

MEGASTAR DEVELOPMENT CORP.

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“NEWS RELEASE”

MEGASTAR ANNOUNCES OVER-SUBSCRIPTION OF SECOND TRANCHE OF PRIVATE PLACEMENT

Further to the news releases of December 23, 2005, January 3 and January 20, 2006 and the TSX Venture Exchange acceptance letter dated January 11, 2006, Megastar Development Corp. (TSX Venture Exchange – “MDV”) wishes to announce that it has over-subscribed the non-flow through portion of its private placement by up to \$216,000. Accordingly, the non-flow through portion of the private placement has increased by 1,800,000 units from 1,200,000 units to up to 3,000,000 units, for gross proceeds of up to \$360,000. All other terms of the placement remain the same.

Subject to TSX Venture Exchange approval, the company will issue up to 3,000,000 non-flow through units at a price of 12 cents per unit for gross proceeds of up to \$360,000. 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 will be subject to a four-month hold period from the date of TSX Venture Exchange approval.

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

The company has also granted incentive stock options to its directors, officers and consultants to purchase up to a total of 750,000 common shares in the capital stock of the company, exercisable for a period of five years, at a price of \$0.15 per share.

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

“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.