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Eloro and Megastar Announce Business Combination

Consolidation of 100% Interest in the Simkar Gold Project, Val-d'Or (Quebec)

Toronto and Vancouver (Canada), August 30, 2010 – Eloro Resources Ltd. (TSX-V: ELO; FSE: P2Q) (“Eloro” or the “Company”) and **Megastar Development Corp.** (TSX-V: MDV; FSE: M5Q) (“Megastar”) are pleased to announce that they have reached an agreement in principle regarding a proposed business combination (the “Business Combination”). Eloro and Megastar propose to complete a Business Combination that will provide that shareholders of Megastar will receive seventy million (70,000,000) common shares of Eloro in exchange for all of Megastar’s right, title and interest in and to the Simkar Property, hosted in the Abitibi Greenstone Belt, 20 km east of Val-d’Or (Quebec). The common shares of Eloro to be distributed to shareholders of Megastar will be listed for trading on the TSX Venture Exchange (“TSXV”). The common shares of Megastar will continue to be listed for trading on the TSXV.

While the definitive form of the Business Combination will be determined by both parties acting with the advice of counsel, it is anticipated that the Business Combination may take the form of a court-sanctioned statutory arrangement or other mechanism, involving Megastar transferring all of its right, title and interest in and to the Simkar Property to Eloro in exchange for Eloro shares, which Eloro shares will then be distributed by Megastar to its shareholders, in each case with an applicable exemption from the prospectus requirements of Canadian securities legislation. The parties will jointly determine the optimum structure for the Business Combination in order to best satisfy tax planning, regulatory and other considerations, specifically in regards to the mitigation of any tax consequences to Megastar and/or its shareholders.

It was further agreed that Eloro will use its reasonable best efforts to complete an equity financing of up to \$3,500,000 concurrently with or within 60 days following the completion of the Business Combination; provided that Eloro shall be required, as a condition precedent to completion of the Business Combination, to complete an equity financing of not less than \$1,500,000 prior to or concurrently with the closing of the Business Combination (the “Financing”).

Currently, Eloro has 76,226,903 common shares issued and outstanding while Megastar has 39,487,233 common shares issued and outstanding as of the date hereof, eligible and subject to the proposed Business Combination. Under the terms of the proposed Business Combination, Megastar shareholders

would own approximately 48% of the Eloro shares outstanding on completion of the transaction, prior to the completion of the Financing.

The board of directors of Eloro resulting from the Business Combination will consist of four nominees from Eloro and three nominees from Megastar. Thomas Larsen, currently Chairman, President and CEO of Eloro, will become Chairman and Dusan Berka, currently President and CEO of Megastar, will become Vice Chairman. Thomas Larsen would continue in his role as Eloro's President and CEO.

Completion of the transaction is subject to usual terms and conditions for such a transaction, including but not limited to the completion of due diligence, completion and execution of definitive Business Combination documentation, receipt of all required regulatory and shareholder approvals and no material adverse changes occurring in the financial condition of either company.

"We see this combination as a logical development in our strategy for growth. With consolidated ownership of the Simkar Gold project, Eloro and its shareholders will benefit from increased flexibility in how it proceeds with the continued exploration and development required to exploit the significant upside potential which the property holds. With the completion of the Business Combination, it is our belief that Megastar and Eloro shareholders will both be in a better position to take full advantage of this outstanding asset," said Thomas Larsen, Eloro's President and CEO.

Dusan Berka, P. Eng., President and CEO of Megastar added, *"Our goal all along has been to continue advancing Simkar to production and to deliver the best opportunity and value to Megastar shareholders. We believe that a combined team of Megastar and Eloro, and the expertise and resources each brings to the partnership, delivers on these objectives and brings Simkar that much closer to fruition. At the same time, Megastar shareholders will continue to share into the advancement of Simkar through their additional shareholdings in Eloro; while allowing Megastar shareholders to also further pursue development of our wholly owned Ralleau and Sedex properties, and new acquisitions."*

The Simkar Gold Project

The Simkar mineralization model was generated from a comprehensive 3D compilation and synthesis of historic mine and drill hole data that included the "A", "B", "C", "Montana", "East" and "South" zones from which there is historic gold production. The intersected lithologies in this drill campaign corroborate the 3D geological model developed for the Property to delineate drill targets.

The Simkar Property hosts a thick sequence of east-west trending, near vertical dipping rhyolites, pyroclastics and quartz-feldspar porphyry dykes and sills closely associated with the lode gold vein mineralization and the Louvicourt-type volcanogenic massive sulphide (or "VMS") mineralization. The higher gold grade vein mineralization is similar to the more than 9 million ounces Sigma-Lamaque Gold Deposit in Val-d'Or. The historic production of 30,500 ounces of gold (1946-1949) came from extensive underground workings along the A, B and C Zones. From 1987 to 1993, surface exploration and underground development work successfully outlined additional gold mineralization in the immediate extensions of the previously mined 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. This underground development work led to the extraction of 20,000 ounces of gold.

The Simkar Property consists of two contiguous mining concessions totaling 226 hectares, and is currently wholly-owned by Megastar, under option to Eoro. Megastar acquired all rights, titles and interests of the Project in 1996. Since then, Megastar completed ground geophysics; surface diamond drilling, and integrated the former Simkar Gold Mine underground workings into a 3-D mine model. This work led to two National Instrument (“NI”) 43-101 compliant technical reports, one in 2004 and a second in 2008 (available on SEDAR at www.sedar.com under Megastar Development Corp). The 2008 technical report outlines Mineral Resource estimates of 1,482,000 tonnes grading 3.01 g/t gold containing 143,160 ounces of gold to vertical depth of -200 m, based on parameters appropriate for a reasonable underground mining scenario.

Eoro and Megastar are in the second year of an Option and Joint Venture Agreement that provides Eoro with the option to earn a 50% interest in Simkar by completing \$4 million in exploration work, paying Megastar \$350,000 and issuing 4.5 million shares of Eoro to Megastar over 3 years. Eoro has met its Year 1 commitments, including incurring exploration costs of minimally C\$750,000 pursuant to the Option Agreement with Megastar.

About Eoro Resources Inc.

Eoro is a junior exploration company focused on discovering and developing precious metals in the Val-d’Or mining camp, as well as quality precious and base metal resources in the James Bay region of northern Quebec. In the James Bay region, Eoro has 11 gold-copper-silver properties (1,062 claims) covering 548 km² in the La Grande and Eastmain Greenstone Belts, proximal to Goldcorp’s Eleonore Gold Project.

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

The technical information contained in this news release was prepared and approved by Martin Bourgoin, P. Geo., Executive VP of Eoro, and John Langton, P. Geo., VP Exploration of Eoro and Project Manager of the Simkar Gold Project. Both individuals are Qualified Persons as defined by National Instrument 43-101.

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