

MEGASTAR DEVELOPMENT CORP.

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

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“NEWS RELEASE”

MEGASTAR COMPLETES NON-BROKERED PRIVATE PLACEMENT

Megastar Development Corp. (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to announce that it has received subscriptions and completed the non-brokered private placement announced on November 6, 2006.

Subject to TSX Venture Exchange approval, the company will issue 1,067,500 flow-through units at a price of 20 cents per unit and 2,669,000 non-flow-through units at a price of 16 cents per unit for gross proceeds of \$640,540, being an increase from the \$600,000 previously announced on November 6, 2006. Each flow-through unit will consist of one flow-through 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 two years, at an exercise price of 30 cents per share in the first year and 40 cents in the second year. Each non-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 common share of the company for a period of two years, at an exercise price of 25 cents per share in the first year and 30 cents in the second year. 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 will be paid in connection with the financing, in accordance with the policies of the TSX Venture Exchange. In addition, where applicable, the company will 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 (Simkar Gold and Ralleau Zinc-Cu Projects) and SEDEX Zinc project located in the world-class Kechika trough sedex zinc basin of Northern British Columbia; further property acquisitions and for general working capital.

The Company also announces that it has granted incentive stock options to directors, officers and consultants under its stock option plan for the purchase of up to 880,000 common shares of the company for a period of two years at a price of 16 cents per share.

ABOUT MEGASTAR DEVELOPMENT CORP.

Megastar Development Corp. is an emerging resource company engaged in the acquisition, exploration, and development of mineral properties in Quebec and British Columbia. Megastar is listed on the TSX Venture Exchange under the trading symbol “MDV” and on the Frankfurt Stock Exchange under the trading symbol “M5Q”.

For further information, investors and shareholders are invited to visit the Company's website at www.megastardevelopment.com.

ON BEHALF OF THE BOARD OF DIRECTORS

“DUSAN BERKA”

Dusan 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.