BC FORM 51-102F3 (Previously Form 53-901F)

Securities Act

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

ITEM 1 Name and Address of Company

State the full name and address of the principal office in Canada of the company.

Megastar Development Corp. (the "Company")
#600-625 Howe Street
Vancouver, BC V6C 2T6
(604) 683-6648

ITEM 2 Date of Material Change

State the date of the material change.

August 23, 2004

ITEM 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

News Release was disseminated through the facilities of the CCNMathews, Canada Stockwatch and Market News on August 23, 2004.

ITEM 4 Summary of Material Change

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

The Company has announced commencement of the drilling program on it's 100% owned SIMKAR property, Val d'Or, Quebec. The Company also announced appointment of geologist, Mr. Richard Roy, P. Geo, B.Sc., to the Board of Directors and resignation of Mr. Peter Haladin from the Board.

ITEM 5 Full Description of Material Change

Supplement the summary required under item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.

Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

The Company announces that further to the News Release dated August 5, 2004, all permitting being secured and line cutting completed last week, diamond drilling is now underway. Details and results of the drilling program will be released as data and assays are received. Mr. Carl Pelletier, P.Geo, B.Sc., consulting geologist with InnovExplo Inc. is the Qualified Person as defined by National Instrument 43-101 and is responsible for program design and quality control of exploration undertaken by the Company.

The Company is pleased to announce the appointment of Mr. Richard Roy, P.Geo, B.Sc. (Geology), as a Director of the Company.

Mr. Roy is a Professional Geologist (Ordre des géologues du Québec) and has a Bachelor of Science degree (Geology), from Concordia University in Montreal. He has extensive experience in the exploration of many commodities, including gold, silver, and copper. Mr. Roy has supervised and coordinated exploration programs on various properties located throughout Quebec, Ontario, and Nunavut.

Mr. Roy, with his intimate knowledge of the Val d'Or area, where the company holds a 100% interest in 2 mining concessions consisting of 557 acres, known as the SIMKAR property, will be a valuable addition to Megastar 's board. Over the last 15 years Mr. Roy has consulted on and supervised a number of Val d'Or projects for companies such as, Placer Dome Inc., Aur Resources Inc. and other junior mining companies actively exploring in the Val d'Or Camp. Through Anglaumaque Explorations Inc., Mr. Roy was also the Project Geologist during the 1997 drilling program on the SIMKAR Project.

In 1996, Mr. Roy was the Val d'Or Project Geologist for an aggressive exploration program on Aur Resources' Aurbel property, which led to the discovery of the Lac Herbin deposit (670,000 tons of 6.38 g/t Au).

Subject to regulatory approvals, the Company has granted Mr. Roy director's options to purchase 50,000 shares of the Company at the exercise price of $0.25 per share, for a period of two years.

To facilitate Mr. Roy's appointment to the board, the company wishes to announce that Mr. Peter Haladin has resigned from the board of directors. The board, accepting Mr. Haladin's resignation, wishes to thank him sincerely for his years of service and wish him success in his future endeavours.

Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If the report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for that reliance.

Not applicable

ITEM 6 Omitted Information

State whether any information has been omitted on this basis that it is confidential information.

In a separate letter to the applicable regulator or securities regulatory authority marked “Confidential” provide the reasons for your company’s omission of confidential significant facts in the Report in sufficient detail to permit the applicable regulator or securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

Not applicable

ITEM 7 Executive Officer

Give the name and business telephone number of an executive officer of the company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted:

Dušan Berka, President & Director
(604) 683-6648

ITEM 8 Date of Report

August 24, 2004.

"Dušan Berka"
Dušan Berka, P. Eng.
President & Director