AMENDING AGREEMENT

This Amending Agreement is dated effective as of December 22, 2010.

BETWEEN:

PENDULUM CAPITAL CORPORATION, a body corporate incorporated under the laws of the Province of Alberta (hereinafter called "**Pendulum**")

\- and -

AUSTRALIA ENERGY CORP., a body corporate incorporated under the laws of the Province of Alberta (hereinafter called "**AEC**")

WHEREAS Pendulum and AEC have entered into amalgamation agreement dated October 5, 2010 (the "**Amalgamation Agreement**");

AND WHEREAS Pendulum and AEC wish to amend the Amalgamation Agreement as set out in this Amending Agreement;

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants and agreements set forth herein and in the Amalgamation Agreement, the parties hereto agree as follows:

1. Interpretation

This Amending Agreement is supplemental to and shall form one agreement with the Amalgamation Agreement, and the Amalgamation Agreement and this Amending Agreement shall be read together and have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

2. Amendments

a) The parties hereto agree that, effective as of the date hereof, the definition of "**Agents**" as set out in Section 1.1(j) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"**Agents**" means Macquarie Capital Markets Canada Ltd. and Haywood Securities Inc.;"

b) The parties hereto agree that, effective as of the date hereof, the definition of "**Brokered Private Placement**" as set out in Section 1.1(y) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"**Brokered Private Placement**" means the brokered private placement of 26,500,000 Brokered Private Placement Securities at the Offering Price for gross proceeds of $53 million which closed on December 8, 2010;"

c) The parties hereto agree that, effective as of the date hereof, the definition of "**Brokered Private Placement Securities**" as set out in Section 1.1(z) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"**Brokered Private Placement Securities**" means one AEC Common Share or securities convertible into one AEC Common Share;"

d) The parties hereto agree that, effective as of the date hereof, the definition of "**Offering Price**" as set out in Section 1.1(ii) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"**Offering Price**" means the price of $2.00 per Brokered Private Placement Security;"

e) The parties hereto agree that, effective as of the date hereof, Section 1.1 is amended to add the following definition of "**Non-Brokered Private Placement**" to the Amalgamation Agreement:

"**Non-Brokered Private Placement**" means the proposed non-brokered private placement of AEC Common Shares at a price of $2.00 per share for gross proceeds of up to $5.5 million to close prior to or in conjunction with the Closing;"

f) The parties hereto agree that, effective as of the date hereof, Section 1.1 is amended to add the following definition of "**Non-Brokered Private Placement Shares**" to the Amalgamation Agreement:

"**Non-Brokered Private Placement Shares**" means the AEC Common Shares issuable pursuant to the Non-Brokered Private Placement;"

g) The parties hereto agree that effective as of the date hereof, Section 3.3(a) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"issue any securities, other than the AEC Options, the Brokered Private Placement Securities, the Non-Brokered Private Placement Shares, pursuant to the Property Acquisition, or upon the exercise of AEC Agent's Options or the AEC Options;"

h) The parties hereto agree that effective as of the date hereof, Section 4.2(d) of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following:

"no Person has any agreement, option, warrant or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of AEC, and there are no outstanding securities or instruments which are convertible into or exchangeable for shares of AEC, other than the AEC Options, the Brokered Private Placement Securities, the Non-Brokered Private Placement Shares, the AEC Agent's Options, pursuant to the Property Acquisition and a fee of $75,000 payable to an arm's length party by the issuance of Brokered Private Placement Securities at the Offering Price;"

i) The parties hereto agree that effective as of the date hereof, Section 8.3 of the Amalgamation Agreement is hereby deleted in its entirety and replaced with the following

"8.3 **Entire Agreement.** The terms and provisions herein contained and the schedules hereto and the Amending Agreement constitute the entire agreement between the parties and shall supersede all previous oral or written communications including, without limitation, the Letter Agreement."

3. Confirmation

The parties hereto hereby acknowledge and confirm that, except as specifically amended by the provisions of this Amending Agreement, all of the terms and conditions contained in the Amalgamation Agreement are and shall remain in full force and effect, unamended, in accordance with the provisions thereof.

4. Execution in Counterpart

This Amending Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have caused this Amending Agreement to be duly executed as of the date and year first above written.

PENDULUM CAPITAL CORPORATION

Per: *"Kenneth L. DeWyn"*

AUSTRALIA ENERGY CORP.

Per: *"Shane Kozak"*