

MEGASTAR DEVELOPMENT CORP.

#600 - 625 Howe Street
Vancouver, BC, Canada V6C 2T6
Tel.: (604) 683-6648
Fax: (604) 683-1350
www.megastardevelopment.com

TSX-V: MDV

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“NEWS RELEASE”

MEGASTAR RAISES OVER \$520,000

Megastar Development Corp. (TSX-V: MDV) is pleased to announce that it has raised \$481,350 in non-brokered private placements, and \$43,500 through the exercise of warrants set to expire on January 26, 2006, for total proceeds of \$524,850.

As per the news releases dated January 20, 2006, Megastar Development Corp. closed a non-brokered flow-through private placement tranche and issued 794,000 units at a price of 15 cents per unit for total proceeds of \$119,100. Each issued unit consisted of one flow-through share and one share purchase warrant; two warrants entitle the holder to purchase one additional non-flow-through common share of the company at a price of 20 cents for a period of one year. The shares issued under the private placement are subject to a four-month hold period expiring on May 12, 2006.

Additionally, further to the News Release dated January 25, 2006, the company has closed a non flow-through private placement tranche by issuing 3,018,750 units at a price of 12 cents per unit for total proceeds of \$362,250. 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. The shares issued under the private placement are subject to a four-month hold period expiring on June 10, 2006. The company paid a finder's fee of \$6,900 in connection with this tranche of the Private Placement as follows: 600273 B.C. Ltd. \$2,400, ITF Ister Trade & Finance Inc \$3,900 and Vojtech Agyagos \$600.

In addition, the company also raised \$43,500 through the exercise of 290,000 warrants at \$0.15 by insiders and consultants of the company. These warrants were set to expire on January 26th 2006; 1,045,000 warrants expired unexercised.

The proceeds from the above private placements will be used by Megastar for working capital and for exploration purposes on its mineral properties, including its 100% owned RALLEAU property located in Ralleau Township, approximately 40km east of Quévillon, Quebec. The project area consists of 12 designated cells covering an area of 676 hectares accessible via a series of forestry roads emanating from the Val d'Or-Chibougamau provincial road and is situated about 20km southeast of the Langlois mine, currently being developed by Breakwater (TSX: BWR). For a map of the project area, refer to www.megastardevelopment.com/properties/ralleau.php.

“This is very exciting time for Megastar. Over the last 60 days we have raised gross proceeds of \$524,850, and both the flow through and non-flow through tranches were oversubscribed” according to Megastar’s President & CEO, Dušan Berka. “Recently, not only we have announced the commencement

of the exploration program on our 100% owned Ralleau Zn, Cu Property near Breakwater's Langlois Mine in Quebec but also executed an option agreement to acquire 100% of a large, 185 square kilometers land position, strategically positioning Megastar in this emerging world class Gataga-Akie SEDEX zinc/lead/silver camp, which I believe contains the most significant and promising Zinc discovery in British Columbia in many years".

For further information, investors and shareholders are invited to visit the Company's website at www.megastardevelopment.com or contact KCrew Communications at 1-866-465-3616.

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.