenditures incurred to prepare for the Corporation's phase one drilling program in South Australia and ongoing corporate general and administrative expenses.

Accounts receivable

Accounts receivable increased from \$36,287 at December 31, 2009 to \$412,471 at September 30, 2010. The increase in accounts receivable is due to increasing joint venture receivables, which totaled \$173,574 as at September 30, 2010. Joint venture receivables have increased due to an increase in capital activity and because the Corporation's joint venture partner was in receivership during the third quarter. No allowance has been provided at the time of this management's discussion and analysis relating to the \$173,574 currently owing from this joint venture partner because subsequent to quarter end the majority of the past due balance was paid by the court appointed receiver. The majority of the remainder of the increase in receivables is due to amounts owed from AEC to the Corporation and due to an accounting reclassification of how GST is filed.

Prepaid expenses and deposits

Prepaid expenses and deposits increased slightly from \$40,941 at December 31, 2009 to \$47,924 at September 30, 2010. The end of period balance is comprised of prepaid rent for the Corporation's Calgary and Adelaide offices, in addition to the unamortized portion of prepaid directors and officers insurance, which was recently renewed on June 1, 2010.

Investment in AEC

On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to AEC at a carrying value of \$500,000. Pursuant to the terms of the sale agreement, Rodinia received 2,000,000 common shares, which after AEC's initial private placement offering of \$864,200 on February 28, 2009, represented approximately 27% of the outstanding common shares of AEC. AEC raised a further

\$9,175,000 on November 3, 2009 at \$1.00 per share, through a brokered private placement, further diluting the Corporation's shareholdings to approximately 12%. The Corporation recorded a \$51,524 and \$151,262 equity loss relating to the Corporation's share of AEC's losses recorded during the three and nine months ended September 30, 2010. In addition, the Corporation recorded \$4,032 and \$16,375 other comprehensive loss relating to AEC's other comprehensive losses recorded during the three and nine months ended September 30, 2010. Details of the Corporation's equity investment in AEC are as follows:

	September 30, 2010	December 31, 2009
Total assets	1,240,807	1,252,876
Total liabilities	103,599	9,421
Total equity	1,137,209	1,243,455
Net loss	151,311	63,619
Other comprehensive gain/(loss)	(16,375)	34,344

The Corporation currently holds an 11.95% equity interest in Australia Energy Corp. As such the amounts disclosed above represent the Corporation's proportionate equity interest.

Property, plant and equipment

Property, plant and equipment increased from \$10,841,456 at December 31, 2009 to \$12,129,746 at September 30, 2010. Capital expenditures for the three and nine months totaled \$253,477 and \$571,072 as compared to \$184,659 and \$885,378 incurred in the same periods in 2009. The majority of expenditures for the three and nine months ended September 30, 2010 were incurred in South Australia with the preparation for the Corporation's upcoming drilling and seismic programs in South Australia. Included in the PP&E balance is a non-cash foreign exchange translation gain for the three and nine months ended September 30, 2010 of \$1,017,831 and \$642,568, which has been recorded in accordance with the Corporation's accounting policy for foreign exchange translation. The translation gain for the three and nine months ended September 30, 2010 reflects the weakening of the Canadian currency versus the Australian currency during the period. The remainder of the increase in property plant and equipment is attributable to the acquisition of gross overriding royalties on the Corporation's properties in exchange for common shares valued at \$101,517, offset by depreciation expense of \$26,866.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased from \$309,121 at December 31, 2009 to \$206,074 at September 30, 2010. The decrease from December 31, 2009 is due to normal timing differences in the Corporation's trade payables.

General and administrative

General and administrative ("G&A") expense for the three and nine months ended September 30, 2010 totaled \$379,101 and \$1,554,025 as compared to \$164,967 and \$583,378 for the same periods in the prior year. The increase in G&A over the prior year relates to increased staffing levels in anticipation of the Corporation's upcoming seismic and drilling programs, increased office supplies and rent associated with the higher staffing levels and higher travel, accommodations, corporate reporting and professional fees associated with completing the Corporation's IPO in May 2010. Management anticipates lower G&A on a go-forward basis now that the Corporation has completed its IPO, which has already been realized as the Corporation's G&A decreased from \$934,304 during the three months ended June 30, 2010 to \$403,563 during the three months ended September 30, 2010.

Stock based compensation

Stock based compensation expense for the three and nine months ended September 30, 2010 totaled \$424,453 and \$2,039,171 compared to \$77,524 and \$239,802 in the same periods 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 salaries were 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 earnings. During the three months ended March 31, 2010, 66,667 common shares were issued at \$0.65 per share for total compensation of \$43,334. In addition, on April 1, 2010, 66,667 Private Placement Units were issued to the Corporation's Vice President Finance, Chief Financial Officer and 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 three and nine months ended September 30, 2010 totaled \$3,043 and \$22,296 compared to \$(16,298) and \$10,859 in the same periods in the prior year. Overall, interest and banking expenses incurred during the three and nine months ended September 30, 2010 were as expected by management. The interest and banking expenses incurred during the three and nine months ended September 30, 2009 included an accounting reclassification of approximately \$18,000, which resulted in the overall reduction to interest and banking expenses during the same period of the prior year.

Depreciation

Depreciation expense for the three and nine months ended September 30, 2010 totaled \$9,054 and \$26,866 as compared to \$9,360 and \$28,894 for the same periods from the prior year. Depreciation expense relates to the Corporation's office furniture and equipment, which is depreciated at a rate of 20% per annum. Overall, depreciation expense for the three and nine months ended September 30, 2010 and 2009 was as expected by management.

Bad debt expense/(recovery)

As at December 31, 2009, the Corporation had recorded an allowance for doubtful accounts provision of \$38,972 relating to sublease rent of the Corporation's Canadian office to which collection was in doubt. However, the rent was subsequently paid during 2010 and as such the Corporation has recorded a recovery of bad debt expense.

Net loss

The Corporation recorded net earnings/(loss) for the three and nine months ended September 30, 2010 of \$403,013 and \$(2,090,080) compared to \$(312,839) and \$(932,541) in the same periods 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 three and nine months ended September 30, 2010 was generated primarily from, stock based compensation (non-cash)

expense, G&A expenses including salaries, office costs, travel costs in addition to depreciation (non-cash) expense, and a non-cash loss recorded against the Corporation's investment in AEC during the period. The net loss per share (basic and diluted) for the three and nine months ended September 30, 2010 was \$0.00 and \$0.03 compared to \$0.01 and \$0.02 in the same periods in the prior year.

Comprehensive earnings / (loss)

The Corporation recorded comprehensive earnings for the three months ended September 30, 2010 of \$1,589,917 and a comprehensive loss of \$1,343,886 for the nine months ended September 30, 2010 as compared to comprehensive earnings of \$349,432 and \$747,463 in the same periods in the prior year. The majority of the difference between net earnings/loss and comprehensive earnings/loss is comprised of other comprehensive income/losses relating to the translation of the Corporation's assets and liabilities in accordance with the Corporation's accounting policy on foreign exchange gains and losses. The remainder of comprehensive earnings/loss recorded by the Corporation relates to its pick-up of AEC's other comprehensive losses of \$4,032 and \$16,375 for the three and nine months ended September 30, 2010. The Australian currency relative to the Canadian currency strengthened from CAD 0.9368 at December 31, 2009 to CAD 0.9979 at September 30, 2010 resulting in a gain of \$1,190,937 and \$762,570 for the three and nine months ended September 30, 2010 on the translation of the Corporation's net Australian assets.

Common share information

Weighted average outstanding common shares

	Three months ended September 30, 2010	Nine months ended September 30, 2010
Basic and diluted⁽¹⁾	105,891,424	71,831,440

⁽¹⁾ As the Corporation had a loss for the nine months ended September 30, 2010 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 September 30, 2010 were as follows:

		Weighted Average Exercise Price
Common shares	105,291,206	
Options	8,510,000	\$0.83
Warrants	32,999,112	\$1.31
Total common shares (diluted)	146,800,318	

As at September 30, 2010 the Corporation had \$55,650,214 in cash and cash equivalents. The source of the Corporation's net working capital of \$57,238,737 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 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 and June 11, 2010, the Corporation closed its IPO and the over-allotment to the IPO for gross proceeds of \$52,500,000 and \$4,858,750, respectively. The IPO financing consisted of the sale of IPO Units at an ascribed price of \$1.00 per IPO Unit. Each IPO Unit is comprised of one common share and one half of one IPO Warrant 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.

With current working capital on hand, the Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2010 and 2011 in addition to working capital funds that will allow the Corporation to operate well into 2012.

In addition, the Corporation has 8,510,000 stock options and 32,999,112 warrants issued and outstanding at strike prices ranging from \$0.20 to \$1.33 as at September 30, 2010 and could potentially yield \$7,107,500 and \$43,382,729 of total proceeds, respectively. If all of these instruments are exercised it would result in an additional 41,509,112 common shares being issued, which represents dilution of 39.4% in comparison to the shares issued and outstanding as at September 30, 2010.

The Corporation's investing activities for the three and nine months ended September 30, 2010 of \$253,477 and \$571,072 consisted primarily of land administration costs, geological and geophysical expenditures and up-front drilling and completion preparation costs in anticipation of the Corporation's upcoming drilling and seismic programs in South Australia.

Financial Instruments and Other Instruments

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. As September 30, 2010 the Corporation had the following forward foreign currency exchange rate contracts:

Type of contract	AUD bought (\$)	CAD sold (\$)	Rate (%)	Term
Currency exchange	2,500,000	2,123,500	84.94	December 9, 2010
Currency exchange	2,500,000	2,105,250	84.21	March 9, 2011
Currency exchange	2,500,000	2,088,000	83.52	June 9, 2011
Currency exchange	2,500,000	2,077,750	83.11	September 9, 2011

Commitments

As at September 30, 2010, Rodinia 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 a minimum work commitment including 250 km of 2D seismic in the first and second years (commencing June 2007), geological and geophysical studies in the third year, one exploratory well and an additional 250 km of 2D seismic in the fourth year and one or two exploratory wells in the fifth year. As at September 30, 2010, the Corporation has exceeded the minimum work program for year one and year two. The Corporation's commitment in year three was to expire in June 2010. However, in consideration of the extensive seismic work completed to date in addition to the time required to adequately prepare an exploration drilling program, the Corporation successfully applied for and received a 12 month suspension and extension of its work obligations on PEL 81. The Corporation is still entitled to conduct regulated activities on PEL 81 during this period.

PEL 253 minimum work plan commitment

The Corporation was granted PEL 253 in June 2007 with a five year term to complete a minimum work commitment including 100 km of 2D seismic in the first and second years (commencing June 2007), various geological studies in the third year, one exploratory well in the fourth year and an additional 200 km of 2D seismic in the fifth year. The Corporation's commitment in year three was to expire in June 2010. However, in consideration of the extensive seismic work completed to date in addition to the time required to adequately prepare an exploration drilling program, the Corporation successfully applied for and received a 12 month suspension and extension of its work obligations on PEL 253. The Corporation is still entitled to conduct regulated activities on PEL 253 during this period.

Operating leases

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

These commitments are scheduled in the Corporation's 2010 capital investment plans and are summarized over the following five years as follows:

	Total	2010	2011	2012	2013	2014
PEL 81 minimum work plan commitment	10,998,032	-	199,728	6,237,232	4,561,072	-
PEL 253 minimum work plan commitment	5,477,945	-	39,946	4,001,009	1,436,990	-
Operating leases	398,825	59,217	130,712	104,448	104,448	-
Total contractual obligations	16,874,802	59,217	370,386	10,342,689	6,102,510	-

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

G&A 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 September 30, 2010. The total future obligation from these operating leases is described above in the section "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 Rodinia 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.
- 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

Convergence with international reporting standards

On January 1, 2011 International Financial Reporting Standards ("IFRS") will become the generally accepted accounting principles in Canada. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for the year ended December 31, 2010, including the opening balance sheet as at January 1, 2010. Throughout 2009 and the first half of 2010 the Company has assessed the impact of adopting IFRS and is continuing to review plans for transition. The project is being managed by in-house accounting professionals who have engaged in IFRS educational programs and continue to develop the Company's adoption to IFRS. The Corporation's auditors will be involved throughout the process to ensure the Corporation's policies are in accordance with these new standards.

Management has not yet finalized its accounting policies and as such is unable to quantify the impact on the financial statements of adopting IFRS. In addition, due to anticipated changes to IFRS and International Accounting Standards prior to the Corporation's adoption of IFRS, Management's plan is subject to change based on new facts and circumstances that arise after the date of the MD&A.

In July 2009 an amendment to IFRS 1 First Time Adoption of International Reporting Standards was issued that applies to oil and gas assets. The amendment allows an entity that used full cost accounting under its previous GAAP to elect, at its time of adoption, to measure exploration and evaluation assets at the amount determined under the entity's previous GAAP and to measure oil and gas assets in the

development and production phases by allocating the amount determined under the entity's previous GAAP for those assets to the underlying assets pro rata using reserve volumes or reserve values as of that date. The Corporation currently anticipates that it will use this exemption. IFRS 1 also provides a number of other optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application. Management is analyzing the various accounting policy choices available and will implement those determined to be the most appropriate for the Corporation which other than the full cost accounting exemption noted above is:

Share-based payments - IFRS 1 allows Rodinia an exemption on IFRS 2, "Share-Based Payment" to equity instruments which vested before the Corporation's transition date to IFRS.

The transition from Canadian GAAP to IFRS is significant and may materially affect our reported financial position and results of operations. At this time, the Corporation has identified key differences that will impact the financial statements as follows:

- Exploration and Evaluation ("E&E") expenditures - On transition to IFRS Rodinia will re-classify all E&E expenditures that are currently included in the PP&E balance on the Consolidated Balance Sheet as a separately identified item separated from developed and producing assets. This will consist of the book value of undeveloped land and seismic expenditures that relate to exploration properties. E&E assets will not be depleted and must be assessed for impairment when indicators of impairment exist and upon transition.
- Impairment of PP&E assets - Under IFRS, impairment tests of PP&E must be performed on specific portions of PP&E as opposed to the entire PP&E balance which is currently required under Canadian GAAP through the full cost ceiling test. Impairment calculations will be performed at the cash generating unit level using either total proved or proved plus probable reserves.
- Due to the recent withdrawal of the exposure draft on IAS 12 Income Taxes in November 2009 and the issuance of the exposure draft on IAS 37 Provisions, Contingent Liabilities and Contingent Assets in January 2010, Management is still determining the impact of these revised standards on its IFRS transition.

In regards to internal controls over financial reporting ("ICOFR"), Rodinia will be determining which additional changes to ICOFR will be required to deal with the changes in accounting policies. This will be ongoing through 2010 to ensure all changes in accounting policies include appropriate additional controls and procedures for future IFRS reporting requirements.

In regards to disclosure controls and procedures, Rodinia will be assessing stakeholders' information requirements and ensure that appropriate and timely information is provided once available.

Business combinations

In 2009 a new standard 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 sections 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, 1601, Consolidated Financial Statements and 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 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.

CONSOLIDATED INTERIM BALANCE SHEETS

Rodinia Oil Corp.

(Canadian Dollars)

(Unaudited)

<i>As at</i>	September 30, 2010	December 31, 2009
Assets		
Current		
Cash and cash equivalents	55,650,214	348,356
Accounts receivable	412,471	36,287
Prepaid expenses and deposits	47,924	40,941
Financial instruments (Note 7)	1,334,202	-
	<u>57,444,811</u>	<u>425,584</u>
Investment in AEC (Note 6)	1,133,815	1,301,452
Property, plant and equipment (Note 4)	12,129,746	10,841,456
	<u>70,708,372</u>	<u>12,568,492</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	206,074	309,121
Shareholders' equity		
Share capital (Note 5)	66,424,431	12,071,933
Warrants (Note 5)	3,357,595	-
Contributed surplus (Note 5)	4,416,294	2,539,574
Accumulated other comprehensive income (Note 5)	2,131,836	1,385,642
Deficit	(5,827,858)	(3,737,778)
	<u>70,502,298</u>	<u>12,259,371</u>
	<u>70,708,372</u>	<u>12,568,492</u>
Future operations (Note 2)		
Commitments (Note 9)		
Subsequent events (Note 10)		

See accompanying notes to the unaudited interim consolidated financial statements

CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

Rodinia Oil Corp.

(Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Revenue				
Interest revenue	59,473	843	84,241	8,521
Other income				
Realized gain on financial instruments (Note 7)	246,125	-	246,125	-
Unrealized gain on financial instruments (Note 7)	964,590	-	1,334,202	-
	1,210,715	-	1,580,327	-
Expenses				
General and administrative	379,101	164,967	1,554,025	583,378
Stock based compensation (Note 5)	424,453	77,524	2,039,171	239,802
Interest and banking	3,043	(16,298)	22,296	10,859
Depreciation	9,054	9,360	26,866	28,894
Bad debt expense/(recovery)	-	63,188	(38,972)	63,188
	815,651	298,741	3,603,386	926,121
Loss on equity investment (Note 6)	(51,524)	(14,941)	(151,262)	(14,941)
Net earnings/(loss)	403,013	(312,839)	(2,090,080)	(932,541)
Other comprehensive gain/(loss)				
Loss on equity investment (Note 6)	(4,032)	-	(16,375)	-
Foreign exchange gain/(loss) on self sustaining foreign operations	1,190,936	662,271	762,569	1,680,004
Comprehensive earnings/(loss)	1,589,917	349,432	(1,343,886)	747,463
Deficit, beginning of period	(6,230,871)	(3,763,119)	(3,737,778)	(3,461,114)
Deficit, end of period	(5,827,858)	(4,393,655)	(5,827,858)	(4,393,655)
Net loss per share (Note 5)				
Basic and diluted	0.00	(0.01)	(0.03)	(0.02)

See accompanying notes to the unaudited interim consolidated financial statements

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Rodinia Oil Corp.

(Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Cash provided by (used in)				
Operating				
Net earnings/(loss)	403,013	(312,839)	(2,090,080)	(932,541)
Unrealized gain on financial instruments	(964,590)	-	(1,334,202)	-
Loss on equity investment	51,524	14,941	151,262	14,941
Stock based compensation	424,453	77,524	2,039,171	239,802
Depreciation	9,054	9,360	26,866	28,894
	(76,546)	(211,014)	(1,206,983)	(648,904)
Change in non-cash working capital	(68,886)	(471,421)	45,935	(108,214)
	(145,432)	(682,435)	(1,161,048)	(757,118)
Financing				
Issuance of common shares and warrants net of share issue costs	(60,125)	-	57,421,042	160,918
	(60,125)	-	57,421,042	160,918
Investing				
Expenditure on petroleum and natural gas properties	(253,477)	(184,659)	(571,072)	(885,378)
Changes in non-cash working capital	(90,130)	292,264	(387,064)	(1,015,763)
	(343,607)	107,605	(958,136)	(1,901,141)
Increase/(decrease) in cash and cash equivalents	(549,164)	(574,830)	55,301,858	(2,497,341)
Cash and cash equivalents, beginning of period	56,199,378	1,096,285	348,356	3,018,796
Cash and cash equivalents, end of period	55,650,214	521,455	55,650,214	521,455

See accompanying notes to the unaudited interim consolidated financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Rodinia Oil Corp.

For the three and nine months ended September 30, 2010

Unaudited

(Canadian dollars)

Rodinia Oil Corp. (“Rodinia” or the “Corporation”) was incorporated on July 21, 2006 under the name Officer Basin Energy Inc. On March 5, 2008, the Corporation filed articles of amendment to change the name to Rodinia Oil Corp. Rodinia is engaged in the business of international petroleum exploration in Australia, through its wholly owned subsidiary, Officer Basin Energy Pty Ltd. (“OBEPL”).

1. DEVELOPMENT STAGE CORPORATION

Rodinia is engaged primarily in the pursuit of petroleum and natural gas through exploration in Australia. Since inception, the efforts of the Corporation have been devoted to the pursuit of petroleum exploration licenses with the government of Australia, land access agreements with the aboriginal stakeholders, and initial stage seismic acquisition. To date, the Corporation has not earned revenue from these operations and is considered to be in the development stage. The recoverability of the costs incurred to date is uncertain and dependent upon achieving commercial production or sale, the ability of the Corporation to obtain sufficient financing to fulfill its obligations under the petroleum exploration licenses and upon future profitable operations.

2. FUTURE OPERATIONS

These unaudited interim consolidated financial statements for the three and nine months ended September 30, 2010 have been prepared by management in accordance with accounting principles applicable to a going concern which assumes the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. At September 30, 2010, the Corporation had working capital surplus of \$57,238,737, a deficit of \$5,827,858 and net earnings/(loss) for the three and nine months ended September 30, 2010 of \$403,013 and \$(2,090,080), respectively. The Corporation’s petroleum licenses are in the exploration stage.

The Corporation is dependent on obtaining sufficient financing to fulfill its obligations under the petroleum exploration licenses and upon future profitable operations and finalizing agreements. 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. In addition to the private placement, on May 28, 2010 and June 11, 2010, the Corporation closed its initial public offering (the “IPO”) and the over-allotment to the IPO for gross proceeds of \$52,500,000 and \$4,858,750, respectively. 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 2010 and 2011 in addition to working capital funds that management believes will allow the Corporation to operate well into 2012.

These unaudited interim consolidated financial statements have been prepared on the basis that the Corporation will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these financial statements, and that the Corporation will be able to continue its business activities. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of the Corporation have been prepared by Management in accordance with Canadian GAAP, following the same accounting policies and methods of computation as the audited consolidated financial statements of Rodinia for the year ended December 31, 2009. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements and notes for the year ended December 31, 2009.

The preparation of financial statements in conformity with Canadian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

4. PROPERTY AND EQUIPMENT

	September 30 2010 \$	December 31 2009 \$
South Australia		
Land costs and acquisitions	1,960,092	1,682,872
Seismic acquisition	8,160,212	7,463,225
Drilling preparations	118,698	-
	10,239,002	9,146,097
Western Australia		
Land costs and acquisitions	8,894	-
Aerogravity and aeromagnetism survey & interpretation	1,689,818	1,527,937
	1,698,712	1,527,937
Total Land and Exploration	11,937,714	10,674,033
Office furniture and equipment	301,752	250,276
Accumulated depreciation	(109,720)	(82,854)
	12,129,746	10,841,456

No amounts relating to general and administrative expenses or stock based compensation were capitalized in 2010 or 2009.

On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to Australia Energy Corp. (“AEC”), a privately held Canadian controlled corporation. Pursuant to the terms of the sale agreement, Rodinia received 2,000,000 common shares, which after AEC’s initial private placement offering, represented approximately 27% of the outstanding common shares of AEC. AEC and the Corporation share common directors and executive management and therefore the Corporation holds significant influence over the operations of AEC. In conjunction with the recapitalization of AEC, AEC renegotiated the terms of the Texalta agreement with a revised farmout payment of \$775,000 which was made upon closing of AEC’s initial private placement for a right to earn up to a 50% operated working interest. In November 2009, AEC secured additional financing of approximately \$9,175,000 at \$1.00 per common share. Proceeds of AEC’s financing will be used towards exploration activities including additional seismic acquisition and the drilling of 2 wells. Following the closing of the AEC financing, Rodinia holds approximately 12% of the issued and outstanding common shares of AEC.

The Corporation accounts for its investment in AEC as a long-term investment under the equity method and will assess its investment in AEC for impairment on a quarterly basis and at any time in which impairment indicators are present (refer to note 6 – Long-Term Investments)

5. SHARE CAPITAL

Authorized

Unlimited number of voting Class A common shares, without nominal or par value

Unlimited number of non-voting Class B common shares, without nominal or par value

Unlimited number of voting Class C preferred common shares, without nominal or par value

Unlimited number of non-voting Class D preferred common shares, without nominal or par value

	September 30, 2010		December 31, 2009	
	Number of Shares	\$	Number of Shares	\$
Common shares				
Balance, beginning of period	41,040,693	12,071,933	38,733,172	11,832,371
Private placement	5,556,545	3,611,754	573,222	171,952
Issued for employee compensation	216,945	111,750	266,667	80,000
Issued on liquidity entitlement	-	-	1,467,632	-
Exercise of stock options	1,141,667	334,534	-	-
GORR acquisition	135,356	101,517	-	-
IPO	57,200,000	54,340,000	-	-
Share issue costs	-	(4,147,057)	-	(12,390)
Balance, end of period	105,291,206	66,424,431	41,040,693	12,071,933
Warrants				
Balance, beginning of period	-	-	14,676,315	1,467,632
Expired unexercised	-	-	(14,676,315)	(1,467,632)
Private placement	2,778,278	555,655	-	-
Issued for employee compensation	33,334	6,667	-	-
IPO	30,187,500	3,018,750	-	-
Share issue costs	-	(223,477)	-	-
Balance, end of period	32,999,112	3,357,595	-	-

Issue of common shares

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 Private Placement Units. The fair value of the Private Placement Warrants was estimated on the date of issuance using the Black-Scholes pricing model with weighted average assumptions and resulting values for issuances as follows:

Assumptions

Risk free interest rate (%)	4.00
Expected life (years)	2.00
Expected volatility (%)	55
Expected dividends	-
Weighted average fair value per whole warrant	\$0.20

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 salaries are 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 earnings. During the three months ended March 31, 2010 83,611 common shares were issued at \$0.30 per share for total compensation of \$25,083 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 to the Corporation's Vice President Finance, Chief Financial Officer and 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.

On April 8, 2010, 1,000,000 stock options were exercised having an exercise price of \$0.20 per common share.

On April 9, 2010, the Corporation issued 115,356 common shares at a deemed price of \$0.75 per share, pursuant to the terms of purchase of a 1.5% GORR on PEL 81, PEL 253 and PELA 303 from Phi Capital Corp., representing an arm's length party. On August 31, 2010, the Corporation issued 20,000 common shares at a deemed price of \$0.75 per share, pursuant to the terms of purchase of a 1.5% GORR on PEL 253 from Petrex Energy Limited, representing an arm's length party.

On May 28, 2010, the Corporation sold 52,500,000 IPO Unit for gross proceeds of \$52,500,000. Then, on June 11, 2010, the Corporation sold 4,700,000 common shares and 3,937,500 IPO Warrants for gross proceeds of \$4,858,750.

Stock options

Employees, officers and directors of Rodinia and contractors acting in their capacity as service providers may be granted options to purchase common shares. Options granted have a term of five years to expiry and typically vest equally over a two year period on the basis of one-third on the date of grant, one-third on the first anniversary date of the grant, and one-third on the second anniversary date of the grant. In certain circumstances and as directed by the board of directors, certain stock option grants to directors and executive have been granted with immediate vesting terms. The exercise price of each option equals the market price of the Corporation's common shares on the date of grant.

During the three and nine months ended September 30, 2010, 85,000 and 4,885,000 options were granted, respectfully.

The following table summarizes stock options outstanding and exercisable under the plan at September 30, 2010:

Exercise price	Number outstanding at period end	Options outstanding		Options exercisable	
		contractual life	Weighted average remaining	Weighted average exercise price	Number exercisable at period end
\$0.20	300,000	0.9		\$0.20	300,000
\$0.40	625,000	3.2		\$0.40	416,661
\$0.75	3,150,000	2.1		\$0.75	2,883,333
\$1.00	4,435,000	4.7		\$1.00	1,478,332
	8,510,000	3.5		\$0.83	5,078,326

Stock based compensation

The Corporation accounts for its stock based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period for stock options granted to employees, officers and directors of Rodinia, with a corresponding increase to contributed surplus.

The following table reconciles the Corporation's contributed surplus for the nine months ended September 30, 2010:

	September 30, 2010	December 31, 2009
	(\$)	(\$)
Balance, beginning of period	2,539,574	887,838
Stock based compensation expense	1,945,837	184,104
Expiry of common share purchase warrants	-	1,467,632
Exercise of stock options	(69,117)	-
Balance, end of period	4,416,294	2,539,574

The fair value of the options granted during the period ended September 30, 2010 was estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

Assumptions	Nine months ended September 30, 2010
Risk free interest rate (%)	2.77
Expected life (years)	5.00
Expected volatility (%)	127
Expected dividends	-
Weighted average fair value of options granted	\$0.83

Per common share amounts

The basic weighted average number of common shares outstanding for the three and nine months ended September 30, 2010 was 105,891,424 and 71,831,440 (40,941,781 and 40,352,516 for the same period in the prior year). As the Corporation has recorded a loss for the nine months ended September 30, 2010 and for the three and nine months ended September 30, 2009, 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.

Accumulated other comprehensive income

	September 30, 2010	December 31, 2009
	(\$)	(\$)
Balance, beginning of period	1,385,642	(186,701)
Loss on equity investment	(16,375)	-
Foreign exchange gain on self-sustaining foreign operations	762,569	1,572,343
Balance, end of period	2,131,836	1,385,642

Management of capital structure

The Corporation's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Corporation considers its capital structure to include shareholders' equity, bank debt and working capital, however as at September 30, 2010, the Corporation has no bank debt.

As the Corporation is in the development phase and has not yet generated funds from operations, it is unable to monitor capital based on the ratio of net debt to annualized funds generated from operations. Therefore the Corporation monitors capital based on the projected rate of capital spending and available funds on hand. In order to adjust the capital structure, the Corporation may from time to time issue shares and/or adjust its capital spending levels.

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 Private Placement Units. In addition to the private placement, on May 28, 2010 and June 11, 2010, the Corporation closed its IPO and the over-allotment to the IPO for gross proceeds of \$52,500,000 and \$4,858,750, respectively. The Corporation will utilize these funds for future operations including seismic and drilling activities planned for 2010 and 2011 in addition to working capital funds that management believes will allow the Corporation to operate well into 2012.

6. LONG-TERM INVESTMENTS

	September 30, 2010	December 31, 2009
	(\$)	(\$)
Balance, beginning of period	1,301,452	-
Reclassification to long-term investment, February 26, 2009	-	500,001
Loss on equity investment	(151,262)	(29,214)
Other comprehensive loss	(16,375)	-
Dilution gain		830,665
Balance, end of period	1,133,815	1,301,452

On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to Australia Energy Corp. (“AEC”), a privately held Canadian controlled corporation. Pursuant to the terms of the sale agreement, Rodinia received 2,000,000 common shares, which after AEC’s initial private placement offering of \$864,200 on February 28, 2009, represented approximately 27% of the outstanding common shares of AEC. AEC raised a further \$9,175,000 on November 3, 2009 at \$1.00 per share, through a brokered private placement, further diluted the Corporation’s shareholdings to approximately 12%. AEC and the Corporation share common directors and executive management and therefore the Corporation holds significant influence over the operations of AEC. Therefore the Corporation accounts for its investment in AEC as a long-term investment under the equity method and will assess its investment in AEC for impairment on a quarterly basis and at any time in which impairment indicators are present

7. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Corporation’s financial instruments recognized in the balance sheet consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. The fair value of these financial instruments approximate their carrying amounts due to their short terms to maturity.

Rodinia classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

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 classified as Level 2 and are recorded on the Corporation's balance sheet as an asset or liability based on their current fair values. As September 30, 2010 the Corporation had the following forward foreign currency exchange rate contracts:

Type of contract	AUD bought (\$)	CAD sold (\$)	Rate (%)	Term
Currency exchange	2,500,000	2,123,500	84.94	December 9, 2010
Currency exchange	2,500,000	2,105,250	84.21	March 9, 2011
Currency exchange	2,500,000	2,088,000	83.52	June 9, 2011
Currency exchange	2,500,000	2,077,750	83.11	September 9, 2011

Credit risk

As the Corporation is currently in the exploration phase, accounts receivable is limited to amounts largely pertaining to office sublease rent recoveries, joint venture receivables and income tax credits on goods and services taxes in Australia and in Canada which are subject to normal credit risks.

Currency risks

Rodinia is exposed to exchange rate fluctuations in relation to amounts due to services it must purchase in foreign currencies including the Australian and United States dollars. As at September 30, 2010, the Corporation's cash and cash equivalents included approximately \$2,736,649 denominated in Australian dollars. Management continually monitors the Corporation's currency risk and believes this exposure is not material to its overall operations. For the three and nine months ended September 30, 2010, the Corporation has recorded an unrealized gain of \$964,590 and \$1,334,202 on its forward foreign currency exchange rate contracts and a realized gain of \$246,125 and \$246,125, respectively.

Interest rate risk

At September 30, 2010, the Corporation had no outstanding bank debt and is not exposed to interest rate risk at this time.

Liquidity risk

Liquidity risk relates to the risk the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet are limited to accounts payable. The Corporation anticipates it will continue to have adequate liquidity to fund its existing financial liabilities and ongoing operating and general administrative expenses through its existing working capital. The pace of future capital investment and the related financial liabilities incurred from the capital investment program will be dependent upon the Corporation's capacity to secure additional equity financing on favorable terms. The Corporation had no defaults or breaches on any of its financial liabilities.

Market risk

Market risk is comprised of currency risk, interest rate risk and other price risks which consist primarily of fluctuations in petroleum and natural gas prices. With no bank debt as at September 30, 2010, there is no direct exposure to fluctuations in interest rates. As the Corporation is in the development stage, fluctuations in commodity prices bear no direct risk to the Corporation's revenue, however adverse fluctuations in interest rates, exchange rates and commodity prices may indirectly affect the Corporation's ability to obtain equity financing and future bank debt, if required, and on favorable terms.

8. RELATED PARTY TRANSACTIONS

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 salaries were paid in common shares of the Corporation (see Note 5). This compensation arrangement ceased at the end of March 31, 2010.

On February 26, 2009, the Corporation divested its interest in the Texalta farmout agreement to Australia Energy Corp. ("AEC"), a privately held Canadian controlled corporation. Pursuant to the terms of the sale agreement, Rodinia received 2,000,000 common shares of AEC, which as at December 31, 2009, represented approximately 12% of the outstanding common shares of AEC. AEC and the Corporation share five common directors and three common executives. In accordance with the terms of an Administrative Services Agreement ("ASA"), Rodinia provides certain administrative services and office accommodations to AEC on a cost recovery basis. Based upon the 2010 gross operating budget, the monthly ASA charge to AEC is approximately \$12,000. Adjustments to the ASA budget will be made as and when appropriate based upon cost adjustments and relative activities levels of both companies. For 2009, a onetime ASA cost recovery charge of \$100,000 was received from AEC for ASA services rendered for the period from February 26, 2009 to December 31, 2009. ASA recoveries are recorded to general & administrative services in the Corporation's financial statements.

9. COMMITMENTS

As at September 30, 2010, Rodinia 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 a minimum work commitment including 250 km of 2D seismic in the first and second years (commencing June 2007), geological and geophysical studies in the third year, one exploratory well and an additional 250 km of 2D seismic in the fourth year and one or two exploratory wells in the fifth year. As at September 30, 2010, the Corporation has exceeded the minimum work program for year one and year two. The Corporation's commitment in year three was to expire in June 2010. However, in consideration of the extensive seismic work completed to date in addition to the time required to adequately prepare an exploration drilling program, the Corporation successfully applied for and received a 12 month suspension and extension of its work obligations on PEL 81. The Corporation is still entitled to conduct regulated activities on PEL 81 during this period.

PEL 253 Minimum Work Plan Commitment

The Corporation was granted PEL 253 in June 2007 with a five year term to complete a minimum work commitment including 100 km of 2D seismic in the first and second years (commencing June 2007), various geological studies in the third year, one exploratory well in the fourth year and an additional 200 km of 2D seismic in the fifth year. The Corporation's commitment in year three was to expire in June 2010. However, in consideration of the extensive seismic work completed to date in addition to the time required to adequately prepare an exploration drilling program, the Corporation successfully applied for and received a 12 month suspension and extension of its work obligations on PEL 253. The Corporation is still entitled to conduct regulated activities on PEL 253 during this period.

Operating leases

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

These commitments are scheduled in the Corporation's 2010 capital investment plans and are summarized over the following five years as follows:

	Total	2010	2011	2012	2013	2014
PEL 81 minimum work plan commitment	10,998,032	-	199,728	6,237,232	4,561,072	-
PEL 253 minimum work plan commitment	5,477,945	-	39,946	4,001,009	1,436,990	-
Operating leases	398,825	59,217	130,712	104,448	104,448	-
Total contractual obligations	16,874,802	59,217	370,386	10,342,689	6,102,510	-

10. SUBSEQUENT EVENTS

Subsequent to September 30, 2010, AEC engaged Macquarie Capital Markets Canada Ltd. to act as sole lead agent on a "best efforts" basis in connection with a proposed private placement (the "Private Placement") of subscription receipts of AEC at a price to be determined in the context of the market for gross proceeds expected to be in excess of \$25,000,000. Rodinia does not intend to participate in the Private Placement and as such Rodinia's ownership in AEC will be diluted, which could have an impact on how Rodinia accounts for its investment in AEC on a go forward basis.

On October 6, 2010, AEC entered into a formal amalgamation agreement with Pendulum Capital Corporation ("Pendulum"), pursuant to which Pendulum will amalgamate (the "Business Combination") with AEC under the *Business Corporations Act* (Alberta) to form a new company on terms as previously agreed pursuant to the Letter Agreement dated August 6, 2010. The Business Combination, when completed, will constitute the qualifying transaction of Pendulum pursuant to Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX Venture") Corporate Finance Manual.

The Business Combination is subject to the approval of TSX Venture and all other necessary regulatory approvals. The completion of the Business Combination is also subject to additional conditions precedent, including shareholder approval of each of AEC and Pendulum.

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