

MEGASTAR DEVELOPMENT CORP.

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

“NEWS RELEASE”

MEGASTAR CLOSSES \$1,100,000 PRIVATE PLACEMENT FINANCING

Vancouver, BC, Canada, June 5, 2012 - Megastar Development Corporation (“Megastar”, the “Company” or “MDV”) (TSX-V: **MDV**; Frankfurt: **M5Q**) is pleased to announce that further to its news release dated March 21, 2012, has closed its non-brokered private placement financing and issued 11,000,000 units at a price of 10 cents per unit for gross proceeds of \$1,100,000. Each unit consists of one common share of the company and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the company at a price of 13.5 cents until June 1, 2014. The company paid a total of \$74,250 in finder's fees and issued a total of 742,500 share purchase warrants to such finders. Each finder's warrant is exercisable into one common share of the company for two years at a price of 13.5 cents per share.

The securities issued under the offering are subject to a four-month hold period expiring October 2, 2012.

Proceeds of the Offering may be used to finance exploration programs on the company's exploration project in Quebec, for ongoing evaluation of possible projects and for general working capital.

ABOUT MEGASTAR DEVELOPMENT CORP.

Megastar Development Corp. is an emerging resource company engaged in the acquisition, exploration and development of mineral properties in Canada. Megastar owns mineral properties in Quebec and British Columbia. For further information, investors and shareholders are invited to visit the Company's website at www.megastardevelopment.com or call the office at 604-669-9330.

ON BEHALF OF THE BOARD OF DIRECTORS

“DUSAN BERKA”

Dusan Berka, P. Eng.
President & CEO

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