

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS OF THE FIRST QUARTER OF 2004

Leonids Investments Inc. (the “**Corporation**”) is a Capital Pool Company within the meaning of policy 2.4 of the TSX Venture Exchange. Its shares are listed on the TSX Venture Exchange under the symbol L.I.P.

The principal business of the Corporation is to identify and evaluate corporations, assets or businesses with a view to potentially acquire them. The Corporation has entered into a letter of intent with iWeb Technologies Group Inc. (“**iWeb**”) and its main shareholders in order to proceed to a qualifying transaction under the TSX Venture Exchange rules.

In the quarter ended March 31, 2004, the Corporation incurred expenses in the amount of \$8,135 compared to \$14,735 in the quarter ended March 31, 2003. In the quarter ended March 31, 2004, the Corporation had interest income in the amount of \$3,609 compared to \$0 in the quarter ended March 31, 2003. The net loss for the quarter ended March 31, 2004 is \$4,526 compared to \$14,735 for the quarter ended March 31, 2003. This difference is due mainly to the fact that no professional fees were paid by the Corporation in the quarter ended March 31, 2004 compared to fees of \$14,594 paid in the quarter ended March 31, 2003.

As at March 31, 2004, the Corporation had cash and cash equivalents of \$178,810 compared to \$202,944 as at December 31, 2003. The Corporation also held a demand note in the amount of \$200,000. Costs incurred for the acquisition of iWeb were in the amount of \$58,693 as at March 31, 2004 compared to \$37,754 as at December 31, 2003.

As at March 31, 2004, the Corporation had a working capital of \$358,328 compared to \$362,854 as at December 31, 2003.

Should the qualifying transaction with iWeb not be completed, the Corporation believes that it has the required financial capacity to complete another qualifying transaction. The Corporation is however confident it will be able to complete the qualifying transaction with iWeb.