

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV**

Frankfurt: **M5Q**

“NEWS RELEASE”

MEGASTAR ANNOUNCES REORGANIZATION AND A NEW DIRECTOR

Vancouver, BC, Canada, March 31, 2011 - Megastar Development Corporation (“Megastar”, the “Company” or “MDV”) (TSX-V: **MDV**; Frankfurt: **M5Q**) announces that the board of directors of the Company (the "Board") has determined to proceed with the proposed share consolidation previously approved by shareholders at the Special Meeting of Shareholders of Megastar (the "Meeting") held on December 20, 2010. At the Meeting, shareholders approved a share consolidation, at the discretion of Company's management and the Board, on the basis of one (1) new post-consolidation Megastar share for up to every six (6) pre-consolidation Megastar shares outstanding.

The Board has unanimously resolved to implement the consolidation ratio of one (1) new post-consolidation common share for every four (4) pre-consolidation common shares (the “Share Consolidation”). Once complete, the 42,127,233 issued common shares currently outstanding will be reduced to 10,531,808 common shares (as at the date of this release). No fractional common shares will be issued as a result of the Share Consolidation. The exercise price and the number of common shares issuable under any outstanding convertible securities of the Company, including outstanding incentive stock options and common share purchase warrants, will be proportionately adjusted once the transaction is complete.

The Company's common shares will continue to be traded on the TSX Venture Exchange under the symbol "MDV" on a post-consolidation basis. The consolidation of the Company's shares is subject to all necessary regulatory approvals, including that of the TSX Venture Exchange.

Appointment of New director

The Company announces that Richard Roy, P. Geo has resigned as a director of the Company in order to focus on other professional commitments and business interests. The Company has appointed Andrew Lee to its Board to fill the vacancy created by Mr. Roy's resignation.

Mr. Lee holds a Bachelor of Science degree from the University of British Columbia and has been working as a self-employed consultant to mineral exploration companies for the past six years, assisting with financings and corporate development. Recently, Mr. Lee served as a director of Plains Creeks Mining Limited, a private company that went public through a reverse takeover of Resource Hunter Capital Corp., listed on the TSX Venture Exchange. Currently, Mr. Lee is working on plans to take Four Rivers Resources Inc., an industrial company focused on forest products, public later this year. The Company wishes to thank Mr. Roy for his valuable contribution and technical assistance to the Company over the past seven years and wishes him the very best in his future business endeavours, and welcomes Mr. Lee to the Board.

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

"DUSAN BERKA"

Dusan Berka, P. Eng.
President & CEO

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