

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV**

Frankfurt: **M5Q**

“NEWS RELEASE”

MEGASTAR CLOSSES \$671,526 PRIVATE PLACEMENT FINANCING

Vancouver, BC, Canada, July 22, 2011 - Megastar Development Corporation (“Megastar”, the “Company” or “MDV”) (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to announce that further to its news release dated June 21, 2011, has closed its non-brokered private placement financing and issued 6,715,265 units at a price of 10 cents per unit for gross proceeds of \$671,526. Each unit consists of one common share of the company and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the company at a price of 13.5 cents until July 20, 2013. Directors, officers and insiders of the company subscribed for \$37,500 of the offering, representing 375,000 units or 5.6% of the above financing. The company has paid finder's fees of 437,144 units representing 6.5% of the total proceeds raised under the private placement financing. All shares issued under the offering are subject to a four-month hold period expiring Nov. 21, 2011.

Proceeds of the Offering will be used for general working capital, including company's ongoing evaluation of possible projects.

The Company also announces a grant of incentive stock options to directors, officers and consultants of the Company to purchase up to an aggregate of 1,050,000 Company common shares, at a price of \$0.25 each for a period of five years. These options have been granted pursuant to the terms of the Company's stock option plan approved by Company shareholders on December 7, 2010.

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 mineral 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

“DUSAN BERKA”

Dusan Berka, P. Eng.
President & CEO

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