

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV** Frankfurt: **M5QN**

Megastar to Acquire 100% of two additional Epithermal Au-Ag Projects in Oaxaca, Mexico

Vancouver, BC, Canada, June 4, 2018 - Megastar Development Corp. (“Megastar”, the “Company” or “MDV”) (TSX-V: MDV; Frankfurt: M5QN) is pleased to announce that further to signing a Definitive Option Agreement to acquire 100% undivided interest in the Rama de Oro project, located in the state of Oaxaca, Mexico (see press release dated May 10, 2018), the Company also signed two (2) additional option agreements with the same groups (Paradex and Minera Zalamera) pursuant to which Minera Zalamera has granted the Company the sole and exclusive option to acquire all of its rights, titles and interest in the Yautepec concession (the “**Yautepec Option**”) and the Magdalena Concession (the “**Magdalena Option**”), both located in the state of Oaxaca, Mexico.

“This deal continues us on our path towards establishing a strong presence in the Oaxaca region of Mexico,” said Dusan Berka, CEO of Megastar Development. “Coupled with our earlier announced deal, Megastar has put together a strong portfolio of prospective exploration assets situated in between two currently producing mines. As well, working with David Jones, a geologist with a long history of success in Mexico, gives us a strong technical base upon which to commence our activities down there.”

Yautepec Option

Under the Yautepec Option, in order to acquire a 100% interest in the project, the Company shall:

- Pay to Minera Zalamera USD \$5,000 (within 15 days following the execution of the option agreement but subject to Exchange approval);
- Issue to Minera Zalamera a total of 1,550,000 Common Shares (200,000 within 15 days following the execution of the option agreement but subject to Exchange approval, 450,000 on the 1st anniversary, and 900,000 on the second anniversary); and
- Incur work expenditures totalling USD \$310,000 (USD \$40,000 after Year 1, another USD \$ 80,000 by Year 2 and USD \$190,000 by Year 3 of the signing of the option agreement).

The Yautepec Project comprises 4,861 hectares of Tertiary volcanic rocks highly prospective for hosting epithermal precious metal mineralization similar to that in the nearby producing Arista and Switchback mines at Gold Resources El Aguila project (20 km to the WNW) and Chesapeake Gold's La Gitana project (8 km to the east-southeast). The project lies along a prominent northwest-southeast structural trend defined by small volcanic centers which include numerous identified Au-Ag prospects as identified in regional mapping by the Mexican Geological Survey (*Servicio Geológico Mexicano* (SGM)), none of which have been systematically explored by modern methods. The mapped altered rocks along this trend are part of a nearly 100 kilometer-long structural-volcanic corridor that extends from the San Jose mine (Fortuna Silver) to the northwest, to Chesapeake Gold's Gitana project to the southeast. Outside of areas of active mining, the region has seen little to no systematic exploration, and the Yautepec project is inferred to represent one of the most prospective segments of the trend.

Magdalena Option

Under the Magdalena Option, in order to acquire a 100% interest in the project, the Company shall:

- Pay to Minera Zalamera USD \$5,000 (within 15 days following the execution of the option agreement but subject to Exchange approval);
- Issue to Minera Zalamera a total of 1,550,000 Common Shares (200,000 within 15 days following the execution of the option agreement but subject to Exchange approval, 450,000 on the 1st anniversary, and 900,000 on the second anniversary); and
- Incur work expenditures totalling USD \$230,000 (USD \$40,000 after Year 1, another USD \$ 70,000 by Year 2 and USD \$120,000 by Year 3 of the signing of the option agreement).

The Magdalena Project comprises a single 480-hectare property centered on highly altered volcanic rocks approximately 20 kilometers ENE of Gold Resource Corporation's (GRC) producing Au-Ag-base metal deposits. Extensive felsic tuffs mapped by SGM are interpreted by Mr. David Jones, President of Paradex and Minera Zalamera, as a caldera setting, similar to that of the GRC mine area and Megastar's recently acquired Rama de Oro Project. Historical sampling of strongly clay- and silica-altered rocks at Magdalena reported values up to 0.705 g/t Au, 15.2 g/t Ag, 2700 ppm As, 53 ppm Bi, 357 ppm Cu, 12,780 ppm Hg, 38 ppm Mo, 2730 ppm Pb, and 147 ppm Zn. The area of coincident metals anomalies, clay and silica alteration, sulfate (gypsum) deposition, and minor rhyolite dike, lies along a prominent NW-SE structural trend (SGM mapping) adjacent to an inferred caldera margin. The presence of various types of chalcedonic and vuggy silica, elevated pathfinder metals (Hg, As), and extensive sulfate deposition (gypsum) indicates exposures at the highest levels of an anomalous Au-Ag-base metal system of excellent exploration potential.

Upon the successful completion of the Yautepec Option or the Magdalena Option by Megastar, as applicable, Minera Zalamera shall retain a royalty equal to 2% NSR on the project subject to the option. Megastar shall have the right to purchase 1% of the NSR, at any time and at its sole discretion, for a purchase price of USD \$1,650,000.

All securities to be issued in connection with the transactions will be subject to a hold period of 4 months and one day from their date of issuance. Furthermore, the Transaction remains subject to regulatory approval.

Stephen R. Maynard, M.S., C.P.G. Consulting Geologist, a qualified person in accordance with NI 43-101, has reviewed and accepted the technical information in this news release.

ABOUT MEGASTAR DEVELOPMENT CORP.

Megastar Development Corp. is an emerging resource company engaged in the evaluation, acquisition and exploration of mineral properties. Megastar currently owns mineral property in Quebec. For further information, investors and shareholders are invited to visit the Company's website at www.megastardevelopment.com or call the office at 604-681-1568, or toll free at 1-877-377-6222.

ON BEHALF OF THE BOARD OF DIRECTORS

"DUSAN BERKA"

Dusan Berka, P. Eng.
President & CEO

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Some statements in this release may contain forward-looking information. All statements, other than of historical fact, that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding potential mineralization) are forward-looking statements. Forward-looking statements are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Corporation's ability to control or predict, that may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure by the parties to complete the Transaction, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Corporation's expectations, changes in world markets for precious metals or markets for other commodities, and other risks disclosed in the Corporations' public disclosure record on file with the relevant securities regulatory authorities. Any forward-looking statement speaks only as of the date on which it is made and except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking statement