



LEISURE CANADA INC.

News Release

TSX Venture Exchange Symbol: **LCN**

September 2, 2004

For Immediate Release

Review of Second Quarter Financial Reports

Leisure Canada is a leading developer of luxury resorts in Cuba. The Company currently has three properties under development which include hotels, convention centers and golf courses. The Company has released its financial statements and quarterly report for its second fiscal quarter ended June 30, 2004. The Company reports in U.S. dollars, and all amounts in this release are in that currency.

Financial statement summary

The Company reported a strong cash position of approximately \$3.7 million, working capital of approximately \$3.7 million, and shareholders' equity of approximately \$13.0 million.

Guy Chartier, President and C.O.O. reports, "Leisure Canada and our Cuban subsidiary, Wilton Properties, continue to operate from a sound financial position. We remain on schedule and fully committed to the success of our projects in Cuba."

The net loss for the six month period was approximately \$408,000 or one cent per share, compared to \$860,000 or two cents per share in the preceding year. Adjusted for non-cash charges, the loss in cash terms was approximately \$360,400. The weighted average number of shares outstanding for the period was approximately 41.6 million compared to 39.1 million in the prior year. Leisure Canada invested approximately \$387,000 in its Cuban projects during the period, compared to approximately \$425,000 in 2003. Approximately 85 per cent was applied to the Monte Barreto project.

The Company did not carry out any financing activity during the period, funds on hand being adequate to support the project budgets in the near term.

General and administrative costs were lower by over 50 per cent on an overall basis. This was principally attributable to the Company's ability to restructure expenses to recover more shared costs with a related party company that shares office and administrative resources. This related party company has significantly increased activity during 2004. Chartier adds, "Leisure Canada's stakeholders should be pleased with the Company's success at substantially reducing overheads while both maximizing efficiency, and retaining the commitment of our key personnel."

Summary of management's discussion and analysis

During the six month period reported on, the Monte Barreto and Cayo Largo projects were the Company's primary focus of development, and the Company expects this to continue in the near to medium term.

Leisure Canada remains active in pursuing hotel project debt/equity partnerships and hotel management opportunities, while expanding its significant land positions in Cuba.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release

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