

NEWS RELEASE

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LEISURE CANADA ANNOUNCES 10,050,000 PRIVATE PLACEMENT

For Immediate Release

July 31, 1997 TORONTO, ONTARIO : Leisure Canada Inc. (LCI) today announced the completion of three separate private placements totalling \$10,050,000.

The first private placement consisted of an equity issue totalling \$1,050,000 at a price of \$3.50.

The next C\$4.5 million was a placement of 7% convertible subordinated debenture. The interest on the debenture is payable in cash or shares at the Company's option and is convertible until June 30, 1999 at the debenture holders option. Thereafter, the Company can require conversion at a price adjusted to the 21 day trailing average stock price so long as the shares are trading above \$3.00.

The third portion was a \$4.5 million equity issue with a full warrant attached. This was fully subscribed for by the Robertson Stephens Group Orphan Fund. The Robertson Group are substantial shareholders in LCI and this placement increases their total holdings in the Company to approximately 19.9%.

LCI is currently in the first of four phases of its hotel and resort development program. This calls for the completion and opening of three resorts in 1999/2000. When all four phases are complete, the Company will have ownership in 11 hotels and resorts, representing 4,200 rooms.

For further information, contact Bill Kerby, President at (604) 606-1600.