

**MEGASTAR DEVELOPMENT CORP.
(THE "CORPORATION")**

**CORPORATE DISCLOSURE POLICY
ADOPTED BY THE BOARD OF DIRECTORS OF THE CORPORATION
ON SEPTEMBER 1, 2011**

Objective and Scope

The objective of this Disclosure Policy is to ensure that communications to the investing public about the Corporation are timely, complete, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

This Disclosure Policy extends to all employees, consultants, officers, advisors and directors of the Corporation and its affiliates (each, an "Employee") and those individuals authorized to speak on behalf of the Corporation. It covers disclosure in documents filed with the securities regulatory authorities, financial and non-financial disclosure (including management's discussion and analysis) and written statements made in the Corporation's annual and quarterly reports, news releases, material change reports, letters to shareholders, presentations by senior management, information contained on the Corporation's website and other electronic communications. It also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

Corporate Governance Committee

The Corporate Governance Committee (the "Committee") of the Corporation's Board of Directors (the "Board") is responsible for overseeing the Corporation's disclosure practices.

The Committee will set standards for a preliminary assessment of materiality and will determine when developments justify public disclosure.

It is essential that the Committee be kept fully apprised of all pending material developments relating to the Corporation in order to evaluate and discuss those events and to determine the appropriateness and timing for public release of information. If it is deemed that the information should remain confidential, the Committee will determine how that information will be controlled and whether any regulatory filings on a confidential basis need to be made.

The Committee will review and update, if necessary, this Disclosure Policy on an annual basis or as needed to ensure compliance with changing regulatory requirements. The Committee will report to the Board as requested.

Disclosure of Material Information

Material information is information relating to the business, operations, assets, or securities of the Corporation that would reasonably be expected to have a significant effect on the market price or price of the Corporation or a security of the Corporation, and includes a decision to

implement a change made by the Board or senior management of the Corporation who believe that confirmation by the Board is probable.

Securities legislation requires that all material information must be disclosed to the public by way of news release as soon as practicable. In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, the Corporation will adhere to the following basic disclosure principles:

1. Material information will be publicly disclosed as soon as practicable via news release disseminated through a widely circulated news or wire service. Examples of potential material information include but are not limited to the following:

Changes in Corporate Structure

- Changes in share ownership that may affect control of the Corporation;
- Major reorganizations, amalgamations, or mergers;
- Take-over bids, issuer bids, or insider bids.

Changes in Capital Structure

- Public or private sale of additional securities;
- Planned repurchases or redemptions of securities;
- Planned splits of common shares or offerings of warrants or rights to buy shares;
- Any share consolidation, share-exchange, or stock dividend;
- Changes in the Corporation's dividend payments or policies;
- Possible initiation of a proxy fight;
- Material modifications to rights of security holders.

Changes in Financial Results

- Significant increase or decrease in near-term earnings prospects;
- Unexpected changes in the financial results for any period;
- Shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs;
- Changes in the value or composition of the Corporation's assets;
- Any material change in the Corporation's accounting policy.

Changes in Business and Operations

- Any development that affects the Corporation's resources, products or markets;
- A significant change in capital investment plans or corporate objectives;
- Major labour disputes or disputes with a major contractor or supplier;
- Significant new contracts, products, patents, or services or significant losses of contracts or business;
- Significant changes in the status of any of the Corporation's projects;
- Changes to the Board or executive management, including the departure of the Corporation's CEO, COO or CFO (or persons in equivalent positions);
- Commencement of, or developments in, material legal proceedings or regulatory matters;
- Departure from the Corporation's Code of Business Conduct and Ethics by officers, directors, and other key employees;
- Any notice that reliance on a prior audit is no longer permissible;
- De-listing of the Corporation's securities or their movement from one quotation system or exchange to another.

Acquisitions and Dispositions

- Significant acquisitions or dispositions of assets, property or joint venture interests;
- Acquisitions of other Companies, including a take-over bid for, or merger with, another company.

Changes in Credit Arrangement

- Borrowing or lending of a significant amount of money;
- Any mortgaging or encumbering of the Corporation's assets;
- Defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors;
- Changes in rating agency decisions;
- Significant new credit arrangements.

An immediate statement containing the major points of the material information is the first objective. Additional details may follow in a further news release. When several significant actions are resolved or occur at one time, disclosure of all should be released as soon as practicable so that the full implications may be assessed by the public.

Certain developments will require disclosure at the proposal stage or before an event actually occurs if the proposal gives rise to material information at that stage. Announcement of an intention to proceed with a transaction or activity giving rise to material information should be made when a decision has been made to proceed by the Board or senior management with the expectation of concurrence from the Board. Updates should be announced on a regular basis unless the original announcement indicated that an update would be disclosed on a specific date. In addition, prompt disclosure is required of any material change to the proposed transaction or to the previously disclosed information.

While it is the responsibility of the Committee to determine what information is material in the context of the Corporation's business, the Committee may consult with market surveillance of the stock exchange on which the Corporation's shares are traded when in doubt as to whether disclosure should be made.

2. In certain circumstances, the Committee may determine that such disclosure may be unduly detrimental to the Corporation (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be immediately brought to the attention of the Board and will be kept confidential until the Committee determines it is appropriate for public disclosure. In such circumstances, the Committee will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every five days) review its decision to keep the information confidential (also see "Rumours" below). The Committee will only withhold material information from public disclosure where there is a reasonable basis to do so, and when the basis for maintaining confidentiality ceases to exist it will promptly disclose such material information to the public.

At any time when material information is withheld from the public, the Corporation is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers, consultants, employees or advisors of the Corporation except in the necessary course of business. The Corporation will also make sure that there is no selective disclosure of confidential information to third parties. The Corporation should ensure that when such information is disclosed in the necessary course of business all recipients are aware that it must be kept confidential. If the material information being treated as confidential becomes disclosed in some manner, the Corporation will promptly disclose the material information publicly in the proper manner.

3. Disclosure must include any information the omission of which would make the rest of the disclosure misleading (for example, half truths are misleading).

4. Unfavourable material information must be disclosed as promptly and completely as favourable information.

The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or the other.

5. There must not be any selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be broadly disclosed immediately via news release.
6. Disclosure should be consistent among all audiences, including the investment community, media and Corporation personnel.
7. Disclosure on the Corporation's website alone does not constitute adequate disclosure of material information.
8. Disclosure must be corrected immediately if the Corporation subsequently learns that earlier disclosure by the Corporation contained a material error at the time it was given.

Trading Restrictions and Blackout Periods

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Except in the necessary course of business, it is also illegal for anyone to inform any other person of material non-public information. Therefore, insiders and employees with knowledge of confidential or material information about the Corporation or counter-parties in negotiations of material potential transactions, are prohibited from trading in securities of the Corporation or any counter-party until the information has been fully disclosed and a reasonable period of time, as such period is determined by the Committee or the Board in writing to the respective insiders and employees and counter parties as the case may be, has passed to allow for the information to be widely disseminated.

Blackout periods may be prescribed from time to time by the Committee or the Board as a result of special circumstances relating to the Corporation, and during such periods insiders and employees of the Corporation will be precluded from trading in securities of the Corporation. All parties with knowledge of such special circumstances will be covered by the blackout and the Committee or the Board will communicate the implementation and lifting of the blackout to such parties in writing. Such parties may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of material potential transactions.

Maintaining Confidentiality

Any insider or employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Communication by e-mail leaves a physical track of its passage that may be subject to subsequent decryption attempts. All confidential information being transmitted over the Internet must be secured by the strongest encryption methods available. Where possible, employees or insiders should avoid using e-mail to transmit confidential information.

Outside parties privy to undisclosed material information concerning the Corporation will be told that they must not divulge such information to anyone else, other than in the necessary course of business. Such outside parties will confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business. Code names should be used if necessary.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential matters should not be discussed on wireless telephones or other wireless devices.
4. Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
5. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
6. Transmission of documents by electronic means; such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
7. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
8. Access to confidential electronic data should be restricted through the use of passwords.

Designated Spokespersons

The Corporation will designate a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The Chairman, CEO, CFO and senior investor relations/communications officer for the Corporation (if any) will be the official spokespersons for the Corporation. Individuals holding these offices may, from time to time, designate others within the Corporation to speak on behalf of the Corporation as backups or to respond to specific inquiries.

Personnel who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others unless specifically asked to do so by an authorized spokesperson. All such inquiries will be referred to the Chairman, CEO, CFO or senior investor relations/communications officer.

News Releases

Once the Committee determines that a development is material it will authorize the issuance of a news release, unless the Committee determines that such development must remain confidential for the time being. If the Committee determines this to be the case, appropriate confidential filings will be made and control of the inside information will be instituted. Should material information inadvertently be disclosed in a selective forum, the Corporation will immediately issue a news release in order to fully disclose that information.

If the stock exchange(s) upon which shares of the Corporation are listed is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information may be provided to the market surveillance department to enable a trading halt, if deemed necessary by the stock exchange(s). If a news release announcing material information is issued outside of trading hours, market surveillance may be notified before the market opens.

Annual and interim financial results will be publicly released as soon as practicable following Board approval or review.

News releases will be disseminated through an approved news or wire service that provides simultaneous widespread distribution. News releases may also be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media and, at the option of the Corporation, the local media in areas where the Corporation has its headquarters or operations.

News releases will be posted on the Corporation's website immediately after release over the news wire. The news release page of the website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

Insider Reports

Insiders will be personally responsible for filing, accurate and timely insider trading reports as required by applicable securities regulatory authorities.

