

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV**
Frankfurt: **M5Q**

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“NEWS RELEASE”

MEGASTAR OPTIONS SEDEX PROPERTY

Megastar Development Corporation (the “Company”) (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to report that it has granted Rio Grande Mining Corp. (“Rio Grande”), a private British Columbia corporation, an option to earn up to 60% interest in the Company's 100% owned SEDEX zinc-lead-silver property (the "Property"), which is located in the Omineca Mining Division, approximately 280 kilometers north-northwest of Mackenzie, BC, Canada.

The Property is situated within the highly prospective Gunsteel shale formation in the world-class Kechika trough sedex zinc basin and consists of 33 mineral claims covering 22,400 hectares (224 sq. km). The Property includes 5,630 meters of active zone in favorable Gunsteel shale formation located adjacent to and along strike with geology that hosts several zinc deposits, including TeckCominco Ltd./Korea Zinc Company's Cirque and South Cirque Deposits, and Canada Zinc Metals Corp.'s Cardiac Creek Deposit on their Akie property (with NI 43-101 inferred resources of 23.6 million tonnes grading 7.6% Zn, 1.5% Pb and 13.0 g/t Ag at a 5% Zn cut off grade).

Under the terms of the Option Agreement with Rio Grande, Megastar will be paid, in stages, total of \$70,000 cash and issued 200,000 common shares in the capital of Rio Grande on or before July 31, 2012. In addition to these payments, Rio Grande will also be required to incur exploration expenditures on the property totaling \$2.0 million over the ensuing 36 months (of which \$100,000 must be expended on or before January 31, 2009), to earn a 60% interest in the property.

“This agreement with Rio Grande is an excellent opportunity for the Company to advance its highly prospective SEDEX Project while preserving cash during the current market conditions. The Company has secured a 40% stake in the Property and will remain well positioned should there be future discoveries within our claim area,” states Megastar's President, Dusan Berka.

In the event that Rio Grande completes the Option Agreement in accordance with the terms set forth then Rio Grande will have earned a 60% interest in the Property, after which a joint venture would be formed (60 per cent Rio Grande and 40 per cent Megastar).

ABOUT MEGASTAR DEVELOPMENT CORP.

Megastar Development Corp. is an emerging resource company engaged in the acquisition, exploration and development of mineral properties in Canada. Megastar owns gold and base metal properties in Quebec and British Columbia, including the SIMKAR Gold Project in Val d'Or, Quebec for which a NI 43-101

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compliant independent Technical Report concludes that the property is estimated to have a remaining (post-historic-mining) Inferred Resource of about 110,000 ounces, based on parameters appropriate for a reasonable underground mining scenario.

For further information, investors and shareholders are invited to visit the Company's website at www.megastardevelopment.com or call the office at 604-683-6648.

ON BEHALF OF THE BOARD OF DIRECTORS

"DUSAN BERKA"

Dusan Berka, P. Eng.
President & CEO