



LEISURE CANADA INC.

News Release

for Immediate Release

TSX Venture Exchange Symbol: **LCN**

31 May 2005

Leisure Canada issues first quarter financial statements

Ian D. Brown, C.A., Chief Financial Officer, advises that the Company has released its interim financial statements and management discussion and analysis for the first fiscal quarter ended March 31, 2005. The full text of the financial statements and MD&A are available by request from the Company, and under the Company's issuer profile on SEDAR at www.sedar.com. The company reports in U.S. dollars.

Highlights of the financial statements include the reporting of a period-end cash position of \$2.7 million, investment in resort development properties of \$9.6 million, total assets of \$12.7 million and shareholders' equity of \$12.4 million. The loss for the period was \$182,000, a 21% reduction from the prior year period. Loss per share was nil. The Company drew down its cash resources by \$418,000 compared to \$544,000 in 2004's first quarter.

We spent some \$206,000 on our three Cuban resort projects, of which \$167,000 was on the *Monte Barreto* project in the Miramar district of Havana. No new equity was issued.

In describing ongoing operations, we reported that at the period end and to date, an extension of certain development deadlines had not been received from agencies of the Cuban government. We are of the opinion that this extension will in due course be provided. However, should this ultimately not occur this would have a significant adverse effect on our objectives and planned developments, and result in uncertainty about the ongoing status of our development agreements under which we carry out most of our active business.

The management discussion and analysis reports on the nature, status and expected priorities of our three projects in Cuba, *Monte Barreto*, *Cayo Largo* and *Jibacoa*. The *Monte Barreto* and *Cayo Largo* projects are first in line for development and are the subject of our current efforts to arrange project financing. The pace of development funding slowed after mid-2004 pending extension of the deadlines referred to above and reflecting our focus on financing.

Significant savings totalling 22% were realized in general and administrative costs, especially in salaries and benefits and legal costs. These reflect our commitment to operate more leanly while continuing to effectively manage the Cuban assets.

The Company's adequate liquidity is described in the MD & A, with \$2.7 million in cash and working capital. The Company's liquidity is sufficient for the balance of the current fiscal year.

At May 16, the date of the MD & A, the Company had 41.7 million shares outstanding, 2.1 million stock options, and 5.1 million share purchase warrants, all unchanged from the fiscal year end.

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

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