

Financial Statements
(Expressed in Canadian Dollars)

WELLSTAR ENERGY CORP.
(formerly RCOM Venture Corp.)
(an exploration stage company)

for the fiscal years ended January 31, 2006 and 2005

WELLSTAR ENERGY CORP.

(formerly RCOM Venture Corp.)

(an exploration stage company)

January 31, 2006 and 2005

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AUDITORS' REPORT

To the Shareholders of
Wellstar Energy Corp.
(formerly RCOM Venture Corp.)
(an exploration stage company)

We have audited the balance sheets of **Wellstar Energy Corp.** (formerly RCOM Venture Corp.) as at January 31, 2006 and 2005 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe" (signed)

Chartered Accountants

Vancouver, British Columbia
June 7, 2006

WELLSTAR ENERGY CORP.
(formerly RCOM Venture Corp.)
(an exploration stage company)
Balance Sheets
January 31, 2006 and 2005

ASSETS		
	2006	2005
CURRENT		
Cash	\$ 293,309	\$ 21,776
Accounts receivable	11,392	-
Advances receivable	25,500	222
Prepaid expense	2,574	1,738
	<u>332,775</u>	<u>23,736</u>
OIL AND GAS PROPERTIES AND EQUIPMENT (Note 3)	704,477	-
OFFICE EQUIPMENT (Note 4)	2,539	-
	<u>\$ 1,039,791</u>	<u>\$ 23,736</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 173,323	\$ 3,500
SITE RESTORATION LIABILITIES (Note 3)	52,000	-
	<u>225,323</u>	<u>3,500</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	5,901,405	4,820,565
PAID SHARE SUBSCRIPTIONS (Note 5(e))	250,000	-
OPTION COMPENSATION (Note 6)	210,800	66,372
CONTRIBUTED SURPLUS (Note 7)	190,794	124,422
DEFICIT	<u>(5,738,531)</u>	<u>(4,991,123)</u>
	<u>814,468</u>	<u>20,236</u>
	<u>\$ 1,039,791</u>	<u>\$ 23,736</u>

Nature and continuance of operations and going-concern (Note 1)
 Subsequent events (Note 10)

Approved on behalf of the Board:

"Andrew Rees"

Andrew Rees, Director

"Andrea Regnier"

Andrea Regnier, Director

See accompanying notes to financial statements.

WELLSTAR ENERGY CORP.
(formerly RCOM Venture Corp.)
(an exploration stage company)
Statements of Operations and Deficit
Years Ended January 31, 2006 and 2005

	2006	2005
OIL AND GAS REVENUE	\$ 118,204	\$ -
Oil and gas production expenses		
Operating costs	(23,719)	-
Royalties	(14,353)	-
	<u>80,132</u>	<u>-</u>
 ADMINISTRATION EXPENDITURES		
Stock-based compensation	210,800	40,304
Professional fees	77,764	18,851
Management fees	55,000	-
Salaries and benefits	52,101	4,300
Travel and accommodation	45,474	-
Consulting fees	30,338	-
Office supplies and services	25,196	6,764
Share transfer, listing and filing fees	20,460	7,383
Shareholder information and communications	13,698	-
Office rent	6,000	13,500
Amortization	798	-
	<u>537,629</u>	<u>91,102</u>
 OTHER (INCOME) EXPENSES		
Interest	(1,063)	(143)
Write-off of mineral property	-	210,576
Property investigation costs	51,375	18,715
Write-off of oil and gas property	239,599	-
	<u>289,911</u>	<u>229,148</u>
 LOSS FOR THE YEAR	<u>(747,408)</u>	<u>(320,250)</u>
DEFICIT, beginning of year	(4,991,123)	(4,670,873)
DEFICIT, end of year	<u><u>\$(5,738,531)</u></u>	<u><u>\$(4,991,123)</u></u>
 LOSS PER SHARE	<u>\$ (0.16)</u>	<u>\$ (0.09)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>4,459,982</u>	<u>3,562,182</u>

See accompanying notes to financial statements.

WELLSTAR ENERGY CORP.
(formerly RCOM Venture Corp.)
Statements of Cash Flows
(an exploration stage company)
Years Ended January 31, 2006 and 2005

	2006	2005
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	\$ (747,408)	\$ (320,250)
Items not involving cash		
Amortization of equipment	798	-
Write-down of resource property expenditures	-	210,576
Write-off of oil and gas property	239,599	-
Stock-based compensation	210,800	40,304
	<u>(296,211)</u>	<u>(69,370)</u>
Changes in non-cash working capital items		
Accounts receivable	(11,392)	635
Advances receivable	(25,278)	-
Prepaid expenses	(836)	(1,738)
Accounts payable and accrued liabilities	169,823	(1,329)
Cash used in operating activities	<u>(163,894)</u>	<u>(71,802)</u>
FINANCING ACTIVITIES		
Shares issued, net of issuance costs	1,080,840	55,000
Share subscriptions received	250,000	-
Cash provided by financing activities	<u>1,330,840</u>	<u>55,000</u>
INVESTING ACTIVITIES		
Resource property expenditures	(892,076)	(576)
Purchase of office equipment	(3,337)	-
Proceeds from sale of marketable securities	-	30,000
Cash provided by (used in) investing activities	<u>(895,413)</u>	<u>29,424</u>
INCREASE IN CASH	<u>271,533</u>	<u>12,622</u>
CASH, beginning of year	<u>21,776</u>	<u>9,154</u>
CASH, end of year	<u>\$ 293,309</u>	<u>\$ 21,776</u>

See accompanying notes to financial statements.

WELLSTAR ENERGY CORP.
(formerly RCOM Venture Corp.)
(an exploration stage company)
Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

Wellstar Energy Corp. (the “Company”) was incorporated under the laws of British Columbia on August 26, 1985. On July 20, 2005, the Company changed its name from “RCOM Venture Corp.” to “Wellstar Energy Corp.”.

The Company’s shares are publicly traded on the TSX Venture Exchange (“TSX-V”). The Company is in the business of acquisition, exploration and development of natural resources. In January 2006, the Company commenced production of oil and gas from one well located in Alberta, Canada. These financial statements have been prepared under the assumption that the Company is a going-concern. The ability of the Company to continue operations as a going-concern is dependent upon obtaining additional capital to continue normal operations. Given the Company’s limited operating history, lack of sales, and its substantial operating losses, there can be no assurance that it will be able to achieve or maintain profitability. Accordingly, these factors raise substantial doubt about the Company’s ability to continue as a going-concern.

The Company’s future capital requirements will depend on many factors, including the expenditures required to acquire and explore its properties, administrative expenses, costs to complete well production, if warranted, and global market conditions. The Company’s anticipated recurring operating losses and growing working capital needs will require that it obtain additional capital to operate its business. As at January 31, 2006, the Company has working capital of \$159,452, and an accumulated deficit of \$5,738,531.

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, consistent 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, and non-compliance with regulatory requirements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Oil and Gas Properties and Equipment

The Company follows the full cost method of accounting for its oil and gas operations whereby all costs related to the acquisition of petroleum and natural gas interests are capitalized. Such costs include land and lease acquisition costs, annual carrying charges of non-producing properties, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, and direct exploration salaries and related benefits. These costs do not necessarily reflect present values. Proceeds from the disposal of oil and gas interests are recorded as a reduction of the related expenditures without recognition of a gain or loss unless the disposal would result in a change of 20% or more in the depletion rate. Depletion and amortization of the capitalized costs will be computed using the unit-of-production method based on the estimated proven reserves of oil and gas determined by independent consultants. Minimal production of oil and gas commenced at the end of January 2006, therefore a provision for depletion and amortization of the capital costs have not been accounted for in these statements.

All of the Company’s oil and gas interests are held in Canada. Oil and gas activities are conducted jointly with others and, accordingly, the accounts reflect only the Company’s proportionate interest in such activities.

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Oil and Gas Properties, continued

Estimated future removal and site restoration costs are provided over the life of proven reserves on a unit-of-production basis. Costs, which include the cost of production, equipment removal and environmental clean-up, are estimated each period by management based on current regulations, costs, technology and industry standards. The charge is included in the provision for depletion and depreciation and the actual restoration expenditures are charged to the accumulated provision accounts as incurred.

The Company applies a ceiling test to capitalized costs to ensure that such costs do not exceed estimated future net revenues from production of proven reserves at year-end market prices less future production, administrative, financing, site restoration and income tax costs plus the lower of cost or estimated net realizable value of unproved properties.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses reported for the period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

(c) Office Equipment

Office equipment is recorded at cost, net of accumulated amortization. The cost of office equipment is amortized over its estimated useful life at the rate of 20% per annum by the declining-balance method.

(d) Asset Retirement Obligations

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") relating to accounting for asset retirement obligations. The Company has adopted the standard on a retroactive basis in accordance with the CICA recommendations. Under the standard, the fair value of a liability for an asset retirement obligation is recognized in the period in which it occurs and/or when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset and amortized over the life of the asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revision to either the timing or the amount of the original estimate of undiscounted cash flow.

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Long-Lived Assets Impairment

Long-lived assets are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

(f) Financial Instruments

(i) Fair Value

The fair values of cash, accounts and advances receivable, and accounts payable and accrued liabilities approximate their carrying values due to the immediate or short-term maturity of these financial statements.

(ii) Credit Risk

The Company is not exposed to significant credit or currency risk on their financial instruments.

(iii) Interest Rate Risk

To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(g) Stock-Based Compensation

Effective February 2004, the Company adopted the requirements of the CICA Handbook Section 3870, which requires an expense to be recognized in the financial statements for all forms of employee stock-based compensation when the stock options vest or awards or rights are granted. Previously, the Company did not record any compensation cost on the granting of stock options to employees and directors as the exercise price was equal to or greater than the market price at the date of the grants.

The Company estimates the fair value of all stock options awarded using the Black-Scholes option pricing model. Vesting of the options is determined at the time of granting of the options at the discretion of the board of directors. Once approved and vested, the options are exercisable at any time. When stock options are exercised for common shares, consideration paid by the stock option holders and option compensation associated with the stock options are recorded as share capital or when stock options are forfeited, cancelled or expire, the corresponding option compensation is transferred to contributed surplus.

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Years Ended January 31, 2006 and 2005

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Flow-Through Financing

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for income tax purposes for qualified resource expenditures can be renounced and claimed by the investors.

The Company financed a portion of its exploration and development activities through the issue of flow-through shares. Under the terms of these share issues, the tax attributes of the related expenditures are renounced to subscribers. When the renunciation is made, the tax value of the renunciation is recorded as a liability and charged against share capital. Where the Company has a valuation allowance, which reduces future income tax assets, the valuation allowance is reduced and an income tax recovery is recorded in the statement of operations.

(i) Measurement Uncertainty

The amounts recorded for stock-based compensation are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility and risk-free interest rates.

The recoverability of amounts shown for resource properties is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

The capital expenditures classification made with respect to the renouncement of flow-through shares is based on estimates from geologic information obtained and the classification of the expenditures may be challenged by the taxation authorities and in this regard the assessments may be different from that of management.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(j) Loss Per Share

Loss per share is computed using the weighted average number of common shares outstanding during the year. Provided that they are not anti-dilutive, diluted earnings or loss per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of outstanding stock options and warrants are used to repurchase common shares at the prevailing market rate.

(k) Income Taxes

Income taxes are accounted for using the asset and liability method pursuant to the CICA Handbook Section 3465, "Income Taxes". Future income taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized as income in the period that includes the date of enactment or substantive enactment. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 3 – OIL AND GAS PROPERTIES AND EQUIPMENT

	2006	2005
Participation fee	\$ 125,000	\$ -
Wellhead equipment	358,410	-
Site restoration costs	52,000	-
Development costs	169,067	-
	\$ 704,477	\$ -

Virgo/Zama, Alberta, Canada

During the year, the Company entered into a Participation Agreement with Warburg Resources Inc. ("Warburg") in consideration of a participation fee of \$125,000. Under the terms of the agreement, the Company has been granted the right to earn a 50% interest before payout ("BPO") and a 32.5% interest after payout ("APO") in three properties, and a 45% and 30% interest in a fourth property subject to Crown and farmor royalties ranging from 5% to 22.5%. The Company is committed to further minimum expenditures of approximately \$1,600,000 of which approximately \$1,265,000 has been advanced to Warburg subsequent to January 31, 2006. This transaction is subject to and has been submitted for regulatory approval.

Site restoration costs of \$52,000 have been accrued at January 31, 2006 representing estimated costs for well site restoration and abandonment.

Paddle River, Alberta, Canada

The Company has entered into a participation agreement with Tara Leigh Consulting Ltd. whereby the Company may earn certain interests in a property located in Alberta. Under the terms of the agreement, the Company can earn a 50% interest before payout, a 41% interest after payout, and 41% of the Paddle River property, subject to royalties. The participation cost for such interest is 50% of the estimated costs to drill and case the test well, being \$180,000 (net), but does not include costs to complete and equip the test well. During the year ended January 31, 2006, the Company made payments of \$81,599 and advanced \$158,000. Because the Company was unable to obtain a formal technical report in compliance with regulatory standards satisfactory to the Company concerning the drilling on the Paddle River, the Company abandoned the lease agreement by a charge to operations of \$239,599. Management is considering taking legal action to recover all monies paid under this agreement.

NOTE 4 – OFFICE EQUIPMENT

Cost	Accumulated amortization	Net book value	
		2006	2005
\$ 3,337	\$ 798	\$ 2,539	\$ -

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 5 – SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value

(b) Common Shares Issued and Outstanding

	Number	Amount
Balance, January 31, 2004	3,443,689	\$ 4,765,565
Exercise of warrants at \$0.22 per share	250,000	55,000
Balance, January 31, 2005	3,693,689	4,820,565
Private placement at \$0.55 per unit (i)	1,252,473	688,860
Private placement at \$0.80 per share (ii)	625,000	500,000
Less: cost of issuance	-	(108,020)
Balance, January 31, 2006	5,571,162	\$ 5,901,405

(i) The Company completed a private placement of 1,252,473 units at a price of \$0.55 per unit. Each unit consisted of one common share and a one-half share purchase warrant entitling the holder to purchase an additional common share in the Company for each full warrant at a price of \$0.75 per share for a period of one year. The Company paid finder fees of \$63,293 and other costs of \$2,887 in connection with this financing.

(ii) The Company completed a tax flow-through private placement involving the issuance of 625,000 shares at a price of \$0.80 per share. The Company paid finder fees of \$38,840 and other costs of \$3,000 in connection with this financing. A director of the Company acquired 12,500 shares.

(c) Stock Options

During the year, the Company granted 499,616 stock options exercisable at a price of \$0.55 until July 11, 2010.

A summary of the status of the Company's stock options as at January 31, 2006 and 2005 and changes during the years then ended is as follows:

	2006		2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	340,000	\$ 0.335	208,000	\$ 0.165
Granted	499,616	\$ 0.550	340,000	\$ 0.335
Expired/cancelled	(340,000)	\$ 0.335	(208,000)	\$ 0.165
Outstanding, end of year	499,616	\$ 0.550	340,000	\$ 0.335

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 5 – SHARE CAPITAL (continued)

(d) Stock-Based Compensation

During the year ended January 31, 2006, a charge to compensation costs of \$210,800 (2005 - \$40,304) was recorded against income. The charge includes the estimated fair value of 499,616 (2005 - 340,000) fully vested share purchase options granted as compensation.

The fair value of the share purchase options was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 3.5% (2005 - 2.45%), dividend yield of 0% (2005 - 0%), volatility factor of 103% (2005 - 62%), and an expected life of 3 years (2005 - 2 years).

(e) Paid Share Subscriptions

The Company has received proceeds of \$250,000 towards a private placement involving the issuance of 357,143 units at \$0.70 per unit. The details on this private placement have been described in Note 10(a).

(f) Warrants

A summary of all warrants outstanding at January 31, 2006 is as follows:

Expiry date	Exercise Price	Balance January, 31 2005	Granted	Exercised	Expired/ Terminated	Balance January 31, 2006
June 29, 2006	\$0.75	-	626,236	-	-	626,236

NOTE 6 – OPTION COMPENSATION

	2006	2005
Balance, beginning of year	\$ 66,372	\$ 26,068
Stock-based compensation – options granted	210,800	40,304
Stock-based compensation – options expired	(66,372)	-
Balance, end of year	\$ 210,800	\$ 66,372

NOTE 7 – CONTRIBUTED SURPLUS

As at January 31, 2003, a total of 89,910 common shares were held in escrow. On January 20, 2004, the shares were cancelled pursuant to the terms of the escrow agreement. The ascribed value of the cancelled shares in the amount of \$124,422, has been credited to contributed surplus. During the year ended January 31, 2006, \$66,372 was transferred from option compensation to contributed surplus for stock options that expired during the year. The final amount of contributed surplus at January 31, 2006 is \$190,794.

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 8 – INCOME TAXES

As at January 31, 2006, the Company has accumulated non-capital losses for tax purposes of approximately \$1,145,000 that may be applied against future taxable income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2007	\$	282,000
2008		205,000
2009		84,000
2010		108,000
2011		50,000
2015		50,000
2016		205,000
	\$	<u>984,000</u>

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2006	2005
	34.12%	35.62%
Income tax benefit computed at Canadian statutory rates	\$ 255,016	\$ 114,073
Temporary differences not recognized in year	(117,296)	(96,030)
Unrecognized tax losses	(137,720)	(18,043)
	<u>\$ -</u>	<u>\$ -</u>

WELLSTAR ENERGY CORP.
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Notes to Financial Statements
Years Ended January 31, 2006 and 2005

NOTE 8 – INCOME TAXES (continued)

Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2006	2005
Future income tax assets		
Temporary differences in assets	\$ 27,302	\$ 509,771
Net tax losses carried forward	335,740	335,665
	363,043	845,436
Valuation allowance for future income tax assets	(363,043)	(845,436)
Future income tax assets, net	\$ -	\$ -

NOTE 9 – RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these financial statements comprise the following:

- (a) The Company paid or accrued \$55,000 (2005 - \$9,100) to a director of the Company for management services.
- (b) A director of the Company was paid \$nil (2005 - \$56,000) for geological consulting services, \$6,000 (2005 - \$13,500) for rent and \$41,717 (2005 - \$nil) for other administrative fees.
- (c) The Company is involved in a participating agreement with a company that has a common director (Note 3).
- (d) Advances receivable includes \$19,000 (2005 - \$nil) advanced to a director.
- (e) A private company controlled by a director was paid consulting fees of \$7,856 (2005 - \$nil).

NOTE 10 – SUBSEQUENT EVENTS

- (a) The Company completed a private placement involving the issuance of 357,143 units at \$0.70 per unit. Each unit consisted of one common share and a one-half non-transferable warrant entitling the investor to purchase an additional common share for each whole warrant at a price of \$0.82 for a one-year period. The warrants have a forced conversion clause requiring the holder to exercise within 30 days of being notified by the Company that the shares have traded above \$0.82 per share for at least 20 consecutive trading days.

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Notes to Financial Statements
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NOTE 10 – SUBSEQUENT EVENTS (continued)

- (b) On May 3, 2006, the Company completed a private placement of 3,040,166 units at a price of \$0.60 per unit. Each unit consisted of one common share and a one-half non-transferable warrant, each whole warrant entitling the investor to purchase an additional common share at a price of \$0.75 for a one-year period. The warrants have a forced conversion clause requiring the holder to exercise within 30 days of being notified by the Company that the shares have traded above \$1 per share for at least 20 consecutive trading days. A director participated in this placement as to 100,000 units. 2,940,166 of the common shares were issued as tax flow-through shares.
- (c) On May 2, 2006, the Company announced that it would conduct a private placement to raise \$500,000. The private placement offering will consist of up to 500,000 units at a price of \$1 per unit. Each unit will consist of one common share and one non-transferable share purchase warrant entitling the holder to purchase an additional common share at a price of \$1.10 for a one-year period. A portion of the financing will be tax flow-through shares. The Company will pay finder fees in connection with this offering in accordance with TSX-V.
- (d) On April 11, 2006, the Company granted 195,000 stock options at an exercise price of \$0.70 to directors and employees of the Company exercisable until April 10, 2011.
- (e) 170,000 options were exercised at a price of \$0.55 for proceeds of \$93,500 and 127,237 warrants at a price of \$0.75 for proceeds of \$95,427.