

# MEGASTAR DEVELOPMENT CORP.

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TSX-V: MDV

December 23, 2005

## "NEWS RELEASE"

Further to the News Release dated September 7, 2005, Megastar Development Corp. (TSX-V: MDV) wishes to announce that it will not proceed with an option to acquire the 100% interest in the Monument Gold Project located in British Columbia, Canada. The company will focus exploration efforts on its 100% owned RALLEAU and SIMKAR gold properties located in Quebec.

The Company also announces that it will not be proceeding with the private placement financing as announced in its News Release of September 7, 2005.

### NEW FINANCING ARRANGEMENTS

The Company has arranged a non-brokered private placement financing of up to \$234,000. The Company intends to raise:

1. Up to \$144,000 by the sale of up to 1,200,000 non-flow-through units at 12 cents per unit. Each unit will consist of one common share and one non-transferable share purchase warrant. One warrant will entitle the holder to purchase one additional non-flow-through common share of the company for a period of one year at a price of 15 cents per share.
2. Up to \$90,000 by the sale of up to 600,000 flow-through units at 15 cents per unit. Each flow-through unit will consist of one common share and one non-transferable share purchase warrant. Two warrants will entitle the holder to purchase one additional non-flow-through common share of the company for a period of one year at a price of 20 cents per share. The closing of the flow-through private placement shall occur on or before Dec. 31, 2005.

The private placement is subject to the approval of the TSX Venture Exchange. The shares issued under the private placement will be subject to a four-month hold period from the date of TSX Venture Exchange approval.

Where applicable a finder's fee in cash or common shares of the company may be payable in connection with the financing, in accordance with the policies of the TSX Venture Exchange. In addition, the company may grant non-transferable finder's warrants on the same terms as the private placement warrants.

The proceeds from the private placement will be used for exploration of the company's mineral properties in Quebec and for general working capital.

For further information, investors and shareholders are invited to visit the Company's website at [www.megastardevelopment.com](http://www.megastardevelopment.com).

ON BEHALF OF THE BOARD OF DIRECTORS

*"Dušan Berka"*

Dušan Berka, P. Eng.  
President & CEO

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE.