

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**
Frankfurt: **M5Q**

January 26, 2007

“NEWS RELEASE”

MEGASTAR IDENTIFIES FAVOURABLE VMS ENVIRONMENT AND EXPANDS RALLEAU Cu-Zn PROPERTY

Megastar Development Corp. (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to provide an update of the 2006 diamond drill program and work slated for 2007. The company has acquired 17 new mineral claims contiguous to its 100% owned RALLEAU property located 40 km east of Quevillon, Quebec. The 2006 diamond drilling program intersected disseminated, stringer and thin massive sulphide mineralization over metric widths. Coring of sulphide mineralization and the identification of a **new volcanogenic massive sulphide (VMS) alteration package** prompted the company to stake additional claims to the east.

Megastar completed five diamond drill holes for a total of 1,545.7 meters. Drilling was aimed at testing coincident Magnetic, DeepEM conductors and favorable geology. Dr. Mathieu Piché, Ph. D, Geo. an independent qualified person, completed the core logging and sampling as well as the assessment report. All EM conductors are explained. While no economic Au, Ag, Cu or Zn mineralization was found in the assayed samples, local anomalous values correspond to the geochemical alteration. Geochemical data was used by Dr. Piché to characterize the rock types as well as their alteration type and intensity.

The whole rock analyses show Na₂O depletion in the footwall. Several samples have **strong K₂O enrichment within the hanging wall, which is typically seen associated with many Abitibi VMS Deposits**. In addition, DDH MAR-06-01 crossed a **significant zone of sericitized rhyolite**, also considered a key element in VMS exploration. The company has therefore added a total of 17 claims to the east of this hole where the **strong sericite alteration potentially intensifies**.

Dr. Piché states that "...The Ralleau Property rocks could therefore have been affected by carbonate, K feldspar and sericite minerals dominated alterations. Such alterations affecting intermediate to felsic calc-alkaline volcanic rocks is found in the host rocks of the Selbaie VMS to epithermal base metals deposit of Quebec, northwestern portion of the Abitibi Greenstone Belt (Piché, in press.). It is also a major feature of Mattabi type VMS deposits (Morton and Franklin, 1987)."

The Board of Directors has approved an additional \$250,000 budget for 2007 in order to expand exploration efforts over the new property limits. The program will include geophysics, mapping and additional diamond drilling.

The RALLEAU Property is located within the Abitibi Greenstone Belt in Quebec. It covers a favorable area of VMS mineralization approximately 20km southeast of the Breakwater's (TSX: BWR) Langlois mine hosting reserves and resources of **8.3 MT of 11%Zn, 0.8%Cu and 53 g/t Ag** (Breakwater 2004 annual report). Previous surveys identified anomalous Cu-Zn VMS mineralization on the property. Input anomalies within the favorable felsic volcanic rocks are coincident with anomalous base metal values on surface. Chip sample results elsewhere in the region returned values up to **1.56% Cu, 17.2 g/t Ag over 14 meters**.

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 or contact Dusan Berka at (604) 683-6648.

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.

This news release contains certain "Forward-Looking Statements" within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time with the British Columbia Securities Commission and the United States Securities & Exchange Commission.