BC FORM 53-901F (Previously Form 27)

Securities Act

Material Change Report Under Section 85(1) of the Act

ITEM 1 Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

Megastar Development Corp. (the "Company")
Unit #5, 9110 Glover Road
Fort Langley, B.C. V1M 2S2
Telephone: (604) 888-0786

ITEM 2 Date of Material Change

State the date of the material change:

July 6, 2001

ITEM 3 Press Release

State the date and place(s) of issuance of the press release issued under section 85(1) of the Act.

July 6, 2001
Vancouver, British Columbia

ITEM 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change:

The Company has received acceptance from the Canadian Venture Exchange to the private placement announced in its News Release dated February 14, 2001 and has issued an aggregate of 1,430,000 units to various investors at a price of $0.13 per unit. Each unit consists of one common share and one non-transferable share purchase warrant exercisable for a period of one year at a price of $0.20 per share.

Canaccord Capital Corporation conducted the financing and received a cash commission of $18,590 and an Agent's Warrant entitling them to purchase up to 143,000 common shares of the Company at a price of $0.20 per share until July 6, 2002.

ITEM 5 Full Description of Material Change

See attached Schedule "A".

ITEM 6 Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance on section 85(2) of the Act, state the reasons for that reliance:

N/A

ITEM 7 Omitted Information

N/A

ITEM 8 Senior Officers

Give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom the Commission may contact that senior officer:

PETER HALADIN, President
(604) 888-0786

ITEM 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, this 6th day of July, 2001.

"Peter Haladin"

Peter Haladin,
President

Schedule "A"

MEGASTAR DEVELOPMENT CORP.

(the "Company")
Unit #5, 9110 Glover Road
Fort Langley, British Columbia
V1M 2S2

Telephone: (604) 888-0726
Facsimile: (604) 888-3268

CDNX Symbol: MVS

July 6, 2001

NEWS RELEASE

The Company announces that it has received regulatory acceptance of the private placement announced on February 24, 2001, and has issued an aggregate of 1,430,000 units to various investors at a price of $0.13 per unit. Each unit consists of one common share and one non-transferable share purchase warrant exercisable for a period of one year at a price of $0.20 per share.

Canaccord Capital Corporation conducted the financing and received a cash commission of $18,590 and an Agent's Warrant entitling them to purchase up to 143,000 common shares of the Company at a price of $0.20 per share until July 6, 2002.

The shares and any shares acquired upon exercise of the warrants are subject to a 12 month hold period which expires on July 6, 2002 pursuant to the *Securities Act* (British Columbia) and a four month hold period expiring November 6, 2001 pursuant to the policies of the Canadian Venture Exchange.

ON BEHALF OF THE BOARD OF DIRECTORS

"Peter Haladin"

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PETER HALADIN, President and Director

The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the contents herein.