



RODINALITHIUM

(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2010 AND 2009

UNAUDITED

(Expressed in Canadian Dollars)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the interim financial statement for the three and six months ended June 30, 2010

NOTICE TO READER

The interim consolidated balance sheet as at June 30, 2010 and the interim consolidated statement of operations, comprehensive loss and deficit, and the interim statement of cash flows for the three and six month period then ended are the responsibility of the Company's management.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian Generally Accepted Accounting Principles.

RODINIA LITHIUM INC.

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS**UNAUDITED**

(Expressed in Canadian Dollars)

AS AT

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 853,282	\$ 1,695,680
Marketable securities (Note 6)	-	93,103
Receivables	19,416	27,529
Notes receivable (Note 3)	-	75,000
Prepaid expenses and deposits	21,079	38,653
	893,777	1,929,965
PROPERTY AND EQUIPMENT (Note 4)	-	18,708
MINERAL PROPERTIES (Notes 5)	9,362,582	6,283,076
MINERAL PROPERTY DEPOSIT DEPOSITS	106,060	-
	7,289	7,289
RECLAMATION BONDS	28,272	28,272
	\$ 10,397,980	\$ 8,267,310
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5(b) and (d))	\$ 485,487	\$ 354,220
LONG TERM LIABILITIES		
Mineral properties acquisition obligation (Note 5(b))	528,000	485,000
	1,013,487	839,220
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	33,270,202	29,905,084
SHARES TO BE ISSUED (Note 5(j)(ii)(3))	-	80,000
CONTRIBUTED SURPLUS (Note 8)	2,526,742	2,341,128
WARRANTS (Notes 7(d) and (e))	2,835,046	3,019,348
DEFICIT	(29,247,497)	(27,917,470)
	9,384,493	7,428,090
	\$ 10,397,980	\$ 8,267,310

COMMITMENTS AND CONTINGENCIES (Notes 1, 5 and 14)

SUBSEQUENT EVENTS (Note 16)

Approved on Behalf of the Board of Directors:

"Mark Eaton" (sgd)Mark Eaton, Director
August 27, 2010"Stan Bharti" (sgd)Stan Bharti, Director
August 27, 2010

See accompanying notes to the unaudited interim consolidated financial statements

RODINIA LITHIUM INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**UNAUDITED**

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2010	2009	2010	2009
REVENUES	\$ -	-	-	-
EXPENSES				
Accounting and legal	57,443	63,779	92,639	87,599
Amortization	17,056	1,883	18,708	3,766
Management and consulting fees (Note 11(a)(b))	193,354	180,406	387,328	227,955
Office and rent	27,825	13,493	57,707	28,174
Stock-based compensation (Note 9)	367,555	-	485,279	-
Regulatory	8,820	5,677	43,303	13,312
Travel and promotion	131,523	11,701	239,245	17,508
	803,576	276,939	1,324,209	378,314
LOSS FOR THE PERIOD BEFORE OTHER ITEMS	(803,576)	(276,939)	(1,324,209)	(378,314)
OTHER ITEMS				
Interest income	-	-	39	12,969
Foreign exchange gain (loss)	4,627	7,853	(5,857)	(10,599)
Unrealized gain on marketable securities	-	72,414	-	72,414
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(798,949)	(196,672)	(1,330,027)	(303,530)
DEFICIT, BEGINNING OF PERIOD	(28,448,548)	(17,777,940)	(27,917,470)	(17,671,082)
DEFICIT, END OF PERIOD	\$ (29,247,497)	(17,974,612)	(29,247,497)	(17,974,612)
LOSS PER SHARE				
Basic and diluted net loss per share	\$ (0.02)	(0.01)	(0.03)	(0.01)
Basis and diluted weighted average shares outstanding	46,526,269	25,274,387	44,422,694	24,694,148

See accompanying notes to the unaudited interim consolidated financial statements

RODINIA LITHIUM INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS**UNAUDITED**

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2010	2009	2010	2009
CASH FROM (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	\$ (798,949)	(196,672)	(1,330,027)	(303,530)
Items not involving cash and cash equivalents:				
Amortization	17,056	1,883	18,708	3,766
Stock-based compensation	367,555	-	485,279	-
Unrealized loss (gain) on investments	-	(72,414)	-	(72,414)
	(414,338)	(267,203)	(826,040)	(372,178)
Changes in non-cash working capital balances:				
Marketable securities	-	-	93,103	-
Receivables	(47)	(2,009)	8,113	6,506
Note receivable	-	-	75,000	-
Prepaid expenses	13,477	(12,352)	17,574	(14,848)
Deposits	-	58,500	-	129,471
Advanced royalty payments	-	-	-	(62,475)
Accounts payable and accrued liabilities	(34,346)	154,437	19,946	62,028
	(435,254)	(68,627)	(612,304)	(251,496)
FINANCING ACTIVITIES				
Proceeds from private placement, warrant and option exercises	2,039,750	2,855,300	2,480,150	2,855,300
Share issuance costs	(10,000)	(172,131)	(10,000)	(172,131)
	2,029,750	2,683,169	2,470,150	2,683,169
INVESTING ACTIVITIES				
Purchases of property and equipment	-	-	-	(1,203)
Mineral property expenditures capitalized during the period	(825,158)	(292,794)	(2,594,184)	(607,984)
Payment of mineral property deposit	(106,060)	-	(106,060)	-
	(931,218)	(292,794)	(2,700,244)	(609,187)
CHANGE IN CASH AND CASH EQUIVALENTS	663,278	2,321,748	(842,398)	1,822,486
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	190,004	1,175,517	1,695,680	1,674,779
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 853,282	3,497,265	853,282	3,497,265
CASH AND CASH EQUIVALENTS CONSISTS OF:				
Demand deposits	\$ 853,282	3,497,265	853,282	3,497,265
Guaranteed investment certificates	-	-	-	-
	\$ 853,282	3,497,265	853,282	3,497,265

SUPPLEMENTAL CASH FLOW INFORMATION (Note 10)

See accompanying notes to the unaudited interim consolidated financial statements

RODINIA LITHIUM INC.

(A Development Stage Company)

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Rodinia Lithium Inc. (the "Company") is incorporated under the laws of British Columbia. The Company's principal business activities include the acquisition and exploration of lithium properties domiciled in North and South America. The Company is in the development stage, as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline ("AcG") 11, and has not yet determined whether any of these properties contain any reserves that are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's mining assets that are located outside of North America are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, expropriation and currency exchange fluctuations and restrictions.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

As at June 30, 2010, the Company had working capital of \$408,290 and has accumulated losses since inception of \$29,247,497. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements on a basis consistent with those followed in the most recent audited financial statements. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements. Therefore readers are advised to refer to the Company's annual audited financial statements for the year ended December 31, 2009 for additional information. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2010.

RODINIA LITHIUM INC.

(A Development Stage Company)

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Recent Accounting Pronouncements

Recent accounting pronouncements that have been announced but are not yet effective are as follows:

(i) Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements."

Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of these standards is not expected to have a material effect on the Company's consolidated financial statements.

(ii) International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board ("AcSB") announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008, the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that the Company will be required to prepare IFRS financial statements for the interim periods and fiscal year ends beginning in 2011. The Company is creating an implementation team, which will consist of internal resources and external consultants. A changeover plan is being established to convert to the new standards within the allotted timeline. The Company continues to evaluate the impact this will have on the Company's consolidated financial statements.

3. NOTES RECEIVABLE

Notes receivable with a total principal amount of \$75,000 were repaid on February 23, 2010.

4. PROPERTY AND EQUIPMENT

			June 30, 2010	December 31, 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 16,345	\$ 16,345	- \$	3,085
Office equipment	20,896	20,896	-	10,570
Leasehold improvements	14,364	14,364	-	5,053
	\$ 51,605	\$ 51,605	- \$	18,708

RODINIA LITHIUM INC.

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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES

	Clayton Valley Nevada	Salinas Grandes Argentina	Strider Lithium Manitoba	Salar de Diablillos Argentina	Salar de Centenario Argentina	Salar de Ratones Argentina			Total
2010	\$	\$	\$	\$	\$	\$			\$
Balance, December 31, 2009	1,031,099	795,977	4,456,000	-	-	-	-	-	6,283,076
Cost incurred during the period:									
Acquisition costs	285,445	60,435	146,000	1,004,970	166,301	107,491	-	-	1,770,642
Advances	(89,675)	-	-	100,800	-	-	-	-	11,125
Consulting	128,890	-	-	32,421	-	-	-	-	161,311
Drilling	492,386	-	-	168,370	-	-	-	-	660,756
Equipment and supplies	-	-	-	1,031	-	-	-	-	1,031
Field work and supplies	40,282	-	-	2,540	-	-	-	-	42,822
Geophysics	106,595	-	-	-	-	-	-	-	106,595
Gravity survey	-	-	-	51,499	-	-	-	-	51,499
Legal	-	-	-	26,146	-	-	-	-	26,146
Reports and maps	3,467	-	-	-	-	-	-	-	3,467
Site visits	13,657	-	-	-	-	-	-	-	13,657
Stalking	230,455	-	-	-	-	-	-	-	230,455
	1,211,502	60,435	146,000	1,387,777	166,301	107,491	-	-	3,079,506
Balance, June 30, 2010	2,242,601	856,412	4,602,000	1,387,777	166,301	107,491	-	-	9,362,582

	Clayton Valley Nevada	Salinas Grandes Argentina	Strider Lithium Manitoba	Workman Creek Arizona	Mormon Lake Arizona	Red Bluff Arizona	White Canyon Utah	Lucky Boy Arizona	Total
2009	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2008				4,882,490	377,989	498,857	1,669,224	177,265	7,605,825
Cost incurred during the period:									
Acquisition costs	234,951	795,977	4,456,000	-	-	191,787	-	-	5,678,715
Advances	89,675	-	-	-	-	-	-	-	89,675
Claims	213,629	-	-	77,713	-	7,597	71,839	1,928	372,706
Consulting	79,788	-	-	-	-	-	-	-	79,788
Drilling	84,825	-	-	-	-	-	-	-	84,825
Equipment and supplies	20,166	-	-	(697)	-	-	-	-	19,469
Field work, labour and supplies	10,905	-	-	2,203	-	-	115	-	13,223
Field administration	41,449	-	-	-	361	-	-	-	41,810
Geophysics	18,777	-	-	-	-	-	-	-	18,777
Legal	46,091	-	-	2,614	-	-	-	-	48,705
Radon surveys	-	-	-	62,447	-	-	-	-	62,447
Reports and maps	7,320	-	-	15,000	-	-	-	-	22,320
Seismic survey	99,220	-	-	-	-	-	-	-	99,220
Site visits	40,769	-	-	-	-	-	-	-	40,769
Staking	43,534	-	-	-	-	-	-	-	43,534
Write off mineral property	-	-	(5,041,770)	(378,350)	(698,241)	(1,741,178)	(179,193)	(8,038,732)	
	1,031,099	795,977	4,456,000	(4,882,490)	(377,989)	(498,857)	(1,669,224)	(177,265)	(1,322,749)
Balance, December 31, 2009	1,031,099	795,977	4,456,000	-	-	-	-	-	6,283,076

RODINIA LITHIUM INC.

(A Development Stage Company)

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES (continued)

(a) Clayton Valley, Nevada, United States

On February 10, 2009, the Company entered into a formal agreement with GeoXplor Corp. ("GeoXplor") under which the Company was granted the option to purchase a 100% interest in respect of certain unpatented mining claims located in Clayton Valley, Nevada ("Clayton Valley mineral property"), subject to a 3% royalty in respect of lithium carbonate production and all other ores or minerals mined or extracted from the property (the "Royalty").

To exercise the option the Company must pay to GeoXplor:

- (i) An aggregate of US\$322,000 (approximately \$342,000) as follows:
 - US\$25,000 upon the execution of the agreement (paid on February 10, 2009);
 - US\$72,000 on the date of TSX Venture Exchange approval (approved March 16, 2009; paid on April 14, 2009);
 - US\$25,000 on or before March 26, 2010 (paid on March 24, 2010);
 - US\$25,000 on or before March 26, 2011;
 - US\$50,000 on or before March 26, 2012;
 - US\$125,000 on or before March 26, 2013;

- (ii) An aggregate of 2,500,000 common shares of the Company as follows:
 - 500,000 common shares upon approval from the TSX Venture Exchange (issued on March 23, 2009 valued at \$45,000);
 - 500,000 common shares on or before March 26, 2010 (issued on March 26, 2010 valued at \$260,000);
 - 500,000 common shares on or before March 26, 2011;
 - 500,000 common shares on or before March 26, 2012;
 - 500,000 common shares on or before March 26, 2013.

- (iii) Expending an aggregate of US\$2,000,000 (approximately \$2,121,000) on exploration and development on the property before March 26, 2013, subject to minimum cumulative expenditures as follows:
 - US\$300,000 on or before March 26, 2010 (incurred);
 - US\$700,000 on or before March 26, 2011 (incurred);
 - US\$1,300,000 on or before March 26, 2012 (cumulative balance to June 30, 2010 of \$1,396,775);
 - US\$2,000,000 on or before March 26, 2013.

The Royalty may be purchased at any time by the Company, in whole or in part, for US\$1,000,000 (approximately \$1,061,000) for each 1%.

The Company will pay GeoXplor US\$2,000,000 (approximately \$2,121,000) in cash or, at the election of GeoXplor, common shares of the Company having a fair value of US\$2,000,000, determined on the basis of the closing market price per share of the Company's common shares on the last trading day preceding GeoXplor's election if, at any time, the Company, its assignee or third party joint venture (i) delivers a positive feasibility study in respect of the property, or (ii) sells, options, assigns, disposes or otherwise alienates all or a portion of its interest in the property;

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FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES (continued)**(b) Salinas Grandes, Jujuy Province, Argentina**

On December 1, 2009, the Company entered into a definitive agreement to acquire 100% of the rights and interests in the Salar de Salinas Grandes property located in the Province of Jujuy, Argentina. The sellers retain the right to operate the borate salts and solids operations on the property.

The Company must pay an aggregate of US\$900,000 (approximately \$955,000) as follows:

- US\$150,000 upon the execution of the definitive agreement (paid);
- US\$75,000 on or before June 1, 2010 (paid US\$57,345, waiting for new banking instructions from the other of the vendor of the property for the balance of payment);
- US\$75,000 on or before December 1, 2010;
- US\$600,000 on or before December 1, 2011.

The discounted present value of the outstanding payments at June 30, 2010 has been accrued by the Company as at June 30, 2010. The current portion of \$94,527 has been included in accounts payable and accrued liabilities and the long-term portion of \$528,000 is recorded as long-term liability as mineral properties acquisition obligation. An approximate 15% discount rate was applied.

(c) Strider Lithium Property, Manitoba, Canada

On May 14, 2009 the Company entered into a letter agreement (the "Assignment Agreement"), with Forbes & Manhattan, Inc. ("Forbes & Manhattan") for the assignment of an option agreement ("Strider Option") dated March 19, 2009 between Forbes & Manhattan and Strider Resources Ltd. ("Strider") to earn a 100% interest, subject to a 2% net smelter return royalty, in the Strider Lithium Project in Manitoba (the "Project"). One director of Forbes & Manhattan is also a director of the Company.

In consideration for the assignment, the Company has issued to Forbes & Manhattan and certain individuals providing consulting services to Forbes & Manhattan (the "Assignors") 5 million units consisting of 5 million common shares of the Company and 5 million share purchase warrants exercisable at \$0.40 per share for 24 months. Two of the assignors are also directors of the Company. The common shares were valued at \$2,300,000 and the warrants were valued at \$1,430,000, with a related \$584,000 future income tax effect being recorded. The fair value of the warrants was estimated using the Black-Scholes model and the following assumptions: expected life of 2 years, expected dividend yield of 0%, risk-free interest of 1.25 % and expected stock price volatility of 116%.

The Company will also assume the remaining obligations under the Strider Option Agreement whereby the Company will:

- (i) make cash payments of \$50,000 and issue 200,000 shares on execution of a definitive agreement (cash paid and shares issued valued at \$92,000);
- (ii) make cash payments of \$75,000, issue 200,000 shares and incur \$100,000 of exploration expenditures on or before June 6, 2010 (cash paid and shares issued valued at \$71,000);
- (iii) make cash payments of \$100,000, issue 200,000 shares and incur an additional \$500,000 of exploration expenditures on or before June 6, 2011;
- (iv) make cash payments of \$125,000, issue 200,000 shares and incur an additional \$1,000,000 of exploration expenditures on or before June 6, 2012;
- (v) make cash payments of \$150,000, issue 200,000 shares and incur an additional \$1,400,000 of exploration expenditures on or before June 6, 2013.

On June 21, 2010, the Strider Option Agreement was amended, extending the \$100,000 of exploration expenditures due on or before June 6, 2010 to June 6, 2011. Strider will retain a 2% NSR on the property of which 1% can be purchased at any time for \$1,000,000.

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(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES (continued)**(d) Salar de Diablillos, Salta, Argentina**

On January 18, 2010, the Company entered into an option agreement with Borax Argentina SA ("Borax"), a subsidiary of Rio Tinto Minerals, to acquire a 100% interest in the brines located on the Salar de Diablillos property in Salta, Argentina. Pursuant to the terms of the Diablillos Option Agreement, Borax will grant the Company a three year exploration license to explore the brines and a subsequent forty year mining license to acquire all recovered metal and mineral from such brines. The sellers retain the right to operate the borate salts and solids on the property.

The mining license will commence upon the earlier of: (i) the expiry of the exploration license; or (ii) at the discretion of the Company and may be renewed for an addition 40 year term in accordance with Argentine mining law.

In consideration, the Company shall pay Borax an aggregate of US\$1,944,000 (approximately \$2,062,000) as follows:

- US\$500,000 on or before January 25, 2010 (paid);
- US\$500,000 on or before July 15, 2010 (paid subsequent to June 30, 2010);
- US\$944,000 on or before November 30, 2010.

In addition, Borax shall retain a 1.5% net smelter return royalty with respect to the Diablillos property (the "NSR"). The Company has the option to purchase the NSR for US\$1,500,000 (approximately \$1,591,000) at any time during the term of the Diablillos Option Agreement.

On January 27, 2010, the Company entered into an agreement with a private party in Argentina to acquire 100% of the rights and interest to additional claims in the Salar de Diablillos not already owned by the Company.

The Company must pay an aggregate of US\$441,500 (approximately \$468,000) as follows:

- US\$150,000 upon the execution on closing (paid);
- US\$291,500 on or before September 27, 2010.

The discounted present value of the outstanding payments at June 30, 2010 has been accrued by the Company as at June 30, 2010. The current portion of \$300,000 has been included in accounts payable and accrued liabilities. An approximate 15% discount rate was applied.

(e) Salar de Centenario, Salta, Argentina

On January 18, 2010, the Company entered into an option agreement with Borax Argentina SA, a subsidiary of Rio Tinto Minerals, to acquire a 100% interest in the brines located on the Salar de Centenario property in Salta, Argentina. Pursuant to the terms of the Centenario Option Agreement, Borax will grant the Company a three year exploration license to explore the brines and a subsequent forty year mining license to acquire all recovered metal and mineral from such brines. The sellers retain the right to operate the borate salts and solids on the property.

The mining license will commence upon the earlier of: (i) the expiry of the exploration license; or (ii) at the discretion of the Company and may be renewed for an addition 40 year term in accordance with Argentine mining law.

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(Expressed in Canadian Dollars)

5. MINERAL PROPERTIES (continued)**(e) Salar de Centenario, Salta, Argentina (continued)**

In consideration, the Company shall pay Borax an aggregate of US\$774,711 (approximately \$822,000) as follows:

- US\$154,711 on or before January 25, 2010 (paid);
- US\$170,000 on or before July 15, 2010;
- US\$450,000 on or before November 30, 2010.

In addition, Borax shall retain a 1.0% NSR with respect to the Centenario property. The Company has the option to purchase the NSR for US\$1,000,000 (approximately \$1,061,000) at any time during the term of the Centenario Option Agreement.

(f) Salar de Ratones, Salta, Argentina

On January 18, 2010, the Company entered into an option agreement with Borax Argentina SA, a subsidiary of Rio Tinto Minerals, to acquire a 100% interest in the brines located on the Salar de Ratones property in Salta, Argentina. Pursuant to the terms of the Ratones Option Agreement, Borax will grant the Company a three year exploration license to explore the brines and a subsequent forty year mining license to acquire all recovered metal and mineral from such brines. The sellers retain the right to operate the borate salts and solids on the property.

The mining license will commence upon the earlier of: (i) the expiry of the exploration license; or (ii) at the discretion of the Company and may be renewed for an addition 40 year term in accordance with Argentine mining law.

In consideration, the Company shall pay Borax an aggregate of US\$180,000 (approximately \$191,000) as follows:

- US\$100,000 on or before January 25, 2010 (paid);
- US\$80,000 on or before July 15, 2010.

(g) Workman Creek, Arizona, United States

On October 26, 2004, as amended March 19, 2008, the Company entered into a Letter of Intent ("LOI") with Cooper Minerals, Inc. ("Cooper") with the intention to enter into a formal option agreement which will provide for the acquisition by the Company of a 100% interest in the Workman Creek Uranium Deposit Project ("Workman Creek") located in Arizona, United States, subject to a 3% net smelter royalty ("NSR").

To acquire the interest, an aggregate of US\$2,000,000 in expenditures in connection with maintaining, exploring, developing or equipping any one or more of the mineral claims for commercial production was to be incurred. The Company did not make the required exploration expenditures.

Under the LOI, the Company had the responsibility to assume all of Cooper's obligations under its underlying agreement with a third party regarding the mineral claims, including the obligation to make advance royalty payments of US\$75,000 in 2010 and 2011 and US\$100,000 per year thereafter. During the period ended March 31, 2010, the Company paid US\$0 (2009 – US\$75,000) in advance royalty payments.

On April 23, 2008, the Company entered into an agreement with Hawk Uranium Inc. ("Hawk") of Toronto, Ontario to acquire an undivided 100% right, title and interest in certain claims in Gila County, Arizona, which are contiguous to the Company's Workman Creek project. In consideration for the claims, the Company issued 125,000 common shares of the Company to Hawk valued at \$38,750 on the measurement date.

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5. MINERAL PROPERTIES (continued)

(g) Workman Creek, Arizona, United States (continued)

Pursuant to a strategic shift in focus of the Company's exploration program further exploration at this property will not be pursued. As such, the carrying value of this property as well as \$222,422 in advance royalty payments and reclamation bonds has been written off during 2009.

(h) Mormon Lake, Arizona, United States

The Company holds a 40% interest in certain mining claims in Arizona. Due to a strategic shift in focus of the Company's exploration program further exploration at this property will not be pursued. As such, the carrying value of this property has been written off during 2009.

(i) Lucky Boy, Arizona, United States

On March 17, 2005, Golden Patriot, Corp. ("Golden Patriot") granted the Company the option (the "Lucky Boy Option") to acquire up to an undivided 40% interest in Golden Patriot's interest in the Lucky Boy mineral property in Arizona. As at December 31, 2008, the Company holds a 24% interest in the property.

Pursuant to an agreement dated January 29, 2008, the Company will earn an additional 10% interest in Lucky Boy for each US\$100,000 in expenditures that the Company incurs on the property on or before March 7, 2010, to a maximum of a 40% interest. The interests in the Lucky Boy mineral property are subject to a 3% royalty.

Pursuant to a strategic shift in focus of the Company's exploration program further exploration at this property will not be pursued. As such, the carrying value of this property has been written off during 2009.

(j) Red Bluff, Arizona, United States

On April 18, 2007, the Company entered into a mineral lease agreement (the "Agreement") with Ethel Schell Larsen's Red Bluff Mine, LLC ("Red Bluff") to explore, develop and mine certain claims located in Gila County, Arizona. The Agreement also gives the Company the option to purchase, at commercially prevailing rates, water associated with water rights owned by Red Bluff. Red Bluff will receive a 3% Yellowcake royalty in respect of uranium mined from the claims and a 3% net smelter return royalty in respect of all other ores mined from the claims.

On signing the agreement, the Company granted to Red Bluff 1,000,000 non-transferable share purchase warrants to purchase common shares expiring April 17, 2012 at \$1.00 per share (the "Warrants") vesting as follows:

- 250,000 common shares on or before April 18, 2009;
- 250,000 common shares on or before April 18, 2010;
- 500,000 common shares on or before April 18, 2011;

To keep the Agreement in good standing, the Company must pay to Red Bluff:

- (i) US\$600,000 in rental payments at various intervals to April 18, 2012.
- (ii) An aggregate of 1,200,000 common shares of the Company (the "Shares"), of which the following have been issued:
 1. 200,000 common shares were issued upon approval from the TSX on August 2, 2007 valued at \$138,000;
 2. During 2008, 200,000 common shares were issued and valued at \$12,000;
 3. On January 25, 2010, 200,000 common shares were issued at fair value of \$80,000.

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5. MINERAL PROPERTIES (continued)

(j) Red Bluff, Arizona, United States (continued)

- (iii) Expending an aggregate of US\$1,000,000 on exploration and development of the claims in stages on or before April 19, 2012. The Company has failed to make these minimum expenditures by the required dates.

After the fifth anniversary of the execution of the agreement, the Company will pay annual advance royalty payments to Red Bluff of US\$150,000 for each of years 6 through 15 and US\$200,000 for each of years 16 and 17.

On March 9, 2010, the Company gave notice to Red Bluff it was terminating the Agreement. Due to the termination of the Agreement, the Company has written off the carrying value of this property during 2009. Upon termination, the expiry date of the Warrants was modified to the date that is 60 days from the notice of termination. The Company and Red Bluff are in the process of negotiating the final terms of the termination. Red Bluff has retained legal counsel with respect to this matter. The Company is hopeful that this matter can be successfully resolved by way of negotiation without resorting to litigation. The resolution of this matter is not expected to have a material adverse effect on the Company.

(k) White Canyon, Utah, United States

On September 7, 2007, the Company entered into a letter of agreement with GeoXplor Corp. ("GeoXplor") in respect of certain mining claims in the White Canyon District of S.E. Utah, United States. By paying GeoXplor an aggregate US\$200,000, the Company acquired a 50% interest in the claims, subject to a 3% Yellowcake royalty in respect of uranium mined from the claims, and a 3% net smelter return royalty in respect of all other ores mined from the claims, (together, the "Royalty")

The agreement gives the Company the option (the "Option") to acquire GeoXplor's remaining 50% interest, subject to the Royalty (the "GeoXplor Interest"), by:

- (i) paying to GeoXplor an aggregate US\$100,000 (paid)
- (ii) issuing to GeoXplor an aggregate 4,000,000 common shares of the Company and incurring expenditures of not less than US\$3,000,000 before certain dates through August 9, 2011. During 2008, the Company issued 250,000 common shares valued at \$15,000.

The Company has not met its obligations and intends to abandon the agreement. As such, the property as well as \$78,504 in reclamation bonds has been written off in 2009.

6. MARKETABLE SECURITIES

The Company's investments consisted of 517,241 shares of New Global Ventures International Inc. ("NNG"), a company listed on the TSXV. On March 9, 2010, all the shares were sold for \$92,853. At December 31, 2009, these shares are valued at their listed trading price.

7. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited common shares without par value

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7. SHARE CAPITAL (continued)

(b) Issued and Outstanding Share Capital

	Number of Shares	Amount
Balance, December 31, 2008	23,942,412	\$ 23,825,364
Issued during 2009		
For cash:		
Private placement	9,000,000	2,700,000
Exercise of stock options	1,650,000	165,000
Exercise of warrants	1,000,000	320,000
Share issue costs:		
Finders fee (cash)		(155,700)
Agents' and legal fees		(10,029)
Filing fees		(13,500)
Transfers:		
Exercise of stock options		902,234
Exercise of warrants		591,968
Warrants from private placement		(764,872)
Agent unit options granted per private placement		(92,381)
For property – Clayton Valley (Note 5(a))	500,000	45,000
For property – Strider Lithium Property (Note 5(c))	5,200,000	2,392,000
Balance, December 31, 2009	41,292,412	29,905,084
Issued during 2010		
For cash:		
Private Placement	4,000,000	2,000,000
Exercise of stock options	655,000	85,750
Exercise of warrants	986,000	394,400
Share issue costs:		
Filing fees		(10,000)
Transfers:		
Exercise of stock options		299,665
Exercise of warrants		184,303
For property – Clayton Valley (Note 5(a))	500,000	260,000
For property – Strider Lithium (Note 5(c))	200,000	71,000
For property – Red Bluff (Note 5(j)(ii)(3))	200,000	80,000
Balance, June 30, 2010	47,833,412	\$ 33,270,202

On May 17, 2010, the Company completed the second and final tranche of a non-brokered private placement financing of common shares of the Company for gross proceeds of \$500,000 through the issuance of 1 million common shares at a price of \$0.50 per common share. The common shares are subject to resale restrictions that expire on September 18, 2010.

On April 19, 2010, the Company completed the first tranche of a non-brokered private placement financing of common shares of the Company for gross proceeds of \$1.5 million through the issuance of 3 million common shares at a price of \$0.50 per common share. The common shares are subject to resale restrictions that expired on August 20, 2010.

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7. SHARE CAPITAL (continued)

(b) Issued and Outstanding Share Capital (continued)

On June 26, 2009 the Company closed a private placement for gross proceeds of \$2,700,000 through the issuance of 9,000,000 units consisting of one common share and one common share purchase warrant. Each warrant is exercisable for one common share at a price of \$0.40 per share until June 26, 2011. The fair value of the warrants was estimated at \$764,872 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 116%; risk-free interest rate of 2.25% and an expected average life of two years. In connection with this private placement, the Company paid a cash commission to Delano Capital Corp. ("Delano"), Canaccord Capital Corporation and Bolder Investment Partners, Ltd. totalling \$155,700 and has issued 519,000 compensation options that will entitle Delano to acquire that same number of Units of the Company at a price of \$0.30 until June 25, 2011. The fair value of the compensation options was estimated at \$92,381 on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 116%; risk free interest rate of 2.25% and an expected life of one year.

(c) Stock Options

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally exercisable for a term of up to five years from the date of grant. Vesting terms are determined by the directors at the time of grant.

Stock option activity during 2009 and the six month period ended June 30, 2010 is presented below:

	Number of Shares		Weighted Average Exercise Price
Outstanding, December 31, 2008	2,335,000	\$	0.11
Granted	2,750,005		0.45
Exercised	(1,650,000)		0.10
Outstanding, December 31, 2009	3,435,005		0.38
Granted	1,550,000		0.40
Exercised	(655,000)		0.13
Outstanding, June 30, 2010	4,330,005	\$	0.43

On June 15, 2010, the Company granted 1,100,000 options to various officers, directors and consultants of the Company. The options are exercisable at \$0.34 and expire on June 15, 2015. These options vest immediately subject to a four month regulatory hold period.

On April 28, 2010, the Company granted 200,000 options to a director of the Company. The options are exercisable at \$0.47 and expire on April 28, 2015. These options vest immediately subject to a four month regulatory hold period.

On February 23, 2010, the Company granted 50,000 options to a consultant of the Company. The options are exercisable at \$0.45 and expire on February 23, 2015. These options vest immediately subject to a four month regulatory hold period.

On February 3, 2010, the Company granted 200,000 options to a director of the Company. The options are exercisable at \$0.64 and expire on February 3, 2015. These options vest immediately subject to a four month regulatory hold period.

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7. SHARE CAPITAL (continued)

(c) Stock Options (continued)

On November 24, 2009, the Company granted 250,000 options to consultants of the Company. The options are exercisable at \$0.43 and expire on November 23, 2014. These options vest immediately subject to a four month regulatory hold period

On October 5, 2009, the Company granted 2,500,005 options to various officers, directors and consultants of the Company. The options are exercisable at \$0.45 and expire on October 5, 2014. These options vest immediately subject to a four month regulatory hold period.

The following table summarizes stock options outstanding and exercisable at June 30, 2010:

Date Of Expiry	No. of Options Exercisable	No. of Options Outstanding	Exercise Price	Grant Date Fair Value Options Granted (\$)
December 13, 2013	30,000	30,000	0.10	15,086
October 5, 2014	2,500,005	2,500,005	0.45	880,000
November 24, 2014	250,000	250,000	0.43	84,000
February 3, 2015	200,000	200,000	0.64	100,124
February 23, 2015	50,000	50,000	0.45	17,600
April 28, 2015	200,000	200,000	0.47	73,960
June 15, 2015	1,100,000	1,100,000	0.34	293,595
	4,330,005	4,330,005		

(d) Warrants

Warrant activity during 2009 and the six month period ended June 30, 2010 is presented below:

	Number of Shares	Purchase Price Per Share	Grant Date Fair Value Warrants Granted
Outstanding, December 31, 2008	3,455,000	\$ 0.32 – 1.00	\$ 1,324,063
Granted	14,000,000	0.40	2,194,872
Exercised	(1,000,000)	0.32	(591,968)
Outstanding, December 31, 2009	16,455,000	0.40 – 1.00	2,926,967
Expired	(1,000,000)	1.00	-
Exercised	(986,000)	0.40	(184,303)
Outstanding, June 30, 2010	14,469,000	\$ 0.40 – 0.74	\$ 2,742,664

The following table summarizes warrants outstanding and exercisable at June 30, 2010:

Date of Expiry	No. of Warrants Exercisable	No. of Warrants Outstanding	Exercise Price	Grant Date Fair Value Warrants Granted (\$)
June 25, 2011	8,514,000	8,514,000	0.40	723,569
October 14, 2011	4,500,000	4,500,000	0.40	1,287,000
July 18, 2011	1,455,000	1,455,000	0.74	732,095
	14,469,000	14,469,000		2,742,664

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7. SHARE CAPITAL (continued)

(e) Agent Unit Options

Agent unit option activity during 2009 and the six month period ended June 30, 2010 is presented below:

	No. of Agent Units	Exercise Price per Unit	Grant Date Fair Value Warrants Granted
Outstanding, December 31, 2008	-	\$ -	\$ -
Granted	519,000	0.30	92,381
Outstanding, December 31, 2009 and June 30, 2010	519,000	\$ 0.30	\$ 92,381

The following table summarizes agent unit options outstanding and exercisable at June 30, 2010:

Date Of Expiry	No. of Warrants Exercisable	No. of Warrants Outstanding	Exercise Price	Grant Date Fair Value Options Granted(\$)
June 25, 2011	519,000	519,000	0.30	92,381

8. CONTRIBUTED SURPLUS

	June 30, 2010	December 31, 2009
Balance, beginning of year	\$ 2,341,128	\$ 2,279,543
Stock-based compensation (Note 9)	485,279	963,819
Transferred to share capital upon exercise of stock options	(299,665)	(902,234)
Balance, end of year	\$ 2,526,742	\$ 2,341,128

9. STOCK-BASED COMPENSATION

During the six months ended June 30, 2010, the Company granted 1,550,000 (June 30, 2009 – 0) stock options to various officers, directors and consultants of the Company. The weighted average grant date fair value of each stock option granted was \$0.31 (June 30, 2009 – \$0), calculated using the Black-Scholes option-pricing model on the date of grant using the following assumptions:

	June 30, 2010	June 30, 2009
Expected option lives	5 years	0 years
Expected dividend yield	0%	0%
Risk-free interest rate	2.76%	0.0%
Expected stock price volatility	107%	0%

During the six months ended June 30, 2010, the Company recognized \$485,279 (June 30, 2009 – \$0) of compensation cost in stock-based compensation expense.

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10. SUPPLEMENTAL CASH FLOW INFORMATION

	June 30, 2010	June 30, 2009
Interest received (paid)	\$ 39	\$ 12,969
Income taxes received (paid)	–	–
Non-cash financing and investing activities:		
Shares issued for Clayton Valley property	260,000	45,000
Shares issued for Strider Lithium property	71,000	–
Accrual for payments required for the Diablillos property	300,000	–
Reverse accrual for expenditures on the Clayton Valley property	(19,975)	–
Reverse accrual for payments required for the Salinas Grandes	(168,703)	–

11. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months ended June 30, 2010 the Company entered into the following transactions with related parties:

- The Company was charged \$65,598 (2009 – \$24,000) that was paid to corporations controlled by directors of the Company. The amounts paid have been included in management and consulting fees, office and rent and travel and promotion in the statement of operations.
- The Company shares its premises with other corporations that have common directors and officers, and the Company reimburses the related corporations for their proportional share of the expenses. The Company has advanced \$12,079 (2009 - \$0) to such corporations to cover shared expenses and has included these amounts in prepaid expenses. The advance is unsecured, non-interest bearing, with no fixed terms of repayment.
- The Company uses foreign currency services of a corporation where two former directors of the Company are officers. During the quarter, the Company purchased US\$1,520,000 for \$1,587,570 (2009 - \$0).

The above transactions were in the normal course of operations and were recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

- Pursuant to the private placement financing closing on April 19, 2010 and May 17, 2010, directors of the Company and corporations controlled by directors of the Company subscribed for 3,440,000 common shares for gross proceeds to the Company of \$1,720,000.
- See Note 5(c).

12. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of common shares, warrants and options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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12. CAPITAL MANAGEMENT (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management for the six months ended June 30, 2010. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

There have been no changes in the risks, objectives, policies and procedures from the previous period.

The Company's risk exposures and the impact of the Company's financial instruments are summarized below:

Fair Value of Financial Instruments and Hierarchy

The Company has various financial instruments including cash and cash equivalents, receivables, reclamation deposits, accounts payable and accrued liabilities and mineral properties acquisition obligations. The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity. The carrying values of reclamation bond and mineral properties acquisition obligations approximate their fair values.

At June 30, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents and reclamation bonds, have been classified as Level 1 within the fair value hierarchy.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparty related to its cash and cash equivalents carry an investment grade rating as assessed by external rating agencies. The Company maintains all of its cash and cash equivalents with a major financial institution domiciled in Canada. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

Reclamation bonds have been deposited with an agency of the United States government. The Company's maximum exposure to credit risk at the balance sheet date is the carrying value of cash and cash equivalents, receivables and reclamation bond.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and marketable securities. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at June 30, 2010, the Company had current assets of \$893,777 to settle current liabilities of \$485,487.

Market Risk**(a) Interest Rate Risk**

The Company's cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase.

Based on cash and cash equivalent balances on hand at June 30, 2010, a 1% change in interest rates could result in a corresponding charge in net loss of approximately \$8,533.

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13. FINANCIAL INSTRUMENTS(continued)**(b) Foreign Currency Risk**

As the Company operates on an international basis, foreign exchange risk exposures arise from transactions and balances denominated in foreign currencies. The Company's foreign currency risk arises primarily with respect to the United States dollar. Fluctuations in the exchange rates between this currency and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at June 30, 2010, the Company had cash equivalents of US\$3,724 denominated in United States dollars. A strengthening (weakening) of the Canadian dollar against the United States dollar of 10% would result in an insignificant effect on net loss.

(c) Price Risk

The Company will be exposed to price risk with respect to commodity prices, specifically lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices of these commodities. Prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for lithium, the level of interest rates, the rate of inflation, investment decisions by large holders of lithium and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors may in turn be influenced by changes in international investment patterns and monetary systems and political developments.

14. COMMITMENTS AND CONTINGENCIES

The Company has entered into operating lease commitments for premises and office equipment as follows:

2010	\$	67,350
2011		44,900

The Company sub-leases its office premises to various third parties on a month-to-month basis. The Company has various other commitments described in Note 5.

The Company is party to certain management contracts. These contracts require that additional payments of up to \$1,447,000 be made upon the occurrence of certain events such as a change of control. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments remaining under these contracts were approximately \$495,000, all due within one year.

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.

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16. SUBSEQUENT EVENTS

- (a) On July 12, 2010, the Company made a US\$500,000 payment to Borax pursuant to the terms of the Diablillos Option Agreement dated January 18, 2010 (Note 5(d)).
- (b) On July 20, 2010, the Company entered into a convertible loan agreement with Aberdeen International Inc ("Aberdeen"), a public merchant bank that has common directors as the Company, for \$200,000. The loan is convertible into units of the Company. Each unit will comprise of one common share of the company and one-half of one common share purchase warrant. Each warrant will entitle Aberdeen to purchase one common share at a price of \$0.40 for a period of 24 months following the conversion date. The loan is repayable on or before September 30, 2010 with an annual interest rate of 10%. The Company has agreed to a set up fee of 6% payable in units of the Company or 10% payable in cash.
- (c) On July 21, 2010, the Company filed a preliminary short-form prospectus in connection with a fully marketed offering of 16.7 million units of the company at a price of \$0.30 per unit for gross proceeds of \$5.01-million. Each unit will comprise one common share of the company and one-half of one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.40 for a period of 24 months following the closing date. In addition, the company has agreed to grant the agent an option to sell up to an additional 2,505,000 units on the same terms and conditions as the offering, exercisable any time, in whole or in part, up to 48 hours prior to the closing date of the offering. If the overallotment option is exercised in full, the total gross proceeds to Rodinia will be \$5,761,500.