

**FOR IMMEDIATE RELEASE**

**August 9, 2007**

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## **BRAINHUNTER REPORTS RECORD THIRD QUARTER RESULTS**

**Third Quarter revenues increase by 34.5% over third quarter last year.**

**Toronto, Ontario**, August 9, 2007 – Brainhunter Inc. (“Brainhunter” or the “Company”) (TSX:BH) is pleased to report record results for the third quarter ending June 30, 2007. Revenues were \$56,574,606, up 34.5.0% over revenues of \$42,056,200 for the third quarter ending June 30, 2006. Revenues for the three quarters year-to-date were \$169,857,549, up 42% over the same period the previous year. EBITDA for the third quarter was \$2,027,261, versus a loss of \$540,913 for the third quarter in the previous year, (which had included a restructuring allowance of \$1,645,000). EBITDA for the three quarters year-to-date was \$6,176,877, up over 39% from the same period the previous year. Results are the strongest in Brainhunter’s history for the Third Quarter and the three quarters year-to-date.

Brainhunter has grown from \$2.80 million for fiscal year September 2001 to where sales have reached an annualized run rate of approximately \$225.0 million. The EBITDA annualized run rate exceeds \$8.00 million. Backlog plus expected renewals and extensions of contracts and standing offers exceed \$400.0 million, with over \$200.0 million expected for the 2008 fiscal year. Organic growth for the fiscal year ending September 30, 2007 is expected to exceed 35%.

Continued growth to consolidated EBITDA is expected in the 2008 fiscal year from both organic and acquisition initiatives. Brainhunter is also expecting improvement in consolidated profit margins, attributed to higher margin software and solutions sales, in particular, as results materialize from the Master Vendor Client Relationship Model.

Brainhunter Inc. is publicly traded on the TSX and is a leading global provider of end-to-end HCM Software, Solutions and Services (the “Offerings”). Utilizing ISO 9001/2000 technology, Best Practices and processes, Brainhunter has created Offerings that streamline the recruitment and management of permanent, contract and project based people requirements and provides real time analysis of HR metrics that improves operational decision-making and reduces cost. Brainhunter has over 250 employees, over 1,700 contract personnel with offices across Canada, a presence in select U.S. jurisdictions, offices in India, China and the U.K., servicing over 2,000 clients.

The third quarter results ending June 30, 2007, follow:

**Brainhunter Inc.**  
**Consolidated Interim Balance Sheets (Unaudited)**

As at	June 30, 2007	September 30, 2006
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Restricted short-term investment	-	125,000
Accounts receivable	43,366,745	39,596,147
Deposits and prepaid expenses	678,026	762,314
Future income tax asset	939,664	939,664
<b>Total current assets</b>	<b>44,984,435</b>	<b>41,423,125</b>
Capital assets, net	6,314,233	6,755,710
Long Term Investments	438,910	-
Investment tax credits recoverable	1,373,122	1,373,122
Deferred financing costs	547,002	1,285,194
Intangible assets, net of amortization	9,521,886	12,447,886
Goodwill	20,581,390	20,232,800
Due from related parties	453,483	190,150
	<b>84,214,461</b>	<b>83,707,987</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	23,919,870	23,518,477
Current portion of deferred lease inducement	39,490	39,490
Current portion of provision for lease restructuring	261,756	261,756
Current portion of long-term debt	3,328,004	4,139,378
Deferred revenue	483,783	416,714
<b>Total current liabilities</b>	<b>28,032,903</b>	<b>28,375,815</b>
Deferred lease inducement	565,474	325,154
Provision for lease restructuring	180,869	377,312
Long-term debt	15,490,303	13,818,884
Term bank facility	22,289,924	21,795,731
Long-term future income tax liabilities	1,179,516	2,437,234
<b>Total long-term liabilities</b>	<b>39,706,086</b>	<b>38,754,315</b>
<b>Shareholders' equity</b>		
Capital stock	20,649,541	20,309,153
Warrants	1,515,961	1,423,498
Contributed surplus	1,356,569	1,082,508
Equity component of convertible note obligation	1,737,489	1,607,726
Deficit	(8,784,088)	(7,845,028)
<b>Total shareholders' equity</b>	<b>16,475,472</b>	<b>16,577,857</b>
	<b>84,214,461</b>	<b>83,707,987</b>

**Brainhunter Inc.**  
**Consolidated Interim Statements of Operations and Loss (Unaudited)**

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$
<b>Revenue</b>	56,574,606	42,056,200	169,857,549	119,253,993
Cost of revenues	48,041,594	34,725,307	144,146,953	99,051,896
<b>Gross profit</b>	<b>8,533,012</b>	<b>7,330,893</b>	<b>25,710,596</b>	<b>20,202,097</b>
<b>Expenses</b>				
Other staffing costs	4,710,143	5,937,622	14,188,872	13,594,611
Selling, general and administrative	1,795,608	1,934,184	5,344,847	5,347,220
	6,505,751	7,871,806	19,533,719	18,941,831
<b>Income before interest, amortization and income taxes</b>	<b>2,027,261</b>	<b>(540,913)</b>	<b>6,176,877</b>	<b>1,260,266</b>
Interest expense - cash	735,432	640,169	2,227,761	1,620,396
Interest expense - accreted	336,922	287,297	975,384	935,905
Amortization of capital assets	469,733	255,825	1,206,750	793,405
Amortization of intangibles	975,336	1,187,334	2,926,000	3,153,002
Amortization of deferred financing costs	363,849	272,139	996,976	507,551
<b>Total</b>	<b>2,881,272</b>	<b>2,642,764</b>	<b>8,332,871</b>	<b>7,010,259</b>
Loss before income taxes	(854,011)	(3,183,677)	(2,155,994)	(5,749,995)
Income taxes	(408,697)	(721,079)	(1,216,934)	(866,613)
<b>Net loss for the period</b>	<b>(445,314)</b>	<b>(2,462,598)</b>	<b>(939,060)</b>	<b>(4,883,380)</b>
<b>Loss per share</b>				
Basic	(\$0.01)	(\$0.06)	(\$0.02)	(\$0.12)
Diluted	(\$0.01)	(\$0.06)	(\$0.02)	(\$0.12)

**Brainhunter Inc.**  
**Consolidated Interim Statements of Deficit (Unaudited)**

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$
<b>(Deficit) retained earnings, beginning of period</b>	<b>(8,338,774)</b>	<b>(5,565,438)</b>	<b>(7,845,028)</b>	<b>(3,144,656)</b>
Net (loss) income for the period	(445,314)	(2,462,598)	(939,060)	(4,883,380)
<b>(Deficit), end of period</b>	<b>(8,784,088)</b>	<b>(8,028,036)</b>	<b>(8,784,088)</b>	<b>(8,028,036)</b>

**Brainhunter Inc.**  
**Consolidated Interim Statements of Cash Flows (Unaudited)**

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net loss for the period</b>	(445,314)	(2,462,598)	(939,060)	(4,883,380)
Add (deduct) items not affecting cash				
Future income taxes	(408,697)	(721,079)	(1,216,934)	(866,613)
Amortization of deferred financing costs	363,849	272,139	996,976	507,551
Accretion of interest	336,922	287,297	975,384	935,905
Amortization of lease inducement	(10,730)	(10,822)	(32,430)	(32,460)
Amortization of provision for lease restructuring	(64,515)	(40,063)	(196,443)	(110,458)
Stock-based compensation expense	130,551	27,191	274,061	81,573
Amortization of capital assets	469,733	255,825	1,206,750	793,405
Amortization of intangible assets	975,336	1,187,334	2,926,000	3,153,002
	<b>1,347,135</b>	<b>(1,204,776)</b>	<b>3,994,304</b>	<b>(421,475)</b>
Net change in non-cash working capital items	(1,009,659)	417,460	(3,258,708)	1,544,532
<b>Cash from (used in) operating activities</b>	<b>337,476</b>	<b>(787,316)</b>	<b>735,596</b>	<b>1,123,057</b>
<b>FINANCING ACTIVITIES</b>				
Issue of shares on repayment of debt	-	-	225,188	-
Exercise of common share options	115,200	36,681	115,200	60,663
Increase in deferred financing costs	(219,236)	-	(258,784)	-
Increase in lease inducement	(8,774)	73,905	271,283	73,905
Repayment to related parties	(13,333)	76,782	(263,333)	51,215
Share purchase loans	-	-	-	(242,000)
Proceeds (repayment of) bank credit facility	1,243,060	683,327	494,192	8,797,501
Proceeds from long-term debt	-	-	2,586,000	11,758,134
Repayment of long-term debt	(1,045,258)	(131,688)	(2,354,112)	(516,284)
<b>Cash provided by financing activities</b>	<b>71,659</b>	<b>739,007</b>	<b>815,634</b>	<b>19,983,134</b>
<b>INVESTING ACTIVITIES</b>				
Additions to capital assets	(38,722)	(494,441)	(763,730)	(1,044,746)
(Increase) decrease in long term investments	(21,823)	-	(438,910)	-
Business acquisitions, net of cash acquired	(348,590)	-	(348,590)	(19,330,765)
<b>Cash used in investing activities</b>	<b>(409,135)</b>	<b>(494,441)</b>	<b>(1,551,230)</b>	<b>(20,375,511)</b>
<b>Net increase (decrease) in cash during the period</b>	<b>-</b>	<b>(542,750)</b>	<b>-</b>	<b>730,680</b>
(Bank overdraft), beginning of period	-	628,609	-	(644,821)
<b>Cash, end of period</b>	<b>-</b>	<b>85,859</b>	<b>-</b>	<b>85,859</b>
<b>Supplemental cash flow information</b>				
Cash income taxes paid	96,175	-	96,175	-
Cash interest paid	735,432	640,169	2,227,761	1,620,396

## **DISCLAIMER**

Certain statements in this News Release may constitute “forward-looking” statements, which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Brainhunter and its subsidiary entities, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this News Release, such statements use words such as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in Brainhunter’s publicly filed documents (which are available on SEDAR at [www.sedar.com](http://www.sedar.com)) and elsewhere in this document. Those risks and uncertainties include: the ability to maintain profitability and manage growth; reliance on and retention of professionals; competition; performance obligations and client satisfaction; fixed price and contingency engagements; collectibility of accounts receivable; general state of the economy; possible acquisitions; possible future litigation; interest rate fluctuations; insurance limits; legislative and regulatory changes; revenue and cash flow volatility; operating risks; residential market risk; protection of intellectual property; appraisal mandates; restrictions on growth. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this News Release. Although the forward-looking statements contained in this News Release are based upon what management believes to be reasonable assumptions, Brainhunter cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this News Release, and, except in accordance with applicable law, Brainhunter assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, Brainhunter undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Brainhunter, its financial or operating results, or its securities.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

John McKimm, Chairman and CEO

Brainhunter Inc.

(416) 203-1800, Ext 4300 E-mail: [John.Mckimm@Brainhunter.com](mailto:John.Mckimm@Brainhunter.com)

OR

Raj Singh, President

Brainhunter Inc.

(416) 225-9900, Ext 4217 E-mail: [Raj.Singh@Brainhunter.com](mailto:Raj.Singh@Brainhunter.com)

OR

Robert Prentice,  
CFO Brainhunter Inc.  
(416) 225-9900, Ext 4310 E-mail: [Robert.Prentice@Brainhunter.com](mailto:Robert.Prentice@Brainhunter.com)

OR

Grant Howard  
The Howard Group Inc.  
(888) 221-0915 E-mail: [info@howardgroupinc.com](mailto:info@howardgroupinc.com) Internet: [www.howardgroupinc.com](http://www.howardgroupinc.com)

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