

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV**

Frankfurt: **M5Q**

“NEWS RELEASE”

MEGASTAR FURTHER UPDATES SHAREHOLDERS REGARDING PLAN OF ARRANGEMENT AND DIVIDEND DISTRIBUTION

Vancouver, BC, Canada, February 14, 2011 - Megastar Development Corporation (“Megastar”, the “Company” or “MDV”) (TSX-V: **MDV**; Frankfurt: **M5Q**) today updated shareholders regarding the status of its recently announced plan of arrangement and dividend distribution of 70,000,000 common shares of Eloro Resources Ltd.

The plan of arrangement was approved by special resolution of the shareholders on December 20, 2010 and received requisite approval of the Supreme Court of British Columbia under Section 288 of the British Columbia Corporations Act on December 21, 2010. The plan of arrangement has been initiated and, upon completion, will result in the distribution of 70,000,000 shares of Eloro Resources Ltd to Megastar shareholders of record at close of markets on January 7, 2011. Based on a total of 42,127,233 outstanding and issued common shares in the capital stock of Megastar on the January 7, 2011, the ratio of distribution will be approximately 1.6616329869 Eloro shares for each Megastar share. The Ex-dividend date, the date as of which a purchaser of Megastar common shares is no longer entitled to receive Eloro shares pursuant to the arrangement, is January 5, 2011.

The 70,000,000 shares of Eloro Resources to be distributed by Megastar were transferred into escrow on November 18, 2010. On February 3, 2011 the TSX Venture Exchange announced its final acceptance of the sale and acquisition of the Simkar property. The release from escrow of the Acquisition Closing Documents and the Eloro shares, and distribution of the Eloro shares remains subject to Eloro’s receipt of confirmation from the Minister of Natural Resources and Wildlife (Quebec) that the transfer of title to the Simkar property from Megastar to Eloro has been registered. Although it is not known when confirmation of the registration will be issued, Eloro expects it will be completed shortly. Megastar will notify shareholders when a distribution date for the dividend is determined.

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. 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

“DUŠAN BERKA”

Dušan Berka, P. Eng.
President & CEO

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