

# MEGASTAR DEVELOPMENT CORP.

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

October 19, 2006

## **“NEWS RELEASE”**

### **MEGASTAR CLOSSES \$955,000 PRIVATE PLACEMENT**

Megastar Development Corp. (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to announce that it has completed a non-brokered private placement offering with MineralFields Group announced September 27, 2006 to raise \$955,000 by the issuance of 4,775,000 flow-through units (“Unit”) at a price of \$0.20 per Unit, with each Unit consisting of one flow-through common share and one non-flow through share purchase warrant (“NFT Warrant”). Each NFT warrant is exercisable into one additional non-flow-through common share for a period of two years from the date of closing, at an exercise price of \$0.30 per share in the first year and \$0.40 per share in the second year.

The company paid to Limited Market Dealer Group a cash finder's fee of \$47,750, equal to 5% of the offering, as well as issued a finder's fee option to purchase 477,500 finder's fee units equal to 10% of the Units subscribed for, at the unit price of \$0.20 for a term of two years. Each finder's fee unit is comprised of one non-flow-through common share and one transferable finder's fee share purchase warrant. The finder's fee warrants have the same terms as the warrants comprising the flow-through units.

All of the securities issued by the company in connection with this offering are subject to a four-month hold period, which expires on February 19, 2007.

The proceeds from the private placement will be used for continuing exploration programs on the company's mineral properties in Quebec and BC.

### **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”.

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.

For further information, investors and shareholders are invited to visit the Company's website at [www.megastardevelopment.com](http://www.megastardevelopment.com).

### **ABOUT MINERALFIELDS**

MineralFields Group (a division of Pathway Asset Management) is a Toronto-based mining fund with significant assets under administration that offers its tax-advantaged super flow-through limited partnerships to investors throughout Canada during most of the calendar year, as well as hard-dollar resource limited partnerships to investors throughout the world. Information about the MineralFields Group is available at [www.mineralfields.com](http://www.mineralfields.com).

ON BEHALF OF THE BOARD OF DIRECTORS

*"DUSAN BERKA"*

Dusan Berka, P. Eng.  
President & CEO

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