

MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV**

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“NEWS RELEASE”

MEGASTAR REPORTS MONUMENT ACQUISITION AND FINANCING.

Megastar Development Corp. (TSX-V: **MDV**) is pleased to report that it has entered into Memorandum of Understanding (the “MOU”) to acquire 100% interest in the Monument Gold Project located 8km northeast of Yale, British Columbia, Canada.

The Monument Gold Zone was discovered along the east side of the Hozameen Fault in 1976 by a program of prospecting, stream sediment sampling, hand panning and soil sampling. In 1977, seventeen bulldozer trenches exposed the zone and 12 short diamond holes investigated the mineralization to depth. The last substantial work on the Monument Gold Zone was in 1979 when 7 deeper diamond drill holes were completed intersecting gold mineralization more than 80 m below surface. The strike length of over 300 meters was defined by previous work.

Drilling was highly encouraging and returned significant mineralized intersections. The highest-grade section was found in Hole 77-7 on section 2+00N intersecting mineralized quartz vein from 35.5 to 38.6m (3.1m) which averaged 15.4 g/t Au (individual assays cut at 34.28 g/t Au). The northern most hole (79 - 7) on section 3+50N returned 1.7m averaging 3.77 g/t Au.

The original sampling was carefully carried out and assaying done by Bondar-Clegg and Co. Loring Labs did check assays on most of the mineralized sections. As a further check some of the split core was quartered and sent for control assay.

The Monument Gold Zone varies from less than 0.6m to close to 3.0m wide. Individual historical assays within the quartz vein range up to over 300 g/t Au (9 ounces gold per ton). The vein exhibits remarkable continuity along strike and is open to the north, south and to depth. Surface channel sampling suggests that there are smaller shoots of higher-grade zones within the overall, however the spacing of the drill-holes to date has not been close enough to attempt to follow these higher-grade zones.

Located within the Coquihalla Gold Belt the Monument Gold Zone can be classified as mesothermal replacement lodes of the MotherLode type with many similarities to the Motherlode District of California and the Coquihalla Gold Belt hosting gold mineralization extending to considerable depths. Although prior exploration was highly encouraging, a variety of corporate circumstances combined to preclude any substantial exploration since 1979. Numerous gold showings are known on the property and soil sampling has outlined several multi-line anomalies that require follow up and trenching. Future work has the distinct possibility of encountering high-grade gold mineralization as shoots within the main vein and as zones between the Monument Gold to the south and north Zone and the Hozameen Fault.

The Monument Property consists of 35 cell claims covering approximately 735 hectares located 8km northeast of Yale B.C. The main access to the property is excellent via the all weather Siwash Creek logging road which originates from the Trans Canada Highway.

The technical information in this news release has been provided by J. T. Shearer, M.Sc., P.Geo, a qualified person as defined in National Policy 43-101 and acknowledges that the property specific data are historical and believed to be accurate but should not be relied on.

Under the terms of an arms length option agreement between Megastar and Scott E. Angus and Alfred E. Angus (“the Vendors”) and subject to regulatory approval, the company intends to earn a 100% interest in the Monument property as follows:

Upon regulatory approval and execution of a formal agreement Megastar will pay to the Vendors CDN \$50,000 and 100,000 shares in the capital of Megastar with a standard four-month hold period;

- (1) On or before the first anniversary of the agreement Megastar will expend no less than \$100,000 for exploration on the property, and file the expenditures to assessment credits;
- (2) On or before the first anniversary of the agreement Megastar will pay to the vendors \$75,000 and 100,000 shares with a standard four-month hold period;
- (3) On or before the second anniversary of the agreement Megastar will pay to the vendors \$125,000 and 100,000 shares with a standard four-month hold period;
- (4) On or before the third anniversary of the agreement Megastar will pay to the vendors \$150,000;
- (5) On or before the fourth anniversary of the agreement Megastar will pay to the vendors \$350,000;
- (6) On or before the fifth anniversary of the agreement Megastar will pay to the vendors \$500,000.

With respect to Items (4), (5) and (6) above, Megastar may (at its option) pay half in cash and the balance by issuance of stock in the Capital of Megastar Development Corp.

The vendors retain a 2.5 % NSR and grant Megastar the right to purchase 1 % of the NSR at any time for the sum of \$1,000,000.

A finder's fee in connection with the above described acquisition will be paid in accordance with the policies of the TSX Venture Exchange.

J. T. Shearer, M.Sc., P. Geo., a qualified person pursuant to NI 43-101, has been retained as Project Manager by the company for the Monument Gold Project in order to immediately file a Notice of Work with the Ministry of Energy & Mines and to conduct the normal course of work on the property. Mr. Shearer has been professionally active in the mining industry continuously for over 30 years since initial graduation from university. He holds a Bachelor of Science, Honours Geology from the University of British Columbia, 1973. An Associate of the Royal School of Mines (ARSM) from the Imperial College of Science and Technology in London, England (1977) and a Master of Science from the University of London, 1977. Mr. Shearer is responsible for the preparation of this disclosure and a technical report entitled "Assessment Report on the Monument Gold Zone - Siwash Creek Area" dated November 15, 1997. He has visited the Property on numerous occasions and has kept close contact with the general area.

FINANCING ARRANGEMENTS

The Company has arranged a non-brokered private placement of up to \$575,000. The Company intends to raise \$200,000 by the sale of 1,000,000 non-flow-through units at 20 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 25 cents per share. The Company also intends to raise up to \$375,000 by the sale of 1,500,000 flow-through units at 25 cents per unit. Each flow-through 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 35 cents per share. 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.

A finder's fee will be paid in accordance with the policies of the TSX Venture Exchange.

The proceeds from the private placement will be used for further exploration on the Monument Gold Project, 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 or contact D. Cameron Stretch at 604-961-9795 or Murid Financial at 604-689-7422.

ON BEHALF OF THE BOARD OF DIRECTORS

"DUŠAN BERKA"

Dušan Berka, P.Eng.
President & CEO