

# MEGASTAR DEVELOPMENT CORP.

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TSX-V: **MDV** Frankfurt: **M5QN**

## **Megastar to Acquire 100% of Rama de Oro Epithermal Au-Ag Project in Oaxaca, Mexico**

**Vancouver, BC, Canada, May 10 2018 - Megastar Development Corporation (“Megastar”, the “Company” or “MDV”)** (TSX-V: **MDV**; Frankfurt: **M5QN**) is pleased to announce that it has signed a Definitive Option Agreement (the “**Agreement**”) with Paradex Inc. (“Paradex”), a private Arizona, USA mining exploration company, and Minera Zalamera, S.A. DE C.V. (“**Minera Zalamera**”), a private Chihuahua, Mexico mining exploration company, to acquire 100% undivided interest (the “**Rama de Oro Option**”) in certain mineral concessions (the “**Concessions**”) known as the Rama de Oro project (the “**Project**”) located in the state of Oaxaca, Mexico.

“We are very excited to have concluded on this agreement,” said Dusan Berka, CEO of Megastar Development. “The project has been on our radar for some time and brings with it two important ingredients for early stage exploration; location and expertise. On location, the property sits on the trend between two producing mines; the Switchback mine owned by Gold Resource Corp. to the north and the San Jose mine owned by Fortuna Silver Mines to the south. From a technical perspective, the property is being vended in by David Jones, a geologist with extensive experience and success in Mexico having been part of the finds of several, now-producing mines. David will also be an instrumental part of the exploration team, allowing us to benefit from his historical understanding of the property and its surrounding geology.”

In connection with the Option, upon receipt of the required regulatory approvals, Mr. David Jones, President of Paradex and Minera Zalamera, will be appointed to the Board of Directors of Megastar and shall also become a technical advisor/consultant to the Company in relation to its exploration activities in Mexico. Mr. Jones is a graduate of Dartmouth College and the University of Arizona with 40 years experience in mineral exploration and project development in the U.S. and Latin America. As the foremost expert in the Guerrero Gold Belt, Mr. Jones discovered the Los Filos gold deposit in 1995 (Teck), was the leader of the technical team that won the bid for the Morelos reserve in 1998 (El Limon-Guajes deposits) and served as the principal geologic advisor in the start-up of Torex Gold Resources Inc. For the past 16 years he has worked extensively in epithermal precious metals system in Oaxaca and was responsible for targeting the recent discovery of Gold Resource Corporation’s (NYSE: GORO) polymetallic Switchback mine. Mr. Jones was a board member of Cayden Resources Inc. at the time of its \$205 million sale to Agnico Eagle, and is currently a director of both Minaurum Gold Inc. (TSX-v: MGG) and the private concern Acapulco Gold.

### **Rama de Oro Project:**

The Project lies to the northwest of and borders the La Calavera and Cobre Grande copper-gold porphyry-skarn projects in east-central Oaxaca. It also lies to the north of the WNW-ESE San José structural zone defined by Gold Resource Corporation (<http://www.goldresourcecorp.com/exploration.php>). The Project is hosted by caldera-related Tertiary volcanic rocks (e.g. El Aguila model) crosscut by hydrothermal veining inferred to be related to late-stage granitic magmatism locally exposed as dikes and underlying the adjacent ‘Nueve Puntos’ mountain. Similar intrusions are associated with a 43-101 inferred resource of 49.8 MT containing 0.5% Cu, 0.04% Mo, 0.22% Zn and 12.9 g/t Ag at the Cobre Grande skarn system, which lies 6 km to the east, along the same structural trend (Source: TECHNICAL REPORT ON THE COBRE GRANDE PROJECT, OAXACA STATE, MEXICO prepared for Linear Metals Corporation (now Stockport

Exploration Inc.), David A. Ross, M.Sc., P.Geo. and Paul Chamois, M.Sc. (Applied), P.Geo., May 6, 2008 - available on SEDAR on the issuer profile of Stockport Exploration Inc.).

Access to the Project is by two-lane paved highway from Oaxaca followed by improved dirt roads from Santiago Matatlán to the western side of the project area. Numerous dirt farm roads and paths afford access to majority of the project area. Oaxaca City, Santiago Matatlán, and San Pablo Villa de Mitla are local sources of skilled workers, water, and power for the project.

To date, exploration work at Rama de Oro has consisted of reconnaissance geological mapping and rock-chip sampling. This work has outlined a 4 square-kilometre zone of quartz veining, silicification, and clay alteration of volcanic rocks inside and near the eastern margin of a Miocene caldera. Several rock samples assayed anomalous values of gold, silver, arsenic, mercury, and antimony, suggesting that the present-day surface represents high structural levels of a precious metal system.

In connection with the Option, Megastar has commissioned the preparation of a technical report (the “**Report**”) prepared in accordance with the requirements of National Instrument 43-101 (“**NI 43-101**”). Stephen R. Maynard, M.S., C.P.G. Consulting Geologist, and an independent qualified person under NI 43-101 prepared the Report. The Report has been submitted to the Exchange for review and approval. The Report will be filed on SEDAR (www.sedar.com) in the Company’s SEDAR profile shortly following the issuance of this news release.

The author of the Report recommends a 2-phase exploration program. The first phase consists of detailed geological mapping, rock- and soil-geochemical sampling, and an induced polarization-resistivity survey to define drill targets. The cost of the first phase is estimated at USD \$167,750. A second phase, consisting of a 6-hole, 3,600-metre diamond-drilling program, would be dependent on results of the first part of the program. The cost of the second phase is estimated at USD \$972,000.

#### **Terms of the Rama de Oro Option:**

In accordance with the Agreement, Minera Zalamera has granted Megastar the sole and exclusive right to acquire a 100% interest over a period of two (2) years following the execution of the Agreement in exchange for a cash payment of USD \$35,000, the issuance of a total 2.9 million common shares of Megastar (the “**Common Shares**”) and total work expenditures of USD \$350,000. As such, within a delay of fifteen (15) days following the execution of the Agreement, subject to the approval of the TSX Venture Exchange (the “**Exchange**”), Megastar shall pay to Minera Zalamera the sum of USD \$35,000 and issue to Minera Zalamera 1,100,000 Common Shares. Thereafter, over a 2-year period, Megastar shall issue the following Common Shares to Minera Zalamera and incur the following work expenditures:

<b>MILESTONE</b>	<b>SHARES</b>	<b>WORK EXPENDITURES</b>
1 <sup>st</sup> Anniversary	600,000	USD \$150,000
2 <sup>nd</sup> Anniversary	1,200,000	USD \$200,000

Upon the successful completion of the Option by Megastar, Minera Zalamera shall retain a royalty equal to 2% net smelter return (the “**NSR**”). Megastar shall have the right to purchase 1% of the NSR, at any time and at its sole discretion, for a purchase price of USD \$1,650,000.

All securities to be issued in connection with the transactions will be subject to a hold period of 4 months and one day from their date of issuance. Furthermore, the Transaction remains subject to regulatory approval.

Stephen R. Maynard, M.S., C.P.G. Consulting Geologist, a qualified person in accordance with NI 43-101, has reviewed and accepted the technical information in this news release.

#### ABOUT MEGASTAR DEVELOPMENT CORP.

Megastar Development Corp. is an emerging resource company engaged in the evaluation, acquisition and exploration of mineral properties. Megastar currently owns mineral property in Quebec. For further information, investors and shareholders are invited to visit the Company's website at [www.megastardevelopment.com](http://www.megastardevelopment.com) or call the office at 604-681-1568, or toll free at 1-877-377-6222.

#### ON BEHALF OF THE BOARD OF DIRECTORS

"DUSAN BERKA"

Dusan Berka, P. Eng.  
President & CEO

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#### FORWARD LOOKING STATEMENTS AND DISCLAIMER

*Some statements in this release may contain forward-looking information. All statements, other than of historical fact, that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding potential mineralization) are forward-looking statements. Forward-looking statements are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Corporation's ability to control or predict, that may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure by the parties to complete the Transaction, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Corporation's expectations, changes in world markets for precious metals or markets for other commodities, and other risks disclosed in the Corporations' public disclosure record on file with the relevant securities regulatory authorities. Any forward-looking statement speaks only as of the date on which it is made and except as may be required by applicable securities laws, the Corporation disclaims any intent or obligation to update any forward-looking statement*