

MEGASTAR DEVELOPMENT CORP.

#600 - 625 Howe Street, Vancouver, BC, Canada V6C 2T6
Tel.: (604) 683-6648, Fax: (604) 683-1350
www.megastardevelopment.com

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

“NEWS RELEASE”

MEGASTAR PROVIDES INFORMATION REGARDING THE PLAN OF ARRANGEMENT

Vancouver, BC, Canada, March 30, 2011 - Megastar Development Corporation (“Megastar” or the “Company”) (TSX-V: **MDV**; Frankfurt: **M5Q**) wishes to advise that the reorganization of its business through the completion of a Plan of Arrangement, as detailed in the November 25, 2010 Information Circular and which included a share exchange by the Megastar shareholders of record on January 7, 2011 of the Megastar Class A Shares for Megastar New Common Shares and Eloro Resources Ltd. (“Eloro”) Shares, completed on March 15, 2011. Megastar has determined that the fair market value of each Eloro Share distributed on the exchange was equal to \$0.087, with 1.6616329869 Eloro Shares distributed for every Megastar Class A Share. Further, Megastar has determined that the paid-up capital of each Megastar Class A Share was equal to \$0.1504. Accordingly, management has concluded that no deemed dividend should result.

A Shareholder will only recognize a capital gain on the Share Exchange to the extent that the fair market value of the Eloro Shares (\$0.087) and the adjusted cost base of the Megastar New Common Shares received on the Share Exchange, less the amount of any dividend deemed received (\$nil) exceeds the adjusted cost base of the Shareholder's Class A Common Shares determined immediately before the Share Exchange.

The adjusted cost base to a Shareholder of the Eloro Shares received on the Share Exchange will be equal to their fair market value (\$0.087). The adjusted cost base to a Shareholder of the Megastar New Common Shares received on the Share Exchange will be equal to the excess, if any, of such Shareholder's adjusted cost base of the Class A Common Shares less the fair market value of the Eloro Shares received by such Shareholder.

You may find this information useful for tax purposes. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. Shareholders should consult their own tax advisors for advice with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.

These tax consequences are explained in greater detail in the Management Information Circular of Megastar dated November 25, 2010. All capitalized terms used herein have the meanings given to them in the Management Information Circular.

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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