

THE FOLLOWING COMPENSATION COMMITTEE CHARTER WAS ADOPTED BY THE BOARD OF DIRECTORS OF MEGASTAR DEVELOPMENT CORP. (THE “CORPORATION”) ON JULY 21, 2006.

General

The Compensation Committee is a committee of the Corporation's board of directors (the "Board") to which the Board has delegated its responsibility for oversight of the Corporation's overall human resources policies and procedures. This includes reviewing the adequacy and form of the compensation paid to the Corporation's executives and key employees to ensure that such compensation realistically reflects the responsibilities and risks of such positions.

The Compensation Committee's objectives are to assist the Board in meeting its responsibilities in respect of overall human resources policies and procedures including recruitment, performance management, compensation, benefit programs, resignation/terminations, training and development, succession planning and organizational planning and design, to ensure a broad plan of executive compensation is established that is competitive and motivating in order to attract, retain and inspire executive management and other key employees and to review all compensation and benefit proposals for the Corporation's executives and make recommendations to the Board.

Composition and Process

1. The Compensation Committee will be comprised of a minimum of two directors, one of which will be independent.
2. Compensation Committee members will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms, which is encouraged to ensure continuity of experience.
3. The Chair of the Compensation Committee will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms. The Compensation Committee Chair will arrange for an alternate chair for a specific meeting if he or she is planning to be absent.
4. The Compensation Committee Chair will establish the agenda for Compensation Committee meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for review prior to the meeting.
5. The Compensation Committee will meet at least twice per year and may call special meetings as required. A quorum at meetings of the Compensation Committee will be both of its members. The Compensation Committee may hold its meetings, and members of the Compensation Committee may attend meetings, by telephone conference call.

6. At all meetings of the Compensation Committee every question will be decided by a majority of the votes cast. In case of an equality of votes, the Compensation Committee Chair will not be entitled to a casting vote.
7. The minutes of Compensation Committee meetings will accurately record the decisions reached and will be distributed to Compensation Committee members with copies to the Board and the CEO.
8. The Compensation Committee will have the authority to retain (or terminate) any outside counsel, advisors or consultants it determines necessary to assist it in discharging its functions, independently of the Board, Chair or CEO. The Compensation Committee will be provided with the necessary funding to compensate any counsel, advisors or consultants it retains.
9. The CEO may attend and participate in meetings of the Compensation Committee, if invited.

Responsibilities

The Compensation Committee will review management prepared policies and make recommendations to the Board regarding the following matters:

1. Compensation, philosophy, policies and guidelines for senior officers, as well as supervisory and management personnel of the Corporation and any subsidiary companies.
2. Corporate benefits for senior management (i.e. car insurance, life insurance, retirement plan, expense accounts, etc.).
3. Incentive plans, along with global payment information as it applies to senior management bonus and discretionary bonus plans.
4. Corporate goals and objectives relevant to the CEO and other senior management compensation.
5. Evaluation of the performance of the CEO and other senior management in light of corporate goals and objectives, and making recommendations with respect to compensation levels based on such evaluations.
6. Policies regarding the Corporation's incentive stock option plan and the granting of stock options to directors, management and employees of the Corporation.
7. Policies regarding the development and implementation of incentive compensation plans and equity based compensation plans.
8. Compensation levels for directors and committee members, including the compensation of the Chair and the Chair of any Board committee, to ensure compensation realistically reflects the responsibilities and risk involved in being

an effective director, committee member or Chair. Compensation should be commensurate with the time spent by such individuals in meeting their obligations and should be transparent and easy for shareholders to understand.

9. Succession plan for the CEO, and other executives and key employees of the Corporation in conjunction with the CEO.
10. Any material changes in human resources policy, procedure, remuneration and benefits.
11. Executive compensation disclosure in all public disclosure documents.

Other Responsibilities

The Compensation Committee will:

1. Review and assess its effectiveness, contribution and this Charter annually and recommend any proposed changes thereto to the Board.
2. Perform any other activities consistent with this Charter, as the Compensation Committee or the Board deems necessary or appropriate.
3. The Compensation Committee will have the authority to delegate any specific tasks to individual Compensation Committee members.