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# Eloro commences Phase 2 drilling program to test new discoveries at Megastar's Simkar Gold Property, Val-d'Or (Quebec)

**Toronto (Canada), June 16, 2010 – Eloro Resources Ltd.** (TSX-V: ELO; FSE: P2Q) ("Eloro" or the "Company") and **Megastar Development Corp.** (TSX-V: MDV; FSE: M5Q) are pleased to announce the commencement of the Phase 2 diamond drilling program at the Simkar Gold Property (the "Property"), hosted in the Abitibi Greenstone Belt, 20 km east of Val-d'Or (Quebec). In light of the positive results from the Phase 1 program, which was completed earlier this spring, Eloro is immediately and aggressively expanding its exploration program at Simkar with a Phase 2 diamond drilling program, totaling 10,000 metres, that will focus on delineating the high-grade intersections encountered in drill holes SK10-12 (9.36 g/t gold over 5.9 metres), SK10-16A (4.61 g/t gold over 4.0 metres), and SK10-13 (20.4 g/t gold over 3.0 metres).

Phase 1 drilling, which consisted of 17 holes comprising 6,125 metres, was completed in March 2010 and specifically targeted the envisaged extensions of known mineralized zones below the underground workings of the former Louvicourt Goldfields Mine, along the projected down-dip continuations and intersections of the planar shear-zones associated with gold mineralization. The Phase 1 Program successfully intersected high-grade, gold bearing quartz-tourmaline tension veins (*refer to the Eloro news releases dated March 25, 2010 and May 27, 2010*), comparable to those encountered on the Property by Megastar in 2007 and similar to those occurring at the nearby Sigma/Lamaque Mine in Val-d'Or.

The first 2,050 metres of Phase 2 drilling will comprise 6 holes designed to further delineate the high-grade intersections encountered in drill holes SK10-12 (9.36 g/t gold over 5.9 metres), SK10-16A (4.61 g/t gold over 4.0 metres), and SK10-13 (20.4 g/t gold over 3.0 metres). The intersection in SK10-16A occurs at a vertical depth of 170 metres, whereas the intersection in SK10-12, which is 275 metres along strike to the west, is 250 metres below surface. The intersections are oriented along a -30º SW plunge, similar to the historic "A" and "B" zones of the Louvicourt Goldfields Mine. The higher gold grades mined from the "A" and "B" zones were typically confined to chutes 60 metres to 80 metres wide and plunging at -30º SW (*refer to Figure 1 – Composite Longitudinal Section of the "A", "B" and New zones*).

In addition, two new intersections discovered during the Phase 1 drilling will be tested to determine whether a potential new corridor of mineralization occurs below and parallel to the historic "A" and "B" zones. The 6 holes will target up-plunge and down-plunge extensions from the Phase 1 intersections at 75 metre to 125 metre spacings. Hole SK10-A will be collared from the same location as hole SK10-13, which intersected 20.4 g/t gold over 3.0 metres. The intersection in SK10-13 occurs 225 metres vertically below surface and is located on a -30º SW plunge from the East Shear Zone stopes of the historic Louvicourt Goldfields Mine. Hole SK10-A will target the East Shear Zone 150 metres below surface and 75 metres up-dip from the intersection in SK10-13, and will continue towards the potential "new" zone, further to the north, targeting an intersection at a vertical depth of 325 metres and 75 metres down-dip of the intersection in SK10-12 (*refer to Figure 2 – Cross-section of the A-B and New Zones*).

"This is an important milestone and great development for our Simkar Gold Property," said Megastar President and CEO Dusan Berka. "Eloro is moving very quickly on the heels of the Phase 1 results with this new aggressive drill program and we look forward to continuing our push to develop the project and bring it back into production."

**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 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 Property consists of two contiguous mining concessions totaling 226 hectares, and is wholly-owned by Megastar, under option to Eloro. 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.

Eloro and Megastar are in the first year of an Option and Joint Venture Agreement that provides Eloro 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 Eloro to Megastar over 3 years. Eloro has met its Year 1 work commitment of C$750,000 pursuant to the Option Agreement with Megastar.

***About Eloro Resources Inc***

Eloro 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, Eloro has 11 gold-copper-silver properties (1,062 claims) covering 548 $km^2$ 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 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 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 Eloro, and John Langton, P. Geo., VP Exploration of Eloro and Project Manager of the Simkar Gold Project. Both individuals are Qualified Persons as defined by National Instrument 43-101.*

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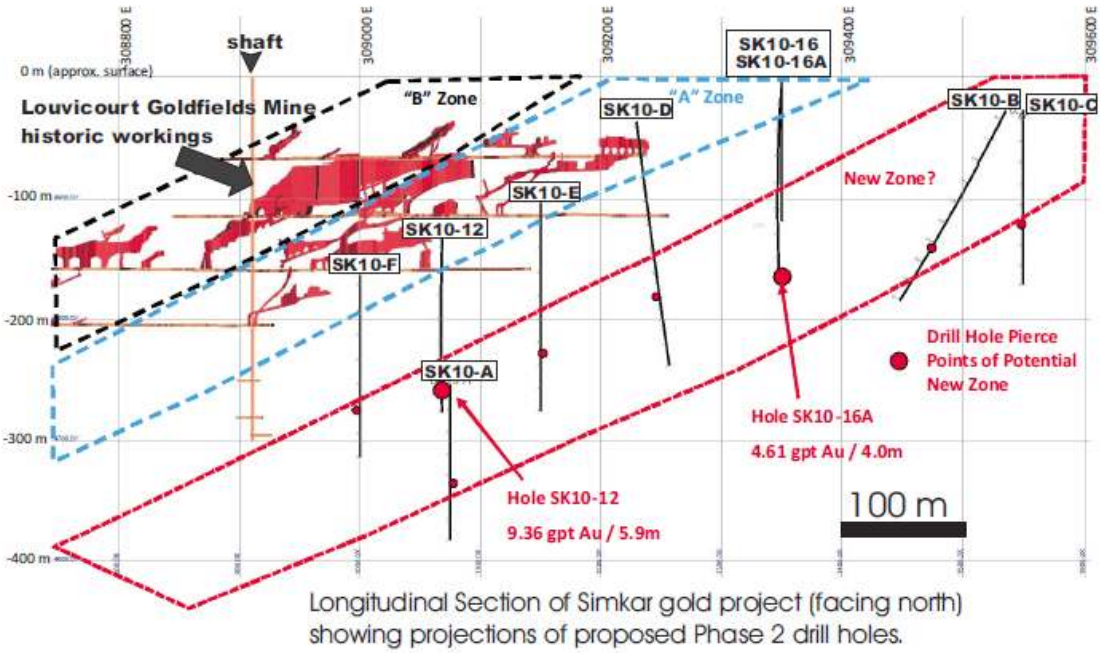
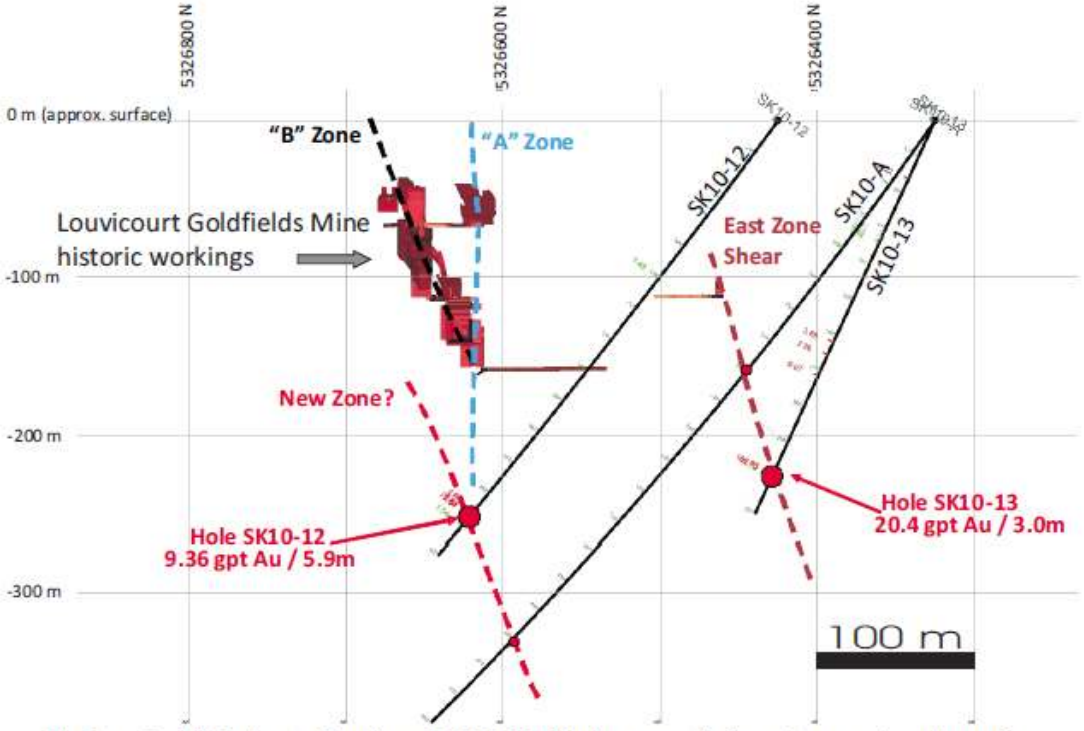
**Figure 1: Composite Longitudinal Section of the A-B and New Zone**




Longitudinal Section of Simkar gold project (facing north) showing projections of proposed Phase 2 drill holes.

**Figure 2: Cross Sectional View of the A-B and New Zone**




Simkar Gold Project: Section 309075E (facing west) showing projection of Phase 2 diamond-drill hole SK10-A and location of anticipated intersections of East Zone and New Zone.