

Shares Issued & Outstanding: 22,931,725
Trading CDN:LCAN
Cusip No.: 524911104

PRESS RELEASE
LEISURE CANADA CLOSES PRIVATE PLACEMENT

For Immediate Release – August 17, 1999

Leisure Canada Inc. (“LCI”) announces the successful completion of a private placement for aggregate proceeds of US\$4.0 million (approximately CDN\$6.0 million) through Dundee Securities Corporation and Yorkton Securities Inc. as agents (the “Agents”). The private placement consisted of two components, an issue of 2,500,000 special warrants for aggregate proceeds of US\$3.4 million at a price of US\$1.36 per special warrant and an issue of US\$600,000 principal amount of special notes at a price of US\$1,000 per special note. Each special warrant entitles the holder thereof to receive a common share of LCI and one-half of a common share purchase warrant for no additional consideration, with each full common share purchase warrant being exercisable at any time up to 5:00 p.m. (EST) on July 31, 2000 for one additional common share of LCI at an exercise price of CDN\$3.00. Each special note entitles the holder thereof, upon the exchange thereof, to receive a US\$1,000 principal amount 7% convertible unsecured subordinated debenture of LCI for no additional consideration, with each such debenture being redeemable after June 30, 2001 and convertible into common shares at the option of the holder at any time prior to 5:00 p.m. (EST) on June 30, 2001 at a conversion price of US\$2.11 per common share, from 5:00 p.m. (EST) on June 30, 2001 to 5:00 p.m. (EST) June 30, 2004 at a conversion price of US\$2.52 per common share and from 5:00 p.m. (EST) on June 30, 2004 to 5:00 p.m. (EST) on June 30, 2006 at a conversion price of US\$3.06 per common share. The debentures mature on June 30, 2006. LCI has the right to satisfy all principal and interest obligations through the issuance of common shares.

Funds managed by BancBoston Robertson Stephens, a non-arms length party subscribed for 735,294 special warrants.

LCI paid the Agents a cash commission of 5% of the gross proceeds of the financing. In addition, the Agents will receive 147,059 broker’s warrants (equivalent to 5% of the offering). Each broker’s warrant entitles the holder thereof to receive one common share of LCI and one-half of one common share purchase warrant on the same terms and conditions of the special warrants.

The common shares and common share purchase warrants and the debentures issued on the exchange of the special notes will be qualified by a prospectus. If a receipt has not been issued on or before 120 days from closing each holder of the special warrants and special notes will thereafter have the right to exchange each special warrant and special note for 1.1 common shares and 0.55 common share purchase warrants and US\$1,100 principal amount of debentures respectively.

One-half of the proceeds of the financing are being held in escrow by Equity Transfer Services Inc. on behalf of the company. These funds will be released to the company at the earlier of i) the date on which final receipt is obtained from the prospectus and ii) 120 days from closing.

These proceeds represent the initial Phase I financing and along with our partner's investment will allow Leisure Canada Inc. to start construction on Forte Village, the 5½ square kilometer site at Jibacoa, as well as initiating development of the Monte Barreto and Cayo Largo properties and for working capital purposes.

Leisure Canada Inc. continues to move forward with its Cuban resort development in the fastest growing tourism sector in the Caribbean.

For more information, please contact:

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