

Eloro Resources and Megastar Announce Execution of Definitive Agreements

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TORONTO, ONTARIO -- (Marketwire) -- 11/18/10 -- Eloro Resources Ltd. (TSX VENTURE: ELO) (FRANKFURT: P2Q) ('Eloro') and Megastar Development Corp. (TSX VENTURE: MDV) (FRANKFURT: M5Q) ('Megastar') are pleased to announce the execution and delivery of, among other documents, a binding Asset Purchase Agreement and a Voting Trust Agreement (collectively, the 'Acquisition Closing Documents') with respect to the proposed business combination previously announced on August 30, 2010.

Eloro's acquisition (the 'Acquisition') of Megastar's Simkar Gold Property near Val-d'Or, Quebec (the 'Simkar Property') in exchange for the issuance of 70,000,000 Eloro common shares (the 'Eloro Common Shares') has closed in escrow, subject to the occurrence of certain conditions discussed below. The transfer of Megastar's Simkar Property in exchange for the Eloro Common Shares will be effected on a tax-deferred basis pursuant to section 85(1) of the Income Tax Act (Canada).

Eloro will be seeking shareholder approval for the Acquisition at an annual and special meeting of shareholders to be held on December 20, 2010. At the same meeting, and in connection with the Acquisition, Eloro will also be seeking shareholder approval for an ordinary resolution authorizing Eloro's board of directors, at its discretion, to consolidate the Eloro Common Shares on the basis of one new Eloro Common Share for up to every three previously outstanding Eloro Common Shares (the 'Eloro Consolidation'). As at the date hereof, an aggregate of 76,226,903 Eloro Common Shares are issued and outstanding. If the Eloro Consolidation is completed on a 3:1 basis, approximately 25,408,967 Eloro Common Shares will be issued and outstanding following completion of the Eloro Consolidation. Any implementation of the Eloro Consolidation will also be subject to acceptance by the TSX Venture Exchange (the 'TSXV').

The current intention of the parties is that the Acquisition will be followed by a plan of arrangement (the 'Arrangement') whereby Megastar would distribute the Eloro Common Shares to Megastar shareholders pursuant to a plan of arrangement under the Business Corporations Act (British Columbia). The Arrangement will enable Megastar to distribute the Eloro Common Shares to its shareholders in a tax-efficient manner.

Megastar will be seeking shareholder approval for the Arrangement at a special meeting of shareholders to be held on December 20, 2010. At the same meeting, and in connection with the Arrangement, Megastar will also be seeking shareholder approval for a special resolution authorizing Megastar's board of directors, at its discretion, to consolidate Megastar's common shares (the 'Megastar Common Shares') on the basis of one new Megastar Common Share for up to every six previously outstanding Megastar Common Shares (the 'Megastar Consolidation'). As at the date hereof, an aggregate of 39,887,233 Megastar Common Shares are issued and outstanding. If the Megastar Consolidation is completed on a 6:1 basis, approximately 6,647,872 Megastar Common Shares will be issued and outstanding following completion of the Megastar Consolidation. Any implementation of the Megastar Consolidation will also be subject to acceptance by the TSXV.

The Eloro Common Shares to be distributed to shareholders of Megastar will be listed for trading on the TSXV. The common shares of Megastar will continue to be listed for trading on the TSXV.

In accordance with discussions between Eloro and the TSXV, the Acquisition closed in escrow subject to the occurrence of the earlier of two conditions, namely: (i) approval of the Acquisition by Eloro's shareholders, or (ii) completion of Megastar's Arrangement. The closing of the Acquisition and any subsequent release of the Acquisition Closing Documents will also be subject to the usual requirement that the parties are in agreement that the closing conditions (the 'Closing Conditions') in the Asset Purchase Agreement have been satisfied or waived.

If Eloro's shareholders approve the Acquisition and the parties are in agreement that the Closing Conditions have been satisfied or waived, all prior to the completion of the Arrangement, then from the date that the Acquisition Closing Documents are released from escrow up to and including the closing date of the Arrangement, the Voting Trust Agreement among Megastar, Thomas Larsen and Eloro provides that all Eloro Common Shares held by Megastar are to be voted by Thomas Larsen (in his capacity as President and Chief Executive Officer of Eloro) until all such Eloro Common Shares have been distributed by Megastar.

Completion of the Acquisition and the Arrangement is subject to receipt of all required consents and

approvals, including without limitation, shareholder approval, TSXV acceptance and, in the case of the Arrangement, court approval.

About Eloro Resources Ltd.

[Eloro Resources Ltd.](#) is a junior exploration company focused on discovering and developing precious metals in the Val-d'Or mining camp, as well as quality precious and base metal resources in the James Bay region of northern Quebec. In the James Bay region, Eloro has 11 gold-copper-silver properties (1,062 claims) covering 548 km(2) in the La Grande and Eastmain Greenstone Belts, proximal to Goldcorp's Eleonore Gold Project. Eloro also has an option to acquire an undivided 50% interest in the Simkar Property from Megastar. Eloro and Megastar have recently signed a letter of intent and the Acquisition Closing Documents (which are being held in escrow subject to the conditions noted above) to complete a business combination pursuant to which Eloro will acquire 100% of the Simkar Property from Megastar in exchange for 70,000,000 Eloro shares, which shares are to be distributed pro rata to Megastar's shareholders (see joint press release dated August 30, 2010).

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 gold and base metal properties in Quebec and British Columbia.

Information in this news release respecting the transactions involving Eloro and Megastar, including but not limited to the Acquisition and the Arrangement, constitutes forward-looking information. Statements containing forward-looking information express, as at the date of this news release, the companies' plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and are believed to be reasonable based on information currently available to the companies. Forward-looking statements and information are based on assumptions that financing and personnel will be available when required and on reasonable terms, and all necessary regulatory approvals, shareholder approvals and court approval will be obtained, none of which are assured and each of which is subject to a number of other risks and uncertainties. There can be no assurance that forward-looking statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers should not place undue reliance on forward-looking information.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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