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## **Eloro Resources and Megastar Development Announce Closing of \$4 Million Joint Venture Agreement on Megastar’s Simkar Gold Project near Val d’Or, Quebec**

Toronto, Canada, August 17, 2009 – Eloro Resources Ltd. (TSX-V: ELO) (“Eloro”) and Megastar Development Corp. (TSX-V: MDV) (“Megastar”) are pleased to announce that they have executed a definitive agreement (the “Agreement”) for a \$4 million joint venture on Megastar’s wholly-owned Simkar Gold Project (the “Project”), located approximately 20 km east of Val-d’Or (Quebec). The Project, a former gold producer, consists of two contiguous mining concessions in Louvicourt Township, covering 225.63 hectare. The Project is not encumbered with any royalties.

The Agreement provides Eloro with the option to earn a 50% undivided interest in the Project by completing \$4 million in exploration work on the Project over a 3 year period, subject to a one-time six month extension at Eloro’s option after the first year, whereby \$750,000 would be incurred in the first year, \$1.25 million in the second year and \$2 million in the third year; paying Megastar \$350,000 cash over a three year period, and issuing 4.5 million common shares of Eloro to Megastar as follows: (1) 750,000 common shares upon execution of a definitive option agreement (the “Option Agreement”) and TSX Venture Exchange approval, (2) 750,000 common shares on the first year anniversary of the Option Agreement, (3) 1.5 million common shares on each the second and third anniversary of the Option Agreement. Should Eloro elect to utilize the six month extension on either the second or third year’s exploration commitments, Eloro would issue an additional 100,000 common shares to Megastar. Eloro would be the project manager and operator. After Eloro completes its earn-in, Eloro and Megastar will form a joint venture reflective of their proportionate ownership interest in the Project with Eloro acting as operator. Should either Eloro or Megastar’s participating interest in the Project be diluted to less than ten percent, the diluted party’s interest will be converted to a 2% net smelter returns royalty. The non-diluted party can acquire one-half percent of the royalty from the diluted party for \$1 million, thereby reducing the royalty from 2% to 1.5%. This transaction is subject to the receipt of all required regulatory and board approvals.

### **The Simkar Gold Project**

The Project has been the subject of two National Instrument (“NI”) 43-101 compliant technical reports, one in 2004 and a second in 2008. The first was titled “*Technical Report (NI 43-101 F1) on the 2004 drilling Program, Simkar Property (Val-d’Or, Quebec), Louvicourt Township, Province of Quebec, Canada (NTS: 32C04)*”, by C. Pelletier, B. Sc., P. Geo. (of InnovExplo Inc.), dated December 6, 2004. The 2008 report was titled “*Technical Report (NI 43-101) Simkar Property , Val d’Or, Quebec*” (the “Report”) was prepared by M. Bourgoin, P. Geo., of MRB & Associates, and R. Sandefur, P. Eng., of

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Chlumsky, Armbrust and Meyer LLC. Both reports are available on SEDAR at [www.sedar.com](http://www.sedar.com) (under Megastar Development Corp).

From 1987 to 1993, over \$12 million of surface exploration and underground development work was completed on the Project. The exploration work successfully defined significant gold mineralization in the extensions of the previously mined A,B and C Zones, as well as defining new gold resources in three new gold bearing structures, the East, F, and Pillar Zones. Subsequently, the existing underground workings were dewatered and new underground development was completed to access the East Zone on two levels. This underground development work led to the extraction of 71,068 tonnes grading 8.42 g/t gold for approximately 20,000 ounces of gold.

Megastar acquired all rights, titles and interests of the Project in 1996. Since then, Megastar completed ground geophysics; surface diamond drilling totaling 8,000 m in 26 holes; and integrated the former Simkar Gold Mine underground workings into a GEMCOM™ GEMS 3-D mine model. This work led to the Report and mineral resource estimates in 2008 which are outlined in the following table to a vertical depth of -200 m:

<b>SIMKAR GOLD DEPOSIT</b>			
<b>TOTAL INFERRED RESOURCES*</b>			
<b>CUT-OFF (g/t gold)</b>	<b>TONNES</b>	<b>GRADE (g/t gold)</b>	<b>TOTAL CONTAINED GOLD OUNCES</b>
<b>1.0</b>	<b>1,482,000</b>	<b>3.01</b>	<b>143,160</b>
<b>2.0</b>	<b>641,050</b>	<b>5.10</b>	<b>105,100</b>
<b>3.0</b>	<b>347,400</b>	<b>7.32</b>	<b>81,800</b>
<b>5.0</b>	<b>188,750</b>	<b>10.23</b>	<b>62,100</b>

\* Numbers may be rounded for simplicity.

Eloro's plan going forward is to enhance the 3-D mine model with detailed interpretation work in preparation of a drill program to test the down plunge extension of all of the gold structures below the 200 m vertical depth, particularly on the East Zone Shear, where the gold grades are higher than those defined elsewhere on the Project. Eloro is of the opinion that the presence of higher grade tension veins intersected by Megastar in the 2007 surface diamond drilling work (140.0 g/t gold over 0.5 m, 99.8 g/t gold over 0.3 m, 33.9 g/t gold over 1.0 m, and 31.0 g/t gold over 0.5 m) represents strong evidence of the similarities of the Simkar Gold Deposit with the 9 million ounce Sigma-Lamaque Gold Deposit located 20 km to the west.

*The information contained in this news release was prepared and revised by Martin Bourgoin, P. Geo., Eloro's Executive VP, and a Qualified Person as defined by National Instrument 43-101.*

#### **About Eloro Resources Ltd.**

Eloro is a junior exploration company focused on discovering and developing precious and base metal quality resources in the James Bay region of northern Quebec, and base and precious metals in the Timmins Camp of northern Ontario. Eloro currently has eleven gold-copper-silver properties (1,062 claims) covering 548 km<sup>2</sup> in the La Grande and Eastmain Greenstone Belts, proximal to Goldcorp's Eleonore Gold Project. Eloro also has an option to earn a 50% interest in 31 claims held by Virginia Mines Inc. also located in James Bay, Quebec. The Timmins area holdings include both the prospective Hurdman Property, and the 30 km<sup>2</sup> McArthur Lake Nickel Property under option to Fletcher Nickel Inc.

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**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 compliant independent Technical Report concludes that the Project is estimated to have a remaining (post-historic mining) Inferred Resources of about 140,000 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](http://www.megastardevelopment.com) or call the office at 604-683-6648.

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