

# MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV** Frankfurt: **M5Q**

## “NEWS RELEASE”

### MEGASTAR ANNOUNCES COMPLETION OF PLAN OF ARRANGEMENT AND DISTRIBUTION OF ELORO SHARES

**Vancouver, BC, Canada, March 17, 2011 - Megastar Development Corporation** (“Megastar” or the “Company”) (TSX-V: **MDV**; Frankfurt: **M5Q**) today announced the completion of its Plan of Arrangement and dividend distribution of 70,000,000 common shares of Eloro Resources Ltd. (“Eloro”) to Megastar shareholders of record on January 7, 2011. The ratio of distribution is 1.6616329869 Eloro shares for each Megastar share and the effective date of the share distribution is March 15, 2011. The Eloro share certificates being delivered to eligible Megastar shareholders will carry a hold period legend expiring on March 19, 2011.

*“I am very pleased that the business combination with Eloro has been completed. The Company retains the Ralleau and SEDEX projects, two prospective base metal properties in Quebec and British Columbia, Canada and is ready to pursue new opportunities,”* said Dusan Berka, Megastar’s President and CEO.

#### **Summary of the Business Combination and Plan of Arrangement**

- August 30, 2010 - Eloro and Megastar announce a business combination, whereby Eloro will purchase the Simkar Gold property near Val-d’Or, Quebec from Megastar in exchange for 70,000,000 Eloro shares.
- November 18, 2010 - Eloro and Megastar execute a definitive Asset Purchase Agreement and Voting Trust Agreement, and close the sale of Simkar in escrow. 70,000,000 Eloro shares carrying a four-month hold legend expiring on March 19, 2011 are transferred into escrow.
- December 20, 2010 - Megastar shareholders vote in favour of the Plan of Arrangement to distribute the 70,000,000 Eloro shares to Megastar shareholders on a pro-rata basis.
- December 21, 2010 - Megastar receives approval for the Plan of Arrangement from the Supreme Court of British Columbia.
- December 22, 2010 - Megastar sets the Distribution Record Date to January 7, 2011.
- On February 3, 2011 - the TSX Venture Exchange declares its final acceptance of the sale of the Simkar property.
- February 28, 2011 - in accordance with the Plan of Arrangement, title to the Simkar property was transferred from Megastar to Eloro, and the 70,000,000 Eloro shares are released from escrow.

#### **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](http://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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