

**FOR IMMEDIATE RELEASE**

**May 16, 2006**

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**BRAINHUNTER REPORTS STRONG SECOND QUARTER,  
MARCH 31, 2006**

**Revenue up 28%, EBITDA up 51.1% Compared to Q1,  
December 31, 2005**

**Toronto, Ontario**, May 16, 2006 – Brainhunter Inc. (“Brainhunter” or the “Company”) (TSX:BH) is pleased to report strong Second Quarter results for the period ending March 31, 2006. Revenues were \$43,355,955 versus \$19,548,300 the same period the previous year and \$33,861,839 the First Quarter ending December 31, 2005. EBITDA for the quarter was \$1,086,664 versus \$871,092 for March 31, 2005 and \$714,515 for December 31, 2005. Continued improvement is expected in Quarter Three and Quarter Four.

**ACCOMPLISHMENTS OVER THE PAST THREE YEARS**

Since April, 2003, Brainhunter accomplished the following:

- ✓ Revenues ✓ increased from approximately \$6.0 million annually to a budget for Fiscal, 2006 in excess of \$160.0 million
- ✓ Acquisitions ✓ Closed 11 acquisitions generating cumulative sales of approximately \$131 million
- ✓ Financing ✓ Raised over \$60 million of new capital including approximately \$18.0 million of equity, \$12.0 million of convertible notes and over \$30.0 million of debt including operating credit facilities, term facilities and Vendor Take Back Financing
- ✓ Geographic Diversification ✓ put in place the following:  
Domestic presence in Toronto, Ottawa, Montréal, Calgary, Edmonton, Vancouver /  
International presence in India and China / US serviced remotely from Canada and India / UK expected within 2006
- ✓ Customers ✓ Tier one relationships from 2 in 2003 to over 75 today, a third of which have been added in past year / Over 30 customers where we do more than \$1 million sales per annum
- ✓ Consolidation ✓ Consolidated 12 different financial systems / Offices - Toronto 7 offices to 1; Ottawa 3 offices to 1

**FOR FISCAL YEAR 2006, THE OUTLOOK IS AS FOLLOWS:**

- ✓ All business units are gaining momentum
- ✓ All business units are cash flow positive and growing
- ✓ Six month revenue results are ahead of budget
- ✓ EBITDA trending upward, continual growth expected

Brainhunter has seven core business units – Toronto IT Staffing, Ottawa IT Staffing, Permanent Placement, International (BPO India and US), Engineering, Recruiting Solutions (Job Board and software license sale), and Solutions. In the second quarter, all business units showed an improvement from the first quarter. This trend is expected to continue, largely due to organic growth initiatives, synergies from acquisitions and cost rationalization initiatives.

Over the past three-years, Brainhunter has grown from one of the smallest companies in the industry to become one of the two largest Recruiting and Staffing Services and Solutions companies in Canada today. Brainhunter has consistently demonstrated steady growth in EBITDA with the exception of the Quarter ended September 30, 2005. The closing of the acquisitions in the fall of 2005 has given Brainhunter the critical mass of sales, which when combined with the Brainhunter Technology Platform, Job Board infrastructure and one of the largest professional databases in Canada, positions Brainhunter as the preeminent staffing services and solutions company in Canada today

**BRAINHUNTER INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	March 31, 2006 \$	September 30, 2005 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	628,609	—
Restricted short-term investment	125,000	125,000
Accounts receivable	34,353,876	16,223,905
Investment tax credits recoverable	250,000	250,000
Deposits and prepaid expenses	872,632	312,618
Future income tax asset	523,432	523,432
<b>Total current assets</b>	<b>36,753,549</b>	<b>17,434,955</b>
Capital assets	6,313,445	5,701,846
Investment tax credits recoverable	1,094,507	1,094,507
Deferred financing costs	1,487,845	434,000
Intangible assets, net of amortization	16,211,554	3,262,222
Goodwill	18,782,354	9,382,402
Due from related parties	307,726	282,159
Future income tax asset	500,496	500,496
	<b>81,451,476</b>	<b>38,092,587</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	—	10,578,481
Accounts payable and accruals	20,271,870	6,364,660
Deferred lease inducement and provisions	240,118	35,700
Current portion of long-term debt	2,736,554	1,046,685
Deferred revenue	901,928	575,654
	<b>24,150,470</b>	<b>18,601,180</b>
Term Bank Facility	18,662,038	—
Deferred lease inducement and provisions	532,454	294,529
Long-term debt	15,117,731	760,951
Long-term future income tax liabilities	4,577,235	—
	<b>38,889,458</b>	<b>1,055,480</b>
<b>Shareholders' equity</b>		
Capital stock	20,266,836	20,484,854
Warrants	963,143	68,945
Contributed surplus	1,028,126	973,744
Equity component of convertible note obligation	1,718,882	53,040
Deficit	(5,565,439)	(3,144,656)
<b>Total shareholders' equity</b>	<b>18,411,548</b>	<b>18,435,927</b>
	<b>81,451,476</b>	<b>38,092,587</b>

**BRAINHUNTER INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND LOSS**  
(Unaudited)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
<b>Revenue</b>	<b>43,335,955</b>	19,548,300	<b>77,197,794</b>	37,337,568
Cost of revenues	<b>36,229,227</b>	15,326,468	<b>64,326,589</b>	29,142,984
<b>Gross margin</b>	<b>7,106,728</b>	4,221,832	<b>12,871,205</b>	8,194,584
<b>Expenses</b>				
Other staffing costs	<b>4,059,156</b>	2,225,543	<b>7,500,273</b>	3,992,875
Selling, general and administrative	<b>1,960,908</b>	1,125,197	<b>3,569,754</b>	2,436,151
	<b>6,020,064</b>	3,350,740	<b>11,070,027</b>	6,429,026
Earnings before interest, amortization, and income taxes	<b>1,086,664</b>	871,092	<b>1,801,178</b>	1,765,558
Interest expense – non cash	<b>447,754</b>	18,475	<b>648,610</b>	36,950
Interest expense – cash	<b>584,083</b>	119,567	<b>980,225</b>	212,288
Amortization of capital assets	<b>281,803</b>	333,242	<b>537,580</b>	620,395
Amortization of intangibles	<b>1,187,333</b>	199,167	<b>1,965,667</b>	462,917
Amortization of deferred financing costs	<b>235,412</b>	—	<b>235,412</b>	—
	<b>2,736,385</b>	670,451	<b>4,367,494</b>	1,332,550
Earnings (loss) before income taxes	<b>(1,649,721)</b>	200,641	<b>(2,566,316)</b>	433,008
Income taxes	<b>(167,015)</b>	33,939	<b>(145,533)</b>	(62,888)
<b>Net earnings (loss)</b>	<b>(1,482,706)</b>	234,580	<b>(2,420,783)</b>	370,120
<b>Earnings (loss) per share</b>				
Basic	<b>\$ (0.04)</b>	\$ 0.01	<b>\$ ( 0.06)</b>	\$ 0.01
Diluted	<b>\$ (0.04)</b>	\$ 0.00	<b>\$ ( 0.06)</b>	\$ 0.01

**CONSOLIDATED STATEMENT OF (DEFICIT) RETAINED EARNINGS**  
(Unaudited)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$	\$	\$	\$
(Deficit) retained earnings, beginning of period	(4,082,732)	795,684	(3,144,656)	673,819
Net (loss) income for the period	(1,482,706)	234,580	(2,420,783)	370,120
Shares purchased for cancellation, excess of cost over book value	—	—	—	(13,675)
<b>(Deficit) retained earnings, end of period</b>	<b>(5,565,438)</b>	1,030,264	<b>(5,565,439)</b>	1,030,264

**BRAINHUNTER INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>				
Net income (loss)	(1,482,706)	234,580	(2,420,783)	370,120
Items not affecting cash:				
Future income tax	(167,015)	(33,939)	(145,533)	62,888
Accretion of interest	447,754	18,475	648,610	36,950
Deferral (amortization) of lease inducement and provisions	(93,675)	(8,925)	(132,098)	110,077
Share-based compensation	54,382	—	54,382	—
Amortization of capital assets	281,803	333,242	537,580	620,395
Amortization of intangibles	1,187,333	199,167	1,965,667	462,917
Amortization of deferred financing costs	235,412	—	235,412	—
	463,288	742,600	743,237	1,663,347
Changes in non-cash working capital items	(162,858)	(2,289,463)	1,167,136	(3,307,851)
<b>Cash (used in) provided by operating activities</b>	<b>300,430</b>	<b>(1,546,863)</b>	<b>1,910,373</b>	<b>(1,644,504)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of common shares	—	106,293	—	529,850
Exercise of common share options	7,932	—	23,982	—
Purchase of common shares	—	—	—	(258,578)
Advances from bank credit facility	(627,525)	—	8,114,174	—
Proceeds from long-term debt	—	—	11,758,134	—
Repayment of long-term debt	(231,762)	(75,000)	(384,595)	(150,000)
<b>Cash provided by financing activities</b>	<b>(851,355)</b>	<b>31,293</b>	<b>19,511,695</b>	<b>121,272</b>
<b>INVESTING ACTIVITIES</b>				
Additions to capital assets	(173,594)	(417,481)	(550,305)	(1,008,496)
Advances to related parties	11,923	74,651	(25,567)	336,440
Share purchase loans	—	—	(242,000)	—
Business acquisitions, net of cash acquired	—	—	(19,330,765)	(64,755)
<b>Cash used in investing activities</b>	<b>(161,671)</b>	<b>(342,830)</b>	<b>(20,148,637)</b>	<b>(736,811)</b>
<b>Increase (decrease) in cash</b>	<b>(712,596)</b>	<b>(1,858,400)</b>	<b>1,273,430</b>	<b>(2,260,043)</b>
Cash, beginning of period	1,341,205	(6,322,295)	(644,821)	(5,920,652)
<b>Cash, end of period</b>	<b>628,609</b>	<b>(8,180,695)</b>	<b>628,609</b>	<b>(8,180,695)</b>
<b>Supplemental disclosure of cash payments</b>				
Cash income taxes paid	—	—	—	—
Cash interest paid	584,085	119,567	980,225	212,288

**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.

## **BUSINESS OVERVIEW**

Brainhunter is an ISO 9001:2000 Certified "Technology Driven Professional Services Business". The Company uses its Recruiting and Staffing Technology Platform to provide a competitive advantage in building a Professional Services Practice around the Contract Staffing sector of the economy.

Brainhunter specializes in providing end-to-end recruiting and staffing solutions and services in IT, Engineering, Industrial and Health Care professionals, on a full time and contract basis, along with web enabled software solutions handling all aspects of the recruiting and staffing relationship between customer, contractor and agency, including all back office functions and the outsourcing of specialized business processes. Technology and services are provided to customers throughout Canada, the United States and globally under the brand Brainhunter, and drives a multifaceted revenue stream in seven related practice areas including:

1. **Contract Staffing** (Annuity Revenue) – **High Growth** / Full Service / Administrative
2. **Permanent Staffing** (Transaction Fees / Retainers) – **Strategic Service** / Full Service / Virtual Agency
3. **Specialized Job Boards** (Posting Fees / Subscriptions) – **High Growth** / Traditional Job Posting Model (Customers)/ Reverse Job Posting Model (Job Seekers) / Database Access Model (Customers)
4. **Technology Sales** (Licenses / Services) – **Strategic Service** / Applicant Tracking / System / Vendor Management System / Back Office Systems

- 5. Professional Services / Solutions Delivery** (Project Revenue) – **Strategic Service** / Brainhunter Technology Platform Development, Support, Customization / Outsourcing
- 6. Business Process Outsourcing (“BPO”) Centre** (Annuity Revenue) – **High Growth** / 24/7 Recruiting Support / Sales and Customer Support / 24/7 Telemarketing / Joint Venture Outsourcing of Specialized Business Processes / Including Software Development
- 7. Infrastructure Services** (Annuity Revenue) – **High Growth** / Back Office Administration / Receivables Factoring / Recruiting Support

Brainhunter’s Technology Platform and Best practices are believed to deliver the most cost effective, flexible and customizable recruiting and staffing solutions and processes in the marketplace today. The Platform is deployed internally and is sold externally in a modular capacity or as a fully integrated end-to-end solution on an ASP Model to customers in conjunction with Brainhunter’s extensive Job Board Technology and Job Seeker Database capability (over 1.2 million resumes). It is supported by the Company’s Professional Services division, which employs approximately 50 highly specialized, fully billable technical staff, operating on a highly profitable outsourcing business model.

Brainhunter is a publicly traded company with a senior listing on the Toronto Stock Exchange. Brainhunter deploys over 1,200 Contractors / Consultants with an internal staff of over 200 personnel. The Company has delivery capability in Toronto, Ottawa, Maritimes, Montréal, Calgary, Edmonton, Vancouver, activities in Dalian China and a BPO office in Hyderabad, India.

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The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.