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")
PO Box 865
Unit 5, 9110 Glover Road
Fort Langley, BC V1M 2S2
(604) 888-0786

ITEM 2 Date of Material Change

State the date of the material change:

January 27, 2004

ITEM 3 Press Release

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

January 27, 2004
Vancouver, British Columbia

ITEM 4 Summary of Material Change

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

Closing of $148,500 Private Placement Financing.

ITEM 5 Full Description of Material Change

The Company announces that it has closed its non-brokered private placement in respect of 300,000 flow-through units and 1,050,000 non flow-through units, at a price of $0.11 per unit for total gross proceeds of $148,500. Each unit consists of one share plus one share purchase warrants exercisable for two years at an exercise price of $0.15.

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 and Director
(604) 888-0786

ITEM 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Fort Langley, British Columbia, this 27th day of January 2004.

"Peter Haladin"
Peter Haladin,
President and Director