

TO: News editors, assignment editors, reporters and columnists: business, finance and investment news

FROM: Mega Bloks Inc.

DATE: July 26, 2005

TSX SYMBOL: Mega Bloks: MB

RE: News release – For immediate distribution

MEGA BLOKS CONCLUDES ACQUISITION OF ROSE ART GROUP OF COMPANIES AND ENTERS INTO NEW CREDIT FACILITY

MONTREAL, July 26, 2005 – Mega Bloks Inc. (TSX: MB) today announced the closing of its acquisition of the privately held, U.S. based companies Rose Art Industries, Inc., Warren Industries, Inc. and their respective subsidiaries (“Rose Art”). The transaction closed in accordance with the terms previously announced by Mega Bloks on June 15, 2005, for consideration consisting of US\$295 million in cash, US\$20 million of Mega Bloks common shares issued at CA\$19 per share and the assumption of approximately US\$35 million of outstanding debt of the purchased companies. As previously disclosed, the acquisition will allow Mega Bloks to diversify its product range within the construction toy category and enter the fast growing, counter-seasonal segments of arts & craft, stationery and office supplies, where Rose Art is a major supplier to key retailers.

The cash portion of the acquisition was funded primarily by a US\$400 million senior credit facility arranged by Bank of Nova Scotia and Bank of Montreal, which include a US\$100 million revolving credit facility for working capital purposes. The balance of the acquisition funding was derived from the CA\$68,975,000 private placement of Subscription Receipts, which closed on July 11, 2005. With the completion of the Rose Art acquisition, the Subscription Receipts have been exchanged for common shares of Mega Bloks, effective as of July 26, 2005.

About Mega Bloks

Mega Bloks creates high quality, fun and educational construction toys that inspire kids and parents to play and learn together. The MEGA BLOKS® system features basic and themed construction toys for boys and girls of all ages. Headquartered in Montreal, Mega Bloks is a global organization employing more than 1,000 people with sales in over 100 countries.

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Forward-looking statements

This press release contains forward-looking statements related to expected future events and financial and operating results of Mega Bloks and Rose Art that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in the Company's SEDAR filings at www.sedar.com.

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