

FOR IMMEDIATE RELEASE

August 15, 2006

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**BRAINHUNTER REPORTS STRONG THIRD QUARTER,
JUNE 30, 2006**

Restructuring Allowance Positions For EBITDA Growth

Toronto, Ontario, August 15, 2006 – Brainhunter Inc. (“Brainhunter” or the “Company”) (TSX:BH) is pleased to report strong Third Quarter results for the period ending June 30, 2006. Revenues were \$42,056,200 versus \$20,017,394 the same period the previous year. EBITDA for the quarter was \$1,104,087 before the Restructuring Allowance of \$1,645,000, versus \$286,264 for June 30, 2005 and \$1,086,664 for March 31, 2006. Significant improvement is expected in the fourth quarter and beyond as the impact of the cost savings flows through to the bottom line.

Brainhunter’s 2007 strategy in Canada is to focus largely on an organic growth model, based on an increasing number of preferred vendor relationships. The infrastructure investment, made in 2005 and 2006, has significant leverage to support a major increase in sales without a corresponding increase in cost structure. In addition, Brainhunter expects steadily improving margins as a result of taking steps in the third quarter which will result in over \$3.0 million of cost savings in fiscal 2007 versus 2006, (including over \$2.1 million reduction in personnel costs, and over \$1.0 million reduction in legal, financing and real estate charges) which necessitated the third quarter restructuring allowance.

Brainhunter is now well positioned as one of the largest Staffing and Solutions companies in Canada. During the past nine months Brainhunter has established Tier One relationships with a number of customers with staffing budgets in excess of CDN \$50.0 million. This positions Brainhunter very well for strong organic growth in the fourth quarter and into 2007. The investment Brainhunter has made in infrastructure over the past twenty-four months is expected to translate into significant EBITDA growth in 2007, as the benefit begins to accrue from the improved customer positioning and cost reductions.

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 80 today, a third of which have been added in past year / Over 35 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
- ✓ Nine month revenue results are ahead of budget
- ✓ Excluding the restructuring allowance, EBITDA is trending upward, with 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 third quarter, all business units showed improvement. 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 operating in Canada today. Brainhunter has consistently demonstrated steady growth. 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 pre-eminent staffing services and solutions companies in Canada today.

BRAINHUNTER INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2006 \$	September 30, 2005 \$
ASSETS		
Current		
Cash	85,859	—
Restricted short-term investment	125,000	125,000
Accounts receivable	34,504,216	16,223,905
Investment tax credits recoverable	250,000	250,000
Deposits and prepaid expenses	846,348	312,618
Future income tax asset	523,432	523,432
Total current assets	36,334,855	17,434,955
Capital assets	6,575,218	5,701,846
Investment tax credits recoverable	1,094,507	1,094,507
Deferred financing costs	1,228,215	434,000
Intangible assets, net of amortization	15,024,220	3,262,222
Goodwill	18,816,187	9,382,402
Due from related parties	230,944	282,159
Future income tax asset	500,496	500,496
	79,804,642	38,092,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	—	10,578,481
Accounts payable and accruals	20,947,287	6,364,660
Deferred lease inducement and provisions	240,122	35,700
Current portion of long-term debt	3,415,884	1,046,685
Deferred revenue	778,352	575,654
	25,381,645	18,601,180
Term Bank Facility	19,345,365	—
Deferred lease inducement and provisions	634,846	294,529
Long-term debt	14,573,808	760,951
Long-term future income tax liabilities	3,856,155	—
	38,410,174	1,055,480
Shareholders' equity		
Capital stock	20,303,516	20,484,854
Warrants	963,143	68,945
Contributed surplus	1,055,318	973,744
Equity component of convertible note obligation	1,718,882	53,040
Deficit	(8,028,036)	(3,144,656)
Total shareholders' equity	16,012,823	18,435,927
	79,804,642	38,092,587

The notes constitute an integral part of the consolidated financial statements.

Approved on behalf of the Board:

John McKimm
Director

John Gillies
Director

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

	<u>For the three month period ending:</u>		<u>For the nine month period ending:</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue	42,056,200	20,017,394	119,253,993	57,354,962
Cost of revenues	34,725,307	15,857,675	99,051,896	45,000,659
Gross margin	7,330,893	4,159,719	20,202,097	12,354,303
Expenses				
Other staffing costs	4,227,666	2,208,405	11,727,938	6,201,280
Selling, general and administrative	1,999,140	1,665,220	5,568,893	4,101,371
Restructuring costs	1,645,000	—	1,645,000	—
	7,871,806	3,873,625	18,941,831	10,302,651
Earnings before interest, amortization, and income taxes	(540,913)	286,094	1,260,266	2,051,652
Interest expense – non cash	287,297	16,241	935,908	53,191
Interest expense – cash	640,169	112,024	1,620,393	324,312
Amortization of capital assets	255,825	343,392	793,405	963,787
Amortization of intangibles	1,187,334	199,167	3,153,002	662,084
Amortization of deferred financing costs	272,139	—	507,551	—
	2,642,764	670,824	7,010,259	2,003,374
Earnings (loss) before income taxes	(3,183,677)	(384,730)	(5,749,995)	48,278
Income taxes	(721,079)	(138,742)	(866,613)	(75,854)
Net earnings (loss)	(2,462,598)	(245,988)	(4,883,380)	124,132
Earnings (loss) per share				
Basic	\$ (0.06)	\$ (0.01)	\$ (0.12)	\$ 0.00
Diluted	\$ (0.06)	\$ (0.01)	\$ (0.12)	\$ 0.00

The notes constitute an integral part of the consolidated financial statements.

BRAINHUNTER INC.
CONSOLIDATED STATEMENT OF (DEFICIT) RETAINED EARNINGS
(Unaudited)

	<u>For the three month period ending:</u>		<u>For the nine month period ending:</u>	
	June 30,	June 30,	June 30,	June 30,
	2006	2005	2006	2005
	\$	\$	\$	\$
(Deficit) retained earnings, beginning of period	(5,565,438)	1,030,264	(3,144,656)	673,819
Net (loss) income for the period	(2,462,598)	(245,988)	(4,883,380)	124,132
Shares purchased for cancellation, excess of cost over book value	—	—	—	(13,675)
(Deficit) retained earnings, end of period	(8,028,036)	784,276	(8,028,036)	784,276

The notes constitute an integral part of the consolidated financial statements.

BRAINHUNTER INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the three month period ending:		For the nine month period ending:	
	June 30,	June 30,	June 30,	June 30,
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss)	(2,462,598)	(245,988)	(4,883,380)	124,132
Items not affecting cash:				
Future income tax	(721,079)	(138,742)	(866,612)	(75,854)
Accretion of interest	287,296	16,241	935,905	53,191
Deferral (amortization) of lease inducement and provisions	(10,821)	(8,925)	(142,919)	101,152
Share-based compensation	27,191	24,776	81,573	89,546
Amortization of capital assets	255,825	343,392	793,405	963,787
Amortization of intangibles	1,187,334	199,167	3,153,001	662,084
Amortization of deferred financing costs	272,139	—	507,551	—
	(1,164,713)	189,921	(421,476)	1,918,038
Changes in non-cash working capital items	377,397	(271,321)	1,544,533	(3,643,941)
Cash (used in) provided by operating activities	(787,316)	(81,400)	1,123,057	(1,725,903)
FINANCING ACTIVITIES				
Issuance of common shares	—	59,432	—	589,282
Exercise of common share options	36,681	—	60,663	—
Purchase of common shares	—	—	—	(258,578)
Increase in deferred lease inducement	73,905	—	73,905	—
Advances from bank credit facility	683,327	—	8,797,501	—
Proceeds from long-term debt	—	—	11,758,134	—
Repayment of long-term debt	(131,688)	(139,500)	(516,284)	(289,500)
Cash provided by financing activities	662,225	(80,068)	20,173,919	41,204
INVESTING ACTIVITIES				
Additions to capital assets	(494,441)	(411,520)	(1,044,746)	(1,420,017)
Advances to related parties	76,782	(255,379)	51,215	81,061
Share purchase loans	—	—	(242,000)	—
Business acquisitions, net of cash acquired	—	—	(19,330,765)	(64,755)
Cash used in investing activities	(417,659)	(666,899)	(20,566,296)	(1,403,711)
Increase (decrease) in cash	(542,750)	(828,367)	730,680	(3,088,410)
Cash, beginning of period	628,609	(8,180,695)	(644,821)	(5,920,652)
Cash, end of period	85,859	(9,009,062)	85,859	(9,009,062)
Supplemental disclosure of cash payments				
Cash income taxes paid	—	—	—	—
Cash interest paid	640,169	35,062	1,620,393	324,312

The notes constitute an integral part of the consolidated financial statements.

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) 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 Staffing Procurement Services and Solutions**” company. Brainhunter’s business is focused on using the Brainhunter Recruiting and Staffing Technology Platform to provide fully integrated end-to-end recruiting and staffing services and solutions in the following market sectors: Information Technology, Engineering, Industrial and Health Care.

These services are provided to customers throughout Canada, the United States and globally under the brand Brainhunter. Brainhunter’s multifaceted revenue stream is in seven related practice areas including:

Contract Staffing (Annuity Revenue), **Permanent Staffing** (Transaction Fees / Retainers), **Specialized Job Boards** (Posting Fees / Subscriptions), **Technology Sales** (Licenses / Services), **Professional Services / Solutions Delivery** (Project Revenue), **Business Process Outsourcing (“BPO”)** Centre (Annuity Revenue), **Infrastructure Services** (Annuity Revenue)

Brainhunter's Technology Platform and Best practices strive to deliver the most cost effective and flexible recruiting and staffing solutions in the marketplace today. We offer solutions that are modular in nature and are customizable to suit both small and large scale businesses. Brainhunter's customer base includes over 200 of North America's leading corporation's plus over 30 federal and provincial government departments. Brainhunter's Job Seeker Database currently holds over 1.2 million professional resumes and is one of the largest active databases for professional staffing in North America.

Brainhunter is a publicly traded company with a senior listing on the Toronto Stock Exchange (**TSX:BH**). Brainhunter deploys over 1,500 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, a BPO office in Hyderabad, India and delivery capability in select US jurisdictions.

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