

BRAINHUNTER INC.

ANNUAL INFORMATION FORM

Date of Issue: **March 3, 2006**

Last Fiscal Year End: **September 30, 2005**

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2.0 CORPORATE STRUCTURE

2.1 Name and Incorporation

Brainhunter Inc. (“BH” or the “Company”)

Executive Office:

Suite 700, 2 Sheppard Avenue East, Toronto, ON, M2N 5Y7

Other Business Offices:

Suite 600, 2 Sheppard Avenue East, Toronto, ON, M2N 5Y7

Suite 401, 5800 Explorer Drive, Mississauga, ON L4W 5L4

Suite 800, 785 Carling Ave., Ottawa, ON, K1S 5H4

4th floor, 534 – 17th Ave., Calgary, AB, T2E 1M1

Suite 32A, 1155 Rene Levesque, Montreal, QC, H3B 2H3

Registered Office:

Suite 300, 2355 Skymark Avenue, Mississauga, ON, L4W 4Y6

Brainhunter Inc. was incorporated on January 14, 2000 as Red Lantern Corporation under the *Business Corporations Act* (Alberta) and was classified as a Junior Capital Pool Corporation as defined by Alberta Securities Rule 46-501. The shares of Red Lantern Corporation were listed on the Canadian Venture Exchange on August 23, 2000, which exchange subsequently became the TSX Venture Exchange.

On June 21, 2002, Red Lantern Corporation was continued into Ontario and concurrently changed its name to TrekLogic Technologies Inc.

On May 20, 2004, TrekLogic Technologies Inc. changed its name to Brainhunter Inc.

2.2 Inter-Corporate Relationships

As at September 30, 2005, the BH corporate structure was as follows:

Subsidiary companies. all 100% owned:

- TrekLogic Inc.
- Xycorp Inc.
- Brainhunter Limited.
- Protec Employment Services Limited
- Brainhunter (Ottawa) Inc.
- Promethean Systems Consultants Inc.
- Vision2Hire Solutions Inc.

In October and November 2005, the Company acquired 100% of the shares of AJJA Information Technology Consultants Inc. and iGate Mastech Ltd., respectively.

All subsidiaries are incorporated or continued under the laws of Ontario except Brainhunter (Ottawa) Inc., Vision2Hire Solutions Inc., and iGate Mastech Ltd. which are continued under the laws of Canada.

3.0 GENERAL DEVELOPMENT of the BUSINESS

3.1 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, Montréal, Calgary, Edmonton, Vancouver, and activities in Dalian, China and a BPO office in Hyderabad, India.

3.2 History

3.2.1 Company Formation

TrekLogic Inc. ("TrekLogic") was incorporated under the *Business Corporations Act* (Ontario) as a private company on August 27, 1997. The purpose of TrekLogic was to provide software solutions to clients, primarily Sun Microsystems Inc. In 1999, TrekLogic earned the highly-desired designation "Sun Microsystems Strategic Partner", due to its extensive knowledge of UNIX and the Sun operating systems, knowledge which allows it to be a leader in consulting and migration projects relating to Sun operating systems.

On October 1, 2001, TrekLogic amalgamated with Stepping Solutions Inc. with the resulting company named TrekLogic Inc. Stepping Solutions Inc. was formed in 1999 and was in the business of providing contract staffing, primarily to the Government of Ontario. A wholly-owned subsidiary of Stepping Solutions Inc., Next Millennium Inc., became a wholly-owned subsidiary of TrekLogic Inc. Next Millennium Inc. was in the business of reselling software.

On June 21, 2002, Red Lantern Corporation, an Alberta company classified as a Junior Capital Pool Corporation as defined by Alberta Securities Rule 46-501, was continued into Ontario and concurrently changed its name to TrekLogic Technologies Inc.

On June 25, 2002, TrekLogic Inc. completed a reverse take-over transaction with TrekLogic Technologies Inc. Under the terms of the transaction agreement, TrekLogic Technologies Inc. acquired 100% of the shares of TrekLogic Inc. in an exchange for shares of TrekLogic Technologies Inc. so that the controlling shareholders of TrekLogic Inc. became the controlling shareholders of TrekLogic Technologies Inc. and TrekLogic Inc. became a 100% owned subsidiary of TrekLogic Technologies Inc. The reverse take-over transaction is being accounted for in the financial statements of TrekLogic Technologies Inc. as a purchase with TrekLogic Inc. as the purchaser.

On July 22, 2002 the TSX-Venture Exchange announced that it was accepting for filing the qualifying transaction of TrekLogic Technologies Inc. (formerly Red Lantern Corporation), that being the acquisition of TrekLogic Inc.

On November 14, 2003, TrekLogic Technologies Inc. was listed and began trading on the Toronto Stock Exchange.

On May 20, 2004, TrekLogic Technologies Inc. changed its name to Brainhunter Inc.

3.2.2 Acquisitions

Xycorp Inc.

On July 25, 2002 the Company acquired Xycorp Inc., a privately held company, located in Toronto, Ontario, which is in the business of providing contract IT personnel to major companies such as IBM and Manulife Insurance, and various ministries of the Government of Ontario. In addition, it places IT personnel on a permanent basis. Purchase price was \$1,000 plus future payments based on cash flow to a maximum of \$300,000.

Brainhunter.com Ltd.

Effective March 31, 2003, the Company acquired all of the issued and outstanding shares of Brainhunter.com Ltd. ("Brainhunter"), a web-enabled end-to-end recruitment technology platform. Consideration for the purchase, totalling \$4,083,831, consisted of 2,186,110 Series A preferred shares of the Company valued at \$1,093,055, three-year vendor-take-back notes totalling \$1,298,749 of which \$840,367 is paid in cash as a percentage of revenue over time and \$458,382 is paid in Company common shares at the prevailing market price at maturity, net cash of \$1,643,527, and transaction costs of \$48,500.

InBusiness Solutions Inc.

Effective May 1, 2003, the Company acquired 62.3% of the issued and outstanding shares of InBusiness Solutions Inc. ("InBusiness"), an information technology solutions and services company listed on the TSX Venture exchange. Consideration for the purchase consisted of \$2,000,000 in cash plus transaction costs of \$37,433. Because the Company acquired control of InBusiness, the InBusiness acquisition has been accounted for in accordance with the purchase method of accounting.

On December 11, 2003 the Company issued an offer to acquire all issued and outstanding common shares including options and warrants of not already owned by the Company for a cash price of \$0.15 per share. On December 11, 2003 the Company held 30,000,000 of the 48,157,307 issued and outstanding common shares of InBusiness as well as 30,000,000 common share purchase warrants exercisable at \$0.10 per warrant for the period ending April, 2005.

In April, 2004, the Company, having obtained all outstanding shares of InBusiness, obtained regulatory consent to have InBusiness cease to be a reporting issuer in Canada.

IT Assets of Thinkpath Inc.

On June 27, 2003, the Company acquired the information technology (“IT”) assets of Thinkpath Inc. (“Thinkpath”). These assets include the ongoing business of contract IT staff and the use of the Thinkpath brand in Canada for IT staffing. The assets were acquired for \$200,000 cash, a promissory note for \$60,000, and transaction costs of \$19,136.

Advanced Solutions Group Inc.

Effective June 30, 2003, the Company acquired all of the issued and outstanding shares of Advanced Solutions Group Inc., an information technology solutions company. Consideration for the purchase, totalling \$254,269, consisted of 100,000 common shares of the Company valued at \$135,000, 50,000 common share purchase warrants of the Company valued at \$5,865, net cash of \$82,608, and transaction costs of \$30,796.

ProTec Employment Services Limited

Effective July 31, 2003, the Company acquired all of the issued and outstanding shares of ProTec Employment Services Limited, operating as “ProTec Global Staffing, an engineering and industrial staffing company. Consideration for the purchase, totalling \$1,570,293, consisted of 1,000,000 common shares of the Company valued at \$1,200,000, a promissory note for \$300,000, 101,000 common share purchase warrants of the Company valued at \$48,055 and transaction costs of \$22,238. Additionally, a contingent consideration may be incurred of up to \$500,000 in cash and additional warrants based on certain income benchmarks, through September 30, 2007.

Prolink Consulting Inc.

Effective October 1, 2003, the Company acquired 100% of the shares of Prolink Consulting Inc. (“Prolink”), an information technology staffing company. Consideration for the purchase, totalling \$1,857,675, consisted of 550,000 common shares of the Company with a deemed value of \$2 per share, 355,000 common share purchase warrants valued at \$108,154, net cash of \$457,311, and transaction costs of \$108,390. All shares have escrow periods of up to three years tied to management contracts and performance criteria. Results of Prolink are included in the consolidated financial statements of the Company as of the effective date.

Sirius Consulting Group Inc.

Effective November 1, 2003, The Company acquired 100% of the shares of Sirius Consulting Group Inc. (“Sirius”), an information technology staffing company. Consideration for the purchase, totalling \$5,741,818, consisted of a \$1.0M two-year transferable convertible note at an interest rate tied to the 90-day treasury bills rate, exercisable at \$3.00 per common share of the Company, net cash of \$4,123,739, and transaction costs of \$474,848. The convertible note has quarterly repayment terms over a two-year period. Results of Sirius are included in the consolidated financial statements of the Company as of the effective date.

Vision2Hire Solutions Inc.

Effective November 30, 2004, Vision2Hire Solutions Inc (“V2H”) was acquired for a total consideration of \$689,964 consisting of cash of \$100,798, a zero-interest note

payable of \$446,054 convertible for a term of 3 years to Brainhunter shares at an exercise price of \$2.00 per share, and transaction costs of \$143,112. One senior technical sales executive joined Brainhunter as a result of the acquisition and all technology and sales support has been taken over by Brainhunter.

Promethean Systems Consultants Inc.

Effective January 1, 2005, 100% of Promethean Systems Consultants Inc. ("Promethean") was acquired for a total consideration of \$294,252 consisting of 150,000 shares of the Company and 511,125 share purchase warrants of the Company exercisable at a price of \$1.00 per share for a period of 4 years. In addition, the Company guaranteed bank debt of the former shareholders of Promethean in the amount of \$100,000 and incurred transaction costs of \$26,000. Promethean was acquired to expand the range of solutions services offered and to consolidate existing opportunities in the Contract Staffing sector. Results of Promethean are included in the consolidated financial statements of the Company as of the effective date.

AJJA Information Technology Consultants Inc.

On October 11, 2005, 100% of the common and preference shares of AJJA Information Technology Consultants Inc. ("AJJA"), an information technology staffing company, were acquired for cash, convertible notes, and zero-interest vendor-take-back loans. The convertible notes have a nominal value of \$4,000,000 and are to be repaid \$325,000 quarterly plus interest beginning December 31, 2006 and \$337,500 quarterly plus interest beginning June 30, 2007. Interest is payable on each payment date at the rate equivalent to that on a 90-day Canadian Treasury Bill for the 90-day period immediately preceding each payment date, with interest accruing from October 1, 2006. The notes are convertible over their term to common shares of the Company at an exercise price of \$1.00 per share. In accordance with CICA 3860, the convertible notes are to be separated into two components: a financial liability to make future payments and an equity instrument that is effectively a call option granting the holder the right, for a specified period of time, to convert into common shares of the Company. The Company has calculated the fair value of the financial liability component of the convertible notes to be \$3,122,573 by discounting the quarterly payments of principal plus estimated interest using an effective interest rate of 15% per annum. This discount on the convertible notes is being charged to interest expense over the term of the loan. The carrying amount of the equity instrument, \$877,427, was determined by deducting the fair value of the financial liability from the amount of the convertible notes as a whole. The zero-interest vendor-take-back loans have a nominal value of \$2,200,000 and are to be repaid \$36,667 monthly for 60 months. The Company has calculated the fair value of the vendor-take-back loans to be \$1,541,268 by discounting the monthly payments using an effective interest rate of 15%. This discount on the vendor-take-back loans is being charged to interest expense over the term of the loans. The results of AJJA have been consolidated commencing October 11, 2005.

iGate Mastech Ltd.

On November 16, 2005, 100% of the common shares of iGate Mastech Ltd. ("iGate"), an information technology staffing company, were acquired for cash and a promissory note.

The promissory note has a nominal value of \$500,000 that is due November 16, 2007. The promissory note pays interest only quarterly at the rate equivalent to that on a 90-day Canadian Treasury Bill for the 90-day period immediately preceding each payment date. The Company has calculated the fair value of the promissory note to be \$399,829 by discounting the nominal value plus the stream of estimated quarterly interest payments using an effective interest rate of 15% per annum. This discount on the promissory note is being charged to interest expense over the term of the note. The results of iGate have been consolidated commencing November 16, 2005.

3.2.3 Financings

\$430,325 Private Placement

On December 23, 2002, the Company received regulatory approval and closed off a private placement of \$430,325, for which it issued 1,229,500 units, each unit consisting of one common share and one purchase warrant. Each warrant entitled the holder to acquire one common share at \$0.35 in the first year and at \$0.40 in the second year

\$4,000,000 Private Placement

On April 15, 2003, the Company closed a Private Placement Financing for a total of \$4,000,000 in gross proceeds. In connection with the Financing, 6,000,000 common shares and 2,000,000 Convertible Preferred Shares were issued, all shares issued at \$0.50 per share. The Convertible Preferred Shares are convertible to 2,000,000 common shares at the option of the holder of the Convertible Preferred Shares. All shares are subject to a four-month hold period, normal for

Private Placement Financing of this size and nature. As part of the costs of the financing, the Company issued, to the broker who arranged the financing, 600,000 warrants as a Compensation Option, exercisable for two years from date of closing at \$0.50 per share.

\$3,300,000 Private Placement

On July 10, 2003, the Company closed a Private Placement Financing for a total of \$3,300,000 in gross proceeds. In connection with the Financing, 4,285,714 common shares and 428,571 Convertible Preferred Shares were issued, all shares issued at \$0.70 per share. The Convertible Preferred Shares are convertible to 428,571 common shares at the option of the holder of the Convertible Preferred Shares. As part of the costs of the financing, the Company issued, to the broker who arranged the financing, 257,142 warrants as a Compensation Option, exercisable for two years from date of closing at \$0.70 per share. Additionally, a financial advisor was paid 50,000 Options on the same terms for corporate services.

\$10,000,000 Private Placement

On February 2, 2004, the Company completed a private placement of 5,555,556 common shares at \$1.80 per share for gross proceeds of \$10.0M. In connection with this private placement, the Company issued compensation warrants exercisable to acquire an aggregate of 283,335 common shares at \$1.88. Insiders acquired approximately \$3.7M of the financing.

\$32,000,000 Financing

On November 16, 2005, the Company obtained a revolving demand credit facility of \$20,000,000 from a Schedule "A" bank, with a term of two years, bearing interest at prime plus 0.5% to 1.5%, depending on a specific bank covenant ratio, collateralized by a general security agreement that constitutes a first charge over all the assets of the Company. A portion of the proceeds was used to retire the \$10,000,000 facility in place on September 30, 2005.

On November 16, 2005, the Company issued a debenture for \$5,000,000, repayable on December 15, 2008, paying interest only during the term on a quarterly basis at 12% per annum. The debenture is collateralized by a floating charge on all assets, subordinated only to the general security agreement held by the Company's bank. The lender was issued 1,000,000 common share purchase warrants of the Company, exercisable at \$1.00 per common share at any time, with total return to the lender guaranteed at 15%.

In November 2005, the Company issued convertible notes of \$7,856,000 with a term of three years, paying interest only during the term at 8% per annum. The notes are collateralized by a floating charge on the Company's assets, subordinated to the security of the Company's bank and the debenture. The notes are convertible at \$1.50 of the face value per common share at any time, and were accompanied by 500 common share purchase warrants of the Company per \$1,000 face value, exercisable at \$1.00 per common share at any time. After a year, should the Company's common shares trade above a weighted average trading price of \$2.00 over 20 days, the Company retains the option to require holders of these convertible notes to convert or redeem them.

3.3 Dispositions

The Company has made no dispositions of companies or businesses since inception.

3.4 Industry Trends

Management believes that there are trends in North America, which will provide the Company with significant opportunities over the immediate future to profitably expand the business of the Company:

- The continuing trend by primary IT users to "outsource" IT development projects to Solutions providers like Brainhunter to avoid having a large IT infrastructure
- The continuing trend by large scale Information Technology users and Systems Integrators to use IT contractors for projects in lieu of using permanent employees

Management believes that the IT development sector will continue to expand over the coming years as the economy generally recovers from the economic doldrums of the first years of the 21st century.

Management believes that the time is opportune to effect a consolidation strategy within the IT Contract Staffing industry.

4.0 NARRATIVE DESCRIPTION of the BUSINESS

4.1 Introduction

Brainhunter is a high value added technology company providing end-to-end HCM Solutions based on proprietary technology and processes under the brand BRAINHUNTER to a wide variety of corporate and government clients on a national scale. Brainhunter's HCM solutions are structured across two primary categories:

1. **Contract & Permanent Staffing Services** are the key focus of the Company. This is a high growth opportunity where revenue is driven from annuity contract and permanent staffing placements. The HCM marketplace, in particular contract staffing solutions, represents over 10% of the North American GDP, and approximately \$5.89 billion of contract Staffing Services in Canada alone. Brainhunter's HCM technology platform provides a significant competitive advantage allowing Brainhunter to create, develop and manage Strategic Staffing Services relationships with clients where the focus is on providing the client with an end-to-end staffing solution with emphasis on becoming the dominant provider of annuity contract staffing and permanent staffing placements in Canada.
2. **Solutions Delivery** is comprised of approximately 75 highly specialized technical employees supporting a strong core, highly profitable solutions business that is an enabler in managing the Brainhunter HCM technology platform providing the engine driving Brainhunter's high growth Staffing Services consolidation strategy. Additionally, the Solutions division manages the research and development initiatives and ASP infrastructure that drives an ever-increasing licensing fees revenue stream from HCM Solutions sales; and fast growing posting revenues generated from over 85 internally-hosted specialized job boards.

4.2 Staffing Business

Staffing Business Overview

The Staffing Business is composed of the businesses of Brainhunter Limited, Brainhunter (Ottawa) Inc., Xycorp Inc., Protec Employment Services Limited, Promethean Systems Consultants Inc., AJJA Information Technology Consultants Inc., and iGate Mastech Ltd.

Nature of Business

Brainhunter is creating a staffing business, focused on providing contract consultants primarily to the Information Technology (IT) sector and secondarily to the engineering sector using a technologically advanced recruiting platform (the Brainhunter recruiting platform) that offers a significant competitive advantage and a strong point of differentiation from competitive staffing providers. Based on this competitive advantage as well as the Company's management expertise in the contract staffing industry, Brainhunter will execute a consolidation strategy to become the leading technology staffing firm in Canada.

Brainhunter Technology Advantage

The core technology for the Brainhunter recruiting platform is the database engine that captures, screens, and presents candidates to clients in an accurate and timely manner. The proprietary matching algorithms rely on translating our recruiting and screening techniques developed over the past 20 years into an automated computer system. The platform offers a cost effective WEB based enterprise total staffing solution with the same or better level of service than traditional employment agencies. Management believes that the Brainhunter technology currently has no significant direct competitor that provides a WEB-based total staffing solution exactly similar to Brainhunter.

Business Process Outsourcing ("BPO") centre in India

In March 2005, the Company launched its BPO centre in India. The BPO centre is a core component of Brainhunter's strategy to provide its customers with the most comprehensive recruiting and staffing services and solutions in the marketplace today. Together with a fully integrated technology platform encompassing Applicant Tracking Systems, Vendor Management Systems, Back Office Systems, a network of over 100 specialized Job Boards and one of the largest active databases of professionals in North America, the BPO Centre adds to Brainhunter 24/7 recruiting capability for contract staffing in both Canada and the United States, telemarketing support for Job Board sales initiatives and supports strategic initiatives in India focussed on total outsourcing solutions. Initially, Brainhunter's BPO services will focus on industry verticals where Brainhunter has strong domain knowledge, expertise and business relationships, namely systems integration & consulting, financial services, insurance, petrochemical, telecom, retail and healthcare. Emphasis is on business processes where Brainhunter has specialized knowledge and where the value proposition for our customers has an immediate ROI impact.

Target Market

Brainhunter is targeting a select set of clients across all major industries and geographic locations and especially Fortune 1000 clients and emerging growth companies utilizing skilled or professional labor, as well as Canadian federal and

provincial government ministries and agencies. Geographically the main target areas are Toronto, Ottawa, Montreal, Calgary, Edmonton, Vancouver and will selective support its base of global customers internationally.

Toronto is extremely attractive because of the historical relationship and existing brand equity through the staffing entities acquired by the Company: Thinkpath IT, Xycorp, Brainhunter, Prolink, ProTec, Promethean, and iGATE. Most of these companies have been in existence for many years (between 6 and 28 years) with substantial staffing relationships and Vendor of Record status. We can therefore continue to penetrate the existing accounts and win more business in this large market in a short period of time, through the application of the sophisticated technology advantage. It is our belief that the build up of the critical mass, our combined size and capability will also allow us to effectively compete against large players for the major accounts in our target market. In the IT staffing market, size, financial strength and stability factors are all important in winning major accounts.

Ottawa represents the Canadian City with the largest demand for technology professionals, and has been and will continue to be the home to most of the Canadian emerging technology growth companies, when the economical cycle reverses. This market is also fortunate to have the bulk of the federal government IT business. InBusiness, Sirius, and AJJA, our Ottawa based acquisitions, have an established presence in Ottawa spanning 25 years. They have substantially penetrated the federal government and Brainhunter continues to build its combined market share within the government entities.

Consolidation Opportunity

The highly fragmented nature of the industry, combined with the scalability of Brainhunter's front-end marketing & recruiting platform, back-end financial system and management and financial expertise present a large consolidation business opportunity.

The US has experienced a high degree of consolidation over the last 30 to 40 years. Most of the large US staffing firms referenced were grown through large amounts of acquisition.

In Ontario alone, there is an estimated 576 technology staffing companies with sales ranging from less than \$1 million to approximately \$200 million. Many of the operators run their business operation at a very unsophisticated small business level. Also, many of these operators are at or nearing retirement without a clear exit strategy to capitalize of the value built in the business.

Because staffing is a service business, there are very little fixed assets to dispose of or integrate into the post merged entity. The integration efforts are primarily focused on receivables, client relationships, consultant's relationships, the sales & recruiting team and forging a common corporate cultures, business values and to use established business practices.

Brainhunter's infrastructure, financial position and sound management and operational capability is extremely well positioned to execute a similar, "tried & true", proven consolidation strategy in the Canadian market to develop and emerge as the largest, leading technology staffing firm in the country.

Industry Analysis ----The Staffing Industry Size and Growth Drivers

The North American staffing industry has been estimated to be worth in excess of \$US102 billion (SI Report). The industry has experienced a growth rate of over 14% from 1993 through 2000, slowed in 2001 and 2003. This growth rate is expected to continue into the future (SI Report). There is healthy growth rate within the industry-by-industry segment. The temporary help segment continues to dominate the market. This growth trend is expected to continue as more professional and technical workers pursue alternate employment options and the provision of their services as consultants as opposed to being full-time employees. Even though the PEO (Professional Employment Organization) is in a separate category, there is also a compelling argument that this may well be classified as temporary help.

Business expansion continues to drive job growth in North America. The technology sector (engineering and information technology) and Health Care continues to be forecasted as the main areas of growth. Despite the cyclical downturn in the economy, a severe shortage of technology and Health Care professionals is expected to plague Canada and the US.

Moreover, this growth is also fueled by business expansion in the non-technology sectors. The accounting and finance sector is experiencing job growth between 30%-40% per annum (SI Report). There is also substantial growth in the management, sales and marketing, technical recruiting and other general non-technology areas.

Demand for health care services are also increasing. Many health care workers themselves are retiring and requiring health care services. For instance, the average U.S. nurse is 49 years old. The health care industry is now positioned to rival IT as the staffing sector with the greatest shortage of skilled personnel. The U.S. Bureau of Labour statistics project that nearly half of the 30 fastest growing occupations between 1999 and 2006 will be health services related.

Structure

The US and Canadian staffing industry is highly competitive and fragmented. There is specialization along many lines. For example, some agencies may specialize along verticals such as engineering, accounting and finance, health care, IT, sales and marketing and many other verticals along job function. Other agencies have developed sub-specialization and are focused on certain market niches within verticals. For example, some agencies sub-specialize in IT contracting and may further focus on the

provision of specific IT skill-sets or software solution such as SAP programs or JD Edwards System specialists. Moreover, these smaller agencies tend to be local and operate within narrow geographic segments.

While there is very little start up capital required entering the agency business, there are substantial barriers to growth. Specialization, low barriers to entry and limited geographic focus have resulted in high fragmentation. There are, however, a number of very large agencies. These agencies are generalists serving many employment verticals, international, national or at least spanning many geographic areas, and are often publicly traded companies. These companies have market capitalization of over US\$400 million, ranging to the largest, Adecco SA, with a market capitalization of US\$13.1 billion.

4.3 Solutions Delivery Business

Brainhunter Inc.'s subsidiary's TrekLogic Inc. ("TrekLogic") and a portion of the recent acquisition of Promethean Systems Consultants Inc. ("Promethean") are an Information Technology ("IT") Services company's providing software solutions services to a high profile client base primarily in the U.S. and are built around a number of high value-added specialty practice areas where TrekLogic have a competitive advantage, either due to specialized expertise or proprietary software tools used in the provision of services. TrekLogic is committed to making the investment in developing both software tools and highly trained personnel that results in a distinct competitive advantage.

TrekLogic are providers of IT solutions to other businesses. They are focused in the following areas:

- Software Solutions. This is the primary business. Specializing in the design, development and maintenance of software solutions that facilitate electronic commerce based upon Internet technology;
- migration of application systems and data between operating platforms;
- custom software solutions; and
- consultancy projects.

It is the view of management that there are significant benefits to be derived from the joining together of the software solutions and the contract staffing businesses. By having a contract staffing business, the software solutions business has access to a large pool of available software talent, and is able to quickly identify the most appropriate people when solutions projects require additional resources. At the same time the contract staffing business provides excellent qualified leads to upcoming major projects through its large base of relationships in the IT world.

The market for the services offered by TrekLogic is, in practical terms, limited only by the Company's ability to grow in a manner, which allows the Company to maintain its high standards of quality and customer satisfaction.

The Company's competitive advantage lies in its ability to provide services based on either a technology advantage (i.e. proprietary software tools) or a domain knowledge, (i.e. specific industry expertise).

4.4 Employees

As of the date of this Annual Information Form, the Company has approximately 225 employees in its offices in Toronto, Ottawa, Montreal, Calgary, Edmonton, Vancouver, activities in Dalian China and a BPO office in India.

4.5 Risk Factors

The Company is subject to a number of risks and uncertainties that could significantly affect the Company's future results of operations and financial condition.

Competition

The Company operates in intensely competitive markets. Market conditions may in the future be such that obtaining good margins becomes a particular challenge.

Failure of a Key Customer

The Company deals only with customers, which, in its opinion can be relied upon to pay for the services rendered. Nevertheless, there is always the possibility that some customer may experience difficulties, which may affect the collection of all of the funds owed to the Company by that customer. This risk is mitigated by the fact that only one single customer represents 15% of revenues with all other customers representing less than 10% of revenues.

Foreign Currency Risk

The Company earns approximately 9% of its revenues in US dollars. A sudden significant shift in the exchange rates could affect the realization of funds receivable.

Legal Proceedings

The company is involved in several pieces of litigation. Management believes that any necessary provisions have been made in the accounts of the Company, but the outcome of the litigation is not certain.

5.0 FINANCIAL INFORMATION

5.1 Annual Information

Balance Sheet as at September 30 (\$,000)

	2005	2004	2003
Current Assets	\$17,435	\$14,791	\$10,845
Non-current Assets	20,658	20,312	9,894
Total Assets	\$38,093	\$35,103	\$20,739
Current Liabilities	\$18,602	\$13,485	\$6,749
Non-current Liabilities	1,055	1,120	1,252
Non-controlling interest	0	0	61
Total Liabilities	19,657	14,605	8,062
Shareholder Equity	18,436	20,498	12,677
Total Liab and Equity	\$38,093	\$35,103	\$20,739

Statement of Operations for period ending September 30 (\$,000 except earnings per share)

	2005	2004	2003
Revenue	\$76,061	\$68,893	\$22,282
Cost of sales	59,984	54,869	15,632
Gross margin	16,077	14,024	6,650
Other operating costs	15,128	10,958	4,857
EBITDA	949	3,066	1,793
Interest	475	426	154
Amortization	2,012	3,385	506
Earnings before tax	(1,538)	(745)	1,133
Income tax provision (recovery)	1,853	(548)	239
Net earnings (loss)	(3,391)	(197)	894
Earnings per share-basic	(\$0.08)	\$0.00	\$0.03
Earnings per share-fully diluted	(\$0.08)	\$0.00	\$0.03

6.0 MANAGEMENT DISCUSSION and ANALYSIS

6.1 Management Discussion and Analysis for the year ending September 30, 2005

Acquisitions

Vision2Hire Solutions Inc.

100% of the common shares of Vision2Hire Solutions Inc. ("V2H") were acquired for cash and convertible notes. The convertible notes have a nominal value of \$446,054, pay no interest over their three-year term, and are to be repaid \$55,757 quarterly beginning February 11, 2006. The notes are convertible over their term to common shares of the Company at an exercise price of \$2.00 per share. In accordance with CICA 3860, the convertible notes are to be separated into two components: a financial liability to make future payments and an equity instrument that is effectively a call option granting the holder the right, for a specified period of time, to convert into common shares of the Company. The Company has calculated the fair value of the financial liability component of the convertible notes to be \$393,014 by discounting the quarterly payments using an effective interest rate of 6% per annum. This discount on the convertible notes is being charged to interest expense over the term of the loan. The carrying amount of the equity instrument, \$53,040, was determined by deducting the fair value of the financial liability from the amount of the convertible notes as a whole. The results of V2H have been consolidated commencing December 1, 2004.

Promethean Systems Consultants Inc.

Promethean Systems Consultants Inc. ("Promethean") was acquired in exchange for 150,000 shares of the Company and 266,125 share purchase warrants of the Company exercisable at a price of \$1.00 per share for a period of 4 years. Of the warrants issued, 157,422 were released from escrow in September, 2005, and the remaining 108,703 will be released at a rate of 1/3 per year, beginning May, 2006. The fair value of the warrants was estimated using the Black-Scholes option pricing model. Key valuation assumptions include estimated terms of 2 and 3 years, risk-free interest rates of 3.06% and 3.28%, and stock volatility of .4963 based on a 3-year trading history. In addition, the Company undertook for three years to make \$1,500 monthly interest payments on bank debt of the former shareholders of Promethean, as well as guaranteeing that bank debt up to an amount of \$100,000. The monthly interest payments have been recorded as a long-term debt with a fair value of \$49,307, representing the present value of the payments calculated using a discount rate of 6% per annum. The results of Promethean have been consolidated commencing January 1, 2005.

AJJA Information Technology Consultants Inc. (subsequent to year-end)

On October 11, 2005, 100% of the common and preference shares of AJJA Information Technology Consultants Inc. ("AJJA"), an information technology staffing company, were acquired for cash, convertible notes, and zero-interest vendor-take-back loans. The convertible notes have a nominal value of \$4,000,000 and are to be repaid \$325,000 quarterly plus interest beginning December 31, 2006 and \$337,500 quarterly plus interest

beginning June 30, 2007. Interest is payable on each payment date at the rate equivalent to that on a 90-day Canadian Treasury Bill for the 90-day period immediately preceding each payment date, with interest accruing from October 1, 2006. The notes are convertible over their term to common shares of the Company at an exercise price of \$1.00 per share. In accordance with CICA 3860, the convertible notes are to be separated into two components: a financial liability to make future payments and an equity instrument that is effectively a call option granting the holder the right, for a specified period of time, to convert into common shares of the Company. The Company has calculated the fair value of the financial liability component of the convertible notes to be \$3,122,573 by discounting the quarterly payments of principal plus estimated interest using an effective interest rate of 15% per annum. This discount on the convertible notes is being charged to interest expense over the term of the loan. The carrying amount of the equity instrument, \$877,427, was determined by deducting the fair value of the financial liability from the amount of the convertible notes as a whole. The zero-interest vendor-take-back loans have a nominal value of \$2,200,000 and are to be repaid \$36,667 monthly for 60 months. The Company has calculated the fair value of the vendor-take-back loans to be \$1,541,268 by discounting the monthly payments using an effective interest rate of 15%. This discount on the vendor-take-back loans is being charged to interest expense over the term of the loans. The results of AJJA have been consolidated commencing October 11, 2005.

iGate Mastech Ltd. (subsequent to year-end)

On November 16, 2005, 100% of the common shares of iGate Mastech Ltd. ("iGate"), an information technology staffing company, were acquired for cash and a promissory note. The promissory note has a nominal value of \$500,000 that is due November 16, 2007. The promissory note pays interest only quarterly at the rate equivalent to that on a 90-day Canadian Treasury Bill for the 90-day period immediately preceding each payment date. The Company has calculated the fair value of the promissory note to be \$399,829 by discounting the nominal value plus the stream of estimated quarterly interest payments using an effective interest rate of 15% per annum. This discount on the promissory note is being charged to interest expense over the term of the note. The results of iGate have been consolidated commencing November 16, 2005.

Financing

\$32,000,000 Financing (subsequent to year end)

On November 16, 2005, the Company obtained a revolving demand credit facility of \$20,000,000 from a Schedule "A" bank, with a term of two years, bearing interest at prime plus 0.5% to 1.5%, depending on a specific bank covenant ratio, collateralized by a general security agreement that constitutes a first charge over all the assets of the Company. A portion of the proceeds was used to retire the \$10,000,000 facility in place on September 30, 2005.

On November 16, 2005, the Company issued a debenture for \$5,000,000, repayable on December 15, 2008, paying interest only during the term on a quarterly basis at 12% per annum. The debenture is collateralized by a floating charge on all assets, subordinated only to the general security agreement held by the Company's bank. The lender was

issued 1,000,000 common share purchase warrants of the Company, exercisable at \$1.00 per common share at any time, with total return to the lender guaranteed at 15%.

In November 2005, the Company issued convertible notes of \$7,856,000 with a term of three years, paying interest only during the term at 8% per annum. The notes are collateralized by a floating charge on the Company's assets, subordinated to the security of the Company's bank and the debenture. The notes are convertible at \$1.50 of the face value per common share at any time, and were accompanied by 500 common share purchase warrants of the Company per \$1,000 face value, exercisable at \$1.00 per common share at any time. After a year, should the Company's common shares trade above a weighted average trading price of \$2.00 over 20 days, the Company retains the option to require holders of these convertible notes to convert or redeem them

Normal-course Issuer Bid

Under the terms of a Normal-course Issuer Bid, the Company acquired 29,409 common shares of the Company in the public markets for a cost of \$26,615 including transaction costs for an average cost of \$0.91 per share. With the acquisition of these shares, this Normal-course Issuer Bid has been completed.

Business Process Outsourcing

In February, 2005, the Company opened a Business Process Outsourcing ("BPO") office in Hyderabad, India. As noted previously, the primary task, initially, was to support North American recruiting and staffing activities. The focus has now been expanded to include global customers with operations in the local Indian market and to provide total outsourcing personnel procurement solutions for select North American customers.

Results of Operations for the year

Revenues

Revenues for the Fiscal year ending September 30, 2005 increased \$7,167,931 or 10.4%, to \$76,061,391 in the current year, up from \$68,893,460 in the prior year. The increase is attributable to the inclusion of a full year of the 2004 acquisition of Sirius Consulting Group Inc., the addition of the 2005 acquisitions, Vision2Hire Solutions Inc. and Promethean Systems Consultants Inc., and an increase in the Staffing business offset by a decline in the Solutions business.

Brainhunter's Staffing Division accounted for \$70.06 million or 92.1% of total revenues compared to \$61.56 million or 89.4% in 2004, representing an increase of \$8.48 million or 13.7% increase over the prior year. As noted above, the increase is mainly attributable to; the inclusion of a full year of the 2004 Ottawa based acquisition of Sirius Consulting Group Inc. (approximately \$1.53 million), the revenue relating to the 2005 acquisition of Promethean (\$1.4 million) and V2H (\$340,000), an \$8.4 million increase, mainly in the Toronto IT staffing market, as a result of organic growth and being classified as the primary vendor on contract arrangements, offset by a decrease of approximately \$3.6

million in engineering staffing and is attributable equally to a decline in engineering contracts and a strategic withdrawal from low margin industrial staffing business.

Brainhunter's Solutions Division accounted for \$6.00 million or 7.9% of total revenues compared to \$7.33 million or 10.6% in 2004, representing a decrease of \$1.32 million or 17.9% decrease over the prior year. The decrease is mainly attributable to a \$1 million decline in a customer's activity on contracts compared to the prior year. The customer represents 80% of the solutions business, however, is less than 8% of the total revenue of the Company.

A significant portion of the Company's revenue is derived from the Federal Government of Canada. During the year, 43% of revenues related to various Federal Government of Canada agencies and departments, compared to 45% in the prior year. The acquisition of AJJA and iGate subsequent to year-end is expected to increase the revenue for 2006 with the Federal Government of Canada's agencies and departments to a percentage of revenues consistent with the current year.

Management believes that there are trends in North America, which will provide the Company with significant opportunities in 2006 to profitably expand the business of the Company:

- The continuing trend by primary IT users to "outsource" IT development projects to Solutions providers like Brainhunter to avoid having a large IT infrastructure
- The continuing trend by large scale Information Technology users and Systems Integrators to use IT contractors for projects in lieu of using permanent employees

Management believes that these trends coupled with the two acquisitions of iGate and Ajja, closed subsequent to year-end will significantly drive our revenue and profitability growth in 2006.

Cost of Sales & Gross Margin

Cost of sales includes all direct costs incurred in the providing of Staffing and Solutions services. These costs include contract staff, billing employees, hardware and software sold as part of a solution and travel and living expenses required to provide the service.

The overall Cost of sales increased \$5,115,045 or 9.3% from \$54,869,138 in 2004 to \$59,984,183 in 2005, an amount commensurate with the increase in revenues. Cost of sales as a % of revenues, decreased from 79.6% to 78.9% on a year-over-year basis reflecting the evolution in the mix of the business. The increase took place with the addition of the 2005 acquisitions, which has combined industry cost of sales norms in the 55-60% range and in Contract Staffing, which has industry cost of sales norms in the 78-82% range.

Cost of sales in the Company's Staffing Division accounted for \$56.4 million or 95.6% of the total cost of sales in the current year compared to \$51.56 million or 94% in 2004, representing an increase of \$4.84 million or 13.7% increase over the prior year. The gross margin related to the Staffing Division was \$13.2 million or 18.8% of related

revenues in 2005, compared to \$10.2 million or 16.4% of related revenue in the prior year. The increase in growth margin is due to higher gross margins being achieved on new or renewed contracts, a focus on higher gross margin business, and the 2005 acquisitions gross margin in the 40-45% range which lifted the overall Staffing division's gross margin by 1%.

Cost of sales in the Company's Solution Division accounted for \$3.1 million or 5.7% of the total cost of sales in 2005 compared to \$3.4 million or 5.2% in 2004, representing a decrease of \$0.3 million or a 9% decrease over the prior year. The gross margin related to the Solutions Division was \$2.9 million or 48.1% of related revenues in 2005, compared to \$3.9 million or 53.2% of related revenue in the prior year. The \$1 million decrease in gross margin is consistent with the decline in revenue from the prior year and as a result of a significant portion of the cost of sales being attributable to a fixed employee base.

Overall, the Company reported gross margins of \$16,077,208 or 21.1% of revenues in 2005 compared to \$14,024,322 or 20.4% of revenues in 2004. The gross margin fluctuates as it is dependent on the level of revenue generated from each division, and changes due to demands and competition in the market place. The Company anticipates the overall gross margin in 2006 to decline slightly to the 17%-18% range as a result of the Staffing Division acquisitions of Ajja and

iGate completed subsequent to year end due to vendor managed payrolling business that they maintain. Staffing Division gross margins are typically less than Solutions Division gross margins, and with Staffing Divisions revenues increasingly substantially with these acquisitions, the consolidated gross margins are expected to decline marginally.

Overhead expenses ("Other Staffing Costs" and "General, Selling and Administrative")
Overhead expenses showed an increase in Fiscal 2005 versus Fiscal 2004 of \$4,169,865, from \$10,957,849 to \$15,127,538 representing a 38.1% increase. As a % of Revenue, overhead expenses were 19.9%, up from 15.9% the previous year.

The largest increases in the Overhead costs for Fiscal 2005 are as follows:

- insurance fees increased from approximately \$150,000 to \$236,000;
- marketing and branding costs increased from \$255,000 to \$745,000;
- real estate costs increased from \$662,000 to \$1,223,000;
- management, consulting, accounting and legal fees related to the previously-announced proposed Limited Partnership acquisition strategy increased from \$788,029 to \$2,827,287; and
- travel and entertainment costs increased from \$160,000 to \$359,000.

Additionally, the Company recorded in excess of \$300,000 of reorganization expenses, including severance costs incurred where Brainhunter made certain management changes that better positioned the Company to handle the growth from acquisitions. The largest increase was related to management, consulting, accounting and legal fees related to infrastructure and personnel costs required to prepare Brainhunter for the growth strategy

in Fiscal 2006, the first transaction closing in October and the second closing in November 2005 together which approximately doubled sales.

In total, excluding legal fees and brand development costs, Brainhunter has increased its annual fixed costs in excess of \$3,000,000. These costs have been added primarily to ensure the infrastructure is in place to better manage the growth from organic and acquisition initiatives. Upon achieving targeted revenue levels through acquisitions and organic growth, Brainhunter management's anticipates the targeted level of Overhead costs is in the range of 12%-14% of Revenue, down from the 19.3% experienced in fiscal 2005.

Earnings before Interest, Taxes and Amortization (EBITDA)

As a result of the above, EBITDA is reported as \$949,359 for Fiscal 2005 versus \$3,066,338 for Fiscal 2004. EBITDA declined as a % of Revenue, from 4.5% in the year ending September, 2004 to 1.3% in year ending September, 2005. As noted previously, the decline is largely due to the increase in selling, general and administrative expenses from 4.5% of sales to 9% of sales. The Ajja and iGate acquisitions are expected to restore EBITDA to previous levels.

Interest

Interest costs slightly increased by \$48,791 from 2004 to 2005 as a result of financing the increased Working Capital requirements of the increased business. Interest costs are increasing over time commensurate with the increase in Revenues, being the cost of financing accounts receivable for contract staffing and solutions business. Interest has remained constant at less than 1% of revenue through Fiscal 2004 and Fiscal 2005 YTD.

The interest costs are predominantly related to the Company's current line of credit with the Royal Bank, but also includes imputed interest on non-interest bearing vendor take-back debt on certain acquisitions. The imputed interest changes are approximately \$55,855 for Fiscal 2005 compared to \$38,744 for Fiscal 2004. Please see discussion of Imputed Interest expense elsewhere in this document.

Amortization

Amortization expense decreased by \$1,373,646, from \$3,385,655 in Fiscal 2004 to \$2,012,009 in Fiscal 2005. The largest portion of Amortization expense is the amortization of Intangible Assets. The decrease is mainly due to one-time write off's in 2004 of Intangibles, including acquired Intangibles with InBusiness Solutions Inc. and relating to now-inactive businesses in an amount of approximately \$400,000. Please see discussion of changes regarding Intangible Assets elsewhere in this document.

Earnings before Income Tax

Based on all of the above, the Company is reporting a loss before income taxes of \$1,537,270 for Fiscal 2005 versus a loss of \$745,146 for Fiscal 2004. As noted previously, the loss is largely the result of amortization expenses of intangible assets from acquisition activities.

Income Tax Expense

The provision for income taxes differs from the expense that would be obtained by applying the statutory rate to net income before income taxes as a result of such items as, amounts not deductible for taxes purposes, future tax assets and liabilities, and the benefit of loss recorded. The Company has sufficient tax losses acquired through acquisitions to eliminate the payment of income taxes for Fiscal 2005 but is still subject to Provincial capital taxes and corporate minimum taxes. As a result the Company is recording a provision for \$3,411 in taxes currently payable arising from capital taxes and corporate minimum taxes.

The bulk of the Company's provision for income taxes of \$1,853,488 consists of a provision for future income taxes of \$1,850,077 based largely on timing differences resulting from the capitalization of software development costs and intangible expenses.

Net Earnings

The Company is reporting a Net Loss of \$3,390,758 or \$0.08 per share basic and diluted for the year compared to a Net Loss of \$196,820 or \$0.00 per share basic and diluted in 2004.

Liquidity**Cash and Bank Indebtedness**

At September 30, 2005, the Company reported Bank Indebtedness of \$10,578,481, consisting of the actual draw against the Company's line of credit of \$9,933,660 plus the net of outstanding cheques offset by cash on hand of \$350,570. This compares to the Company reported Bank Indebtedness of \$5,920,652 at September 30, 2004 consisting of the actual draw against the Company's line of credit was \$6,688,000, reduced by the net of cash and outstanding cheques of \$767,348.

The Company's line of credit as at September 30, 2005 was \$10,000,000, increased from \$7,000,000 on October 29, 2004. The Company's interest rate is Prime + 1.5%. During 2005 the terms of the Company's credit facility were amended. In connection with an amendment to the credit facility, the Company agreed to raise no less than \$3 million of new capital on or before December 31, 2005.

Subsequent to year end, the Company obtained a credit facility of \$20 million from Toronto Dominion Bank.

Cash used in Operations for the year was \$3,124,979, versus Cash from Operations of \$820,052 for Fiscal Year 2004. This trend mainly reflects the Net Loss in the current year of \$3,390,758 versus the Net Loss of \$196,820 in Fiscal Year 2004, and the net change in non-cash working capital which decreased from \$(1,507,550) in Fiscal Year 2004 to \$(3,692,369) in Fiscal Year 2005, a decrease of \$2,184,819. The largest component was an increase in accounts receivable, due to growth in revenues and accommodations to certain clients equaling payment terms.

The Company raised \$584,500 during the 2005 fiscal year on the exercise of common share purchase warrants compared to \$703,717 during Fiscal 2004 and \$150,670 on the exercise of common share options compared to \$40,319 in Fiscal 2004. No issues of shares through placements were effected in Fiscal 2005 compared to \$9,254,535 in Fiscal 2004 arising from a \$10,000,000 private placement in February, 2004, net of costs.

Purchase of Common Shares

Under the terms of a Normal-course Issuer Bid, the company acquired 29,409 shares at a total cost of \$26,615 in October, 2004. Of that amount, \$12,940 is recorded as a reduction in Share Capital and \$13,675 is recorded as a reduction in Retained Earnings. This compares to \$2,028,414 spent in fiscal 2004, of which \$918,452 is recorded as a reduction in Share Capital and \$1,333,172 is recorded as a reduction in Retained Earnings.

Advances to Related Parties and Share Purchase Loans

The company recorded a net repayment of \$48,539 for Notes Due from Related Parties during the year, compared to \$112,104 in the prior year. In Fiscal 2005 the company advanced \$228,500 to individuals to acquire shares in the Company, compared to \$688,022 in Fiscal 2004. The advances to acquire shares are collateralized by the Company shares. The loans are part of employment contracts for new senior management personnel. They are accounted for as an offset to Share Capital.

Long-term Obligations

The Company repaid \$356,000 of Long Term Debt during the year compared to a repayment of \$2,089,574 in Fiscal Year 2004. During the year the company received \$358,000 as funds against a Convertible Financing completed in Fiscal 2006, proceeds of which were used to fund working capital.

Business Acquisitions

The Company reported cash outlay of \$54,038, net of cash acquired, to acquire Vision2Hire and Promethean in the first half of the year. This compares to the outlay of \$10,167,091 recorded for Fiscal 2004 when the Company was completed the acquisitions of InBusiness Solutions Inc., Sirius Consulting and Prolink Consulting.

Capital Expenditures

The Company spent \$2,133,617 on Capital Expenditures during 2005, the largest items being approximately \$1,500,000 which was spent enhancing the Brainhunter software, \$175,000 on Computer Hardware and \$190,000 on Leasehold Improvements for the expansion of the new head office.

Share-based Compensation Plan

Under the transitional provision of revised CICA Handbook Section 3870 *Stock-Based Compensation and other Stock-Based Payments*, the Company has adopted the fair value method of accounting for the stock options granted under its Share Option Plan in the year ended September 30, 2005. The retroactive adoption requires that the Company

expense the fair value of stock options granted, modified, or settled during the fiscal year 2005 and subsequent; prior periods are

not restated and an adjustment is made to the opening balance of retained earnings of the current period to reflect the cumulative effect of the change on prior periods. The fair value was determined on a basis consistent with that used in the Company's disclosure under the former Section 3870 and reported by the Company annually since October 1, 2002. The fair value of stock options is determined using the Black-Scholes option pricing model. The charge for the year ended September 30, 2005 for share-based compensation was \$243,376. The adjustment to the opening balance of retained earnings of the current year was \$757,648.

EBITDA

Management defines EBITDA as earnings before amortization, interest and taxes. The Company's method of calculating EBITDA may not be comparable to similar measures presented by other companies.

Obligations by year (\$,000)

				Long Term Debt		Total
			Operating Leases	Pay in Cash	Pay in Shares	
Year ending:	Sept	2006	\$1,141	\$622	\$444	\$2,207
	Sept	2007	\$823	\$316		\$1,139
	Sept	2008	\$823	\$67		\$890
	Sept	2009	\$662	\$358		\$1,020
	Sept	2010	\$662	\$0		\$662
	Sept	2011	\$662	\$0		\$662
	Sept	2012	\$662	\$0		\$662
	Sept	2013	\$662	\$0		\$662
	Sept	2014	\$662	\$0		\$662
	Sept	2015	\$165	\$0		\$165
	Total		\$6,922	\$1,363	\$444	\$8,729

Transactions with Related Parties

No transactions occurred with related parties during the year outside the normal course of business.

Review of Accounting Policies

Background

Ernst & Young LLP (“Ernst & Young”) were appointed as auditors of Brainhunter for Fiscal 2005 on March 31, 2005 at the annual shareholders’ meeting. Ernst & Young’s first assignment under the terms of its engagement was to review the financial statements of Brainhunter for the period ending March 31, 2005, being the second quarter of Fiscal 2005. In the context of the review, Ernst & Young advised Brainhunter to review certain of its accounting policies, specifically:

- accounting for Goodwill, and consideration of the possibility that some of the Goodwill should have been allocated to Intangible Assets;
- accounting for the rent-free period of Brainhunter’s corporate head office lease; and
- recording of imputed interest costs on interest-free debt which Brainhunter issued in the form of Vendor Take-backs on the above mentioned acquisitions.

Brainhunter has completed its review of the above and determined that certain restatements are warranted.

Accounting for Goodwill and Intangible Expenses

Brainhunter had made acquisitions which resulted in \$12.8 million in Goodwill on the Balance Sheet as at September 30, 2004, approximately \$10.1 million of which was recorded in Fiscal 2004.

For the Fiscal years ending September 2003 and 2004, the Company, in the context of its annual audit, reviewed the accounting for its acquisitions and determined at that time that the portion of the purchase price in excess of tangible assets was properly allocated to Goodwill and to Future Income Tax Assets, where the acquired companies had losses for Income Tax Purposes which could be utilized. No amounts were assigned to intangible assets such as customer contracts, customer lists, etc. and accordingly, the tax effect on any such allocations was not considered.

Brainhunter had not allocated a portion of the Goodwill to Intangible Assets as Brainhunter had determined that, in general, the tests were not met for inclusion in the suggested categories of Intangible Assets, namely Contracts and Customer Relationships. In general, it was felt that the contracts and customer relationships acquired were not firm enough to meet the criteria. Although they were ongoing relationships and the experience had been a high renewal rate, the contracts could be canceled by the client without penalty with notice of between 10 to 30 days, depending on the client.

In the context of all major financial relationships, including banking relationships not giving any credit for goodwill and deducting it in their financial analysis of the Company, Brainhunter has allocated a portion of Goodwill to Intangible Assets.

As a result of conducting the review, and specifically the review and analysis of Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1581, Brainhunter has allocated as of September 30, 2004, \$5.4 million of \$12.8 million of Goodwill to Intangible Assets as follows:

- Customer Relationships \$4.1 million
- Contracts 1.1 million
- Non-compete agreements .2 million

The allocation of \$5.4 million of Goodwill to Intangible Assets above creates an offsetting tax effect whereby Goodwill is increased by an amount of \$2.1 million (the \$5.4 million allocated to Goodwill at the current tax rate of 38%) and a Future Income Tax Liability is created in the same amount. This Future Income Tax Liability will, in the normal course, be drawn down as an offset and at the same rate as the Intangible Assets are amortized. For clarification, the creation of the Future Income Tax Liability is for accounting purposes only, and being effectively a notional liability only, has no impact on actual taxes payable.

The net immediate effect is to reduce Goodwill from \$12.8 million to \$7.4 million and then immediately increase it to \$9.5 million.

As well, Brainhunter has recorded a charge for Amortization of the above-noted Intangible Assets for the year ended September 30, 2004 of \$2.1 million, which, together with offsetting Income Tax adjustments of \$0.9 million has resulted in a net adjustment to Net Income of \$1.2 million for the year. This adjustment has no impact on EBITDA or cash flow but it does reduce reported Net Income after taxes.

Brainhunter has made this adjustment by restating its opening balance sheet for Fiscal 2005 and the comparative income statement and cash flow for the year ended September 30, 2004, including the impact on each quarter, as the quarterly financial statements are issued throughout Fiscal 2005.

Accounting for Lease Inducement (Free-Rent)

Brainhunter executed a lease in February, 2004 for the period April 1, 2004 to December 31, 2014, i.e. 10 years and 9 months. The nine months April 1, 2004 to December 31, 2004 were free of all rent cost, including basic rent and additional rent (taxes, operating costs, etc.). Part of the nine months was to allow time for the construction of leasehold improvements, including extensive air-conditioning for the server room. Brainhunter personnel moved into the premises over the period from June to September, from four different locations.

The Company did not account for a rent expense in the new premises in the period April, 2004 to September, 2004 because:

- the space was free of cost
- although technically the lease was executed as of April 1, 2004, Brainhunter was not able to occupy the space until the leaseholds had been completed. The major leasehold improvement was the installation of a dedicated roof-top air conditioning unit for the server room. Brainhunter regarded a portion of the free rent period as the construction period which normally precedes the start of a lease, and could have structured the lease documents to delay the actual start date of the lease until the end of the construction period. This would have reduced the amount of the restated rent expense.
- Brainhunter personnel did not occupy the space from the beginning, moving in stages from June 1 to September 20
- Brainhunter was still paying rent on other premises that could not be sublet, and recording rent would result in abnormal overhead expenses.

As a result of conducting its review, and specifically of CICA EIC 21 “Accounting for Lease Inducements by the Lessee” Brainhunter has taken the total of the rent expected to be paid over the 10 years (i.e. 120 months) from January 1, 2005 to December 31, 2014 and divided that total over the 129 months from April 1, 2004 to December 31, 2014 and will expense it over that 129 month period. The result is a rent expense for the period April to September, 2004 of approximately \$240k for the 6 month period, with reductions in rent expense of approximately \$3k per month in later months of the lease term. This treatment that averages the rent expense applies only to the new leased premises and did not apply to the four other premises in Toronto.

This accounting treatment for rent expense has no impact on actual cash flow, but from an accounting perspective it reduces EBITDA and Net Income.

Imputed Interest on Interest-Free debt

Brainhunter’s standard consideration for each acquisition was a combination of cash, shares, options and (where appropriate) non interest-bearing notes (essentially Vendor take-backs). This last component was to ensure the Company had some opportunity for claw-back if the representations made by the Vendors turned out to be inaccurate or overstated. The first such debt instrument was issued March, 2003. Brainhunter had not recorded an expense for imputed interest as the amount owed was not viewed by management in the same light as funds borrowed but viewed simply as a portion of the purchase price of the acquisition that was delayed by agreement with the vendors. Additionally, the Vendor Take Back had convertible features.

As a result of conducting its review, and specifically of CICA Handbook Section 3855 “Financial Instruments—Recognition and Measurements”, specifically Paragraph 55 “Initial Measurement of Financial Assets and Financial Liabilities”, Brainhunter has discounted the non-interest bearing notes for accounting purposes and recorded an expense for the interest imputed on those notes. The cumulative imputed interest expense to the end of Fiscal 2004 is \$100k. The Imputed Interest calculation was made at an average current borrowing rate of 6% against those Vendor Take-Backs which had no

interest component. Vendor Take-backs with interest terms averaging in the 2% to 4% range were not part of the calculation.

Accounting for Purchase of Acquisitions

The Company has reviewed the accounting for certain of its acquisitions and the relevant guidance under Canadian GAAP. As a result, the Company has excluded from the purchase consideration the common share purchase warrants issued to the employees of Prolink (\$83,820) and Sirius (\$143,231) and other staffing costs (\$350,000) allocated to these acquisitions. The effect of this restatement was to reduce goodwill by \$577,051 and increase other staffing costs by \$350,000 for the year ended September 30, 2004.

Investment Tax Credits

The company has reviewed its accounting for investment tax credits. As a result, the Company has reduced its investment tax credits recoverable by \$158,165 at September 30, 2004 and increased other staffing costs for the year then ended by the same amount

Developed Software

The Company has reviewed its policy on the amortization of internally developed software and the relevant guidance under Canadian GAAP. As a result, the Company has reversed that portion of amortization (\$92,043) charged in the year ended September 30, 2004 pertaining to developed software that had not yet been deployed

Summary of Changes

The changes made to Fiscal 2004 are to decrease EBITDA by \$746,167, and Net Earnings by \$1,919,879 however, there is no impact on actual cash flow from any of the changes. Please see Consolidated Financial Statements for charts setting out the changes.

7.0 SHARE CAPITAL

7.1 Capital Structure

The authorized capital structure of the Company consists of:

1. Unlimited number of common shares
2. Unlimited number of preferred shares
3. Unlimited number of non-cumulative, non-redeemable, non-retractable, convertible, voting Series A Preferred Shares

7.2 Trading of Securities

Brainhunter's common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "BH". The average trading volume and prices for the previous 13 months are shown below:

		Average Daily Trading Volume	Average Trading Price
2005	January	115,268	\$1.14
	February	135,275	\$1.15
	March	75,106	\$1.23
	April	28,240	\$0.99
	May	13,406	\$0.88
	June	17,054	\$0.87
	July	14,167	\$0.79
	August	32,854	\$0.74
	September	63,010	\$0.85
	October	38,870	\$0.89
	November	62,375	\$0.93
	December	54,400	\$0.86
2006	January	22,394	\$0.80

7.3 Dividends

1. There are no restrictions to prevent the issuer from paying dividends.
2. No dividends have been paid in the past three fiscal years.
3. The issuer does not intend to pay dividends in the foreseeable future, as it is the issuer's intention to reinvest profits into the business.

7.4 Transfer Agent

The Company's transfer agent and registrar is Computershare Trust Company of Canada at its offices at Suite 600, 530-8th Avenue SW, Calgary, Alberta, T2P 3S8.

8.0 ESCROWED SECURITIES

Shares held in escrow at September 30, 2005 are as follows:

Description & Designation of Class	Number of Securities held in Escrow	Percentage of Class
450,000 Common Shares relating to the Protec acquisition, released at 300,000 shares per year with the final release on October 28, 2006.	450,000	1.1%
198,000 Common Shares relating to the Prolink acquisition, released at 132,000 shares per year with the final release on January 15, 2007.	198,000	0.5%

9.0 DIRECTORS AND OFFICERS

The directors of the Company are elected each year at the annual meeting of the shareholders of the Company. The next annual meeting of the shareholders will be held on March 30, 2006.

9.1 Directors and Officers of the Company as of date of this Annual Information Form

Name, Place of Residence	Position with Company	Present and Principal Occupation during the last 5 years	Date of Appointment as Director
John McKimm Toronto, Ontario	Director (Insider), Chairman and CEO	Brainhunter Inc. • Chairman and CEO • 2001 to present Daedalian eSolutions Inc. • Executive Chairman • 2000 to 2001	January 14, 2000
Honourable Michael Kirby Ottawa, Ontario	Director (Independent)	Government of Canada • Senator • 1984 to present Bank of Nova Scotia • Director • 2000 to present Extendicare Inc. • Director • 1987 to present	June 25, 2002
James Penturn Toronto, Ontario	Director (Independent)	John Penturn & Son Limited • President • 1998 to present	June 25, 2002
Matthew Shaw, West Palm Beach, Florida	Director (Independent)	Crossbow Ventures • Partner • 2002 to present Centennial Ventures • Senior Associate • 2000 to 2002 Prime New Ventures • Associate • 1998 to 2000	June 19, 2003
Raj Singh, Toronto, Ontario	Director (Insider), President of Brainhunter Staffing Division	Brainhunter.com Ltd. • Chairman and CEO • 1999 to March 2003 (when acquired by Brainhunter) Procom Inc. • 1991 to 1999 • Managing Consultant	June 19, 2003

Name, Place of Residence	Position with Company	Present and Principal Occupation during the last 5 years	Date of Appointment as Director
John Gillies	Director (Independent)	Retired Arbor Memorial Services • President and CEO • 1994 to 1997	March 31, 2005
John Jaakkola	Director (Independent)	Retired Deloitte Consulting Latin America • CEO • 2001 to 2003	March 31, 2005
Don McCreesh	Director (Independent)	Consulting Celestica • SVP Corporate Affairs • 2004, SVP, Human Resources • 1999 to 2003	March 31, 2005
Robert Prentice Toronto, Ontario	CFO and Corporate Secretary	Brainhunter Inc. • CFO and Corp. Secretary • 2000 to present	

9.2 Shares held by the Directors and Officers as a Group

Issued and Outstanding Shares held by Directors and Officers listed above as a group as at December 31, 2005.

	Common	Series “A” Convertible Preferred	Total	%
Shares held by Group	9,222,349	4,614,681	13,837,030	29%
Total shares outstanding	42,277,230	4,614,681	46,891,911	100%

9.3 Board Committees

Compensation Committee

The mandate of the Compensation Committee is to make recommendations to the Board of Directors regarding compensation policies and then implement and oversee such compensation policies as are approved by the Board.

The members of the Compensation Committee during the period October 1, 2004 to May 6, 2005 were Michael Kirby (chair), James Penturn, Mel Steinke and Matthew Shaw. From May 6, 2005 to present the members are Michael Kirby, (chair) John Gillies and Don McCreesh.

Audit Committee

The mandate of the Audit Committee is to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

The members of the Audit Committee at all relevant times during the period from October 1, 2004 to May 6, 2005 were James Penturn (chair) and Mel Steinke and from October 1, 2004 to March 31, 2005 Sheldon Inwentash. From May 6, 2005 to present the members have been John Gillies (chair), Don McCreesh and John Jaakkola.

9.4 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer is, at the date of this AIF, or has been, within the ten (10) years before the date of this AIF, a director or executive officer of any company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

or has, within the ten (10) years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, officer or shareholder.

- Messrs. Gillies, Jaakkola, Kirby, McCreesh, McKimm, Penturn, Shaw, Singh, Steinke and Prentice were subject to a management cease trade order in respect of securities of the Corporation, issued by the Ontario Securities Commission on May 31, 2005 due to a delay in the filing of the Corporation's financial statements for the interim period ended March 31, 2005. The Corporation subsequently filed the financial statements and the order was revoked on August 11, 2005.
- Messrs. Gillies, Jaakkola, Kirby, McCreesh, McKimm, Penturn, Shaw, Singh Steinke and Prentice were subject to a management cease trade order in respect of securities of the Corporation, issued by the Ontario Securities Commission on January 16, 2006, due to a delay in the filing of the Corporation's financial statements for the year ended September 30, 2005. The financial statements were filed on February 14, 2006. The Corporation expects that the management cease trade order will be revoked upon filing of this AIF.

10.0 OTHER

10.1 Material Contracts

The Company has not entered into any material contracts, not in the ordinary course of business, within the last three consecutive fiscal years.

10.2 Interest of Management and Others in Material Transactions

No Directors, persons with more than 10% of any class of securities or members of Management have had any interest in a material transaction of the Company with the following exceptions, previously disclosed:

11.0 ADDITIONAL INFORMATION

11.1 Information on SEDAR

Additional information may be found at www.SEDAR.com.

11.2 Information when Securities are in distribution

The Company shall provide to any person, upon request to the Secretary of the Company at 700-2 Sheppard Avenue East, Toronto, ON, M2N 5Y7

- a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:
 - i. one copy of the current AIF of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;
 - ii. one copy of the comparative consolidated financial statements of the Company for its most recently completed financial year for which statements have been filed together with the accompanying report of the auditors, and one copy of the most recent interim consolidated financial statements of the Company that have been filed, if any, for the period after the end of its most recently completed financial year;
 - iii. one copy of the information circular of the Company in respect of its most recent annual general meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and iv. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or

- b) at any other time, one copy of any of the documents referred to in (a)(i), (ii) and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

11.3 Information in Information Circular

Additional information, including information on remuneration of directors and officers, and principal holders of securities may be found in the Company's information circular prepared for the Company's annual meeting.

11.4 Information in Financial Statements

Additional information is provided in the financial statements of the Company.

11.5 Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at September 30, 2005, the Company's senior management, including the CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109: Certification of Disclosure in Issuers' Annual and Interim Filings. The CEO and CFO have concluded that the Company's disclosure controls and procedures are effective, notwithstanding the fact that the filing of the financial statements was delayed.



DISCLOSURE AND INSIDER TRADING POLICY

Adopted by the Board of Directors on February 10, 2006

BRAINHUNTER INC.
(“Brainhunter”)

DISCLOSURE AND INSIDER TRADING POLICY

A. GENERAL

1. Definitions in this Policy

Capitalized terms that are used in this policy have the meanings set forth in Appendix A or as otherwise defined in this policy. Readers are encouraged to review Appendix A carefully when reviewing this policy. All other terms used in this policy (whether capitalized or not) have the meanings set forth in the *Securities Act* (Ontario) and applicable rules thereunder.

2. Purpose of this Policy

Two principles are cornerstones of regulation of our capital markets. The first principle is that everyone who invests in Securities of Brainhunter should have equal and timely access to Material Information. The second principle is that Insiders and others who are in a Special Relationship with Brainhunter should not be permitted to (i) purchase or sell Securities of Brainhunter or transact in a Related Financial Instrument (“Insider Trading”) while in possession of Undisclosed Material Information, (ii) inform others of the Undisclosed Material Information except in the necessary course of business (“Tipping”), or (iii) recommend or encourage another person to purchase or sell Securities of Brainhunter or transact in a Related Financial Instrument while in possession of Undisclosed Material Information.

These principles are enshrined in various provisions of securities law and the TSX rules relating to the requirement to make continuous and timely disclosure, imposing liability for Misrepresentations in Corporate Documents and Public Oral Statements and restricting trading by insiders. In addition, as part of its initial public offering process, Brainhunter was required to make special undertakings to the Canadian Securities Administrators under which, in effect, Subsidiaries of Brainhunter and any future operating entities owned by Brainhunter are required to comply with these securities laws as though they themselves were public companies.

It is fundamental to the reputation and ongoing success of Brainhunter to ensure that directors, officers and employees of Brainhunter and its Subsidiaries as well as those persons in a Special Relationship with Brainhunter meet their obligations under these provisions of securities law and TSX rules. Accordingly, for this purpose, this policy is intended to:

- (a) establish a process for the disclosure of all Material Information that will, among other things, ensure Brainhunter and its Subsidiaries comply with timely disclosure obligations and will prevent the selective disclosure of Material Information to analysts, institutional investors, market professionals and others;
- (b) establish a process for ensuring that Corporate Documents, including News Releases, issued by Brainhunter, and Public Oral Statements, are accurate and do not contain a Misrepresentation;

- (c) ensure that directors, officers and employees of Brainhunter and its Subsidiaries understand their obligations to preserve the confidentiality of Undisclosed Material Information; and
- (d) ensure that directors, officers and employees of Brainhunter and its Subsidiaries understand the prohibitions on illegal Insider Trading and Tipping under applicable securities law, stock exchange rules and this policy.

The fact that this policy contains lengthy and detailed provisions does not mean that it covers all circumstances that may arise. The subject matter of this policy can raise difficult questions. Those questions can often be resolved satisfactorily only with experience and the making of informed judgments, often with the assistance of legal and other professional advice. This policy should be interpreted and applied to achieve the purposes for which it was adopted.

3. Application of this Policy

- (a) This policy applies to (i) all directors, officers and employees of Brainhunter and (ii) directors, officers and employees of each of its Subsidiaries.
- (b) Sections 13 to 32 of this policy also apply to all other individuals authorized to speak on behalf of Brainhunter, as contemplated by section 10 of this policy.
- (c) Sections 35 to 39 of this policy also apply to anyone in a Special Relationship with Brainhunter and each Associate of (i) a director, officer or employee of Brainhunter, (ii) director, officer or employee of each of Brainhunter's Subsidiaries, and (iii) anyone in a Special Relationship with Brainhunter.

4. Communications Covered by this Policy

This policy applies to all methods and forms of communication by Brainhunter and its Subsidiaries, including disclosures that may reasonably be expected to be Generally Disclosed in Corporate Documents, statements in Brainhunter's annual and quarterly reports, letters to shareholders, News Releases, Public Oral Statements (such as at shareholders meetings, news conferences, analysts' conferences, private meetings with analysts, industry conferences or on-line conferences, etc.), information contained on Brainhunter's web site and other electronic communications.

5. Distribution of this Policy

- (a) The Chief Financial Officer of Brainhunter will distribute a copy of this policy to each director and officer of Brainhunter and each director and officer of Brainhunter's Subsidiaries upon becoming a director or officer, annually thereafter, and whenever significant changes are made.
- (b) The Chief Financial Officer will ensure that either a copy of this policy or a summary of this policy is distributed to each employee of Brainhunter and its Subsidiaries upon becoming an employee, annually thereafter, and whenever significant changes are made.

- (c) Where practicable, the Chief Financial Officer will also distribute a copy of this policy or a summary of this policy to anyone not already covered in (a) or (b) above in a Special Relationship with Brainhunter.

6. Consequences of Non-Compliance With this Policy

Violations of this policy can result in acute embarrassment to Brainhunter and harm to Brainhunter's reputation in the investment community. Violation of this policy may also constitute a breach of securities law, including laws against Insider Trading and Tipping, and Brainhunter may refer any such breach to the appropriate regulatory authorities. Accordingly, violation of this policy could lead to fines, penalties, imprisonment and liability to investors and Brainhunter for damages. The onus of complying with this policy and the relevant rules is on each individual director, officer and employee of Brainhunter and its Subsidiaries, each of whom is expected to be familiar with this policy. A failure to comply with this policy may result in the immediate suspension or dismissal of any officer or employee of Brainhunter or a Subsidiary or a request for the resignation of a director.

B. DISCLOSURE COMMITTEE

7. Formation of the Disclosure Committee

The Chief Financial Officer and various representatives of the company as appointed by the CEO or CFO on the advice of the Audit Committee will be responsible for the implementation of this policy and are referred to in this policy as the "Disclosure Committee". Two members of the Disclosure Committee will constitute a quorum, who can, acting together, approve Disclosure statements (other than periodic reports) when time does not permit the full committee to meet. Currently the designated members are the Chair and CEO, the President and the CFO.

8. Responsibilities of the Disclosure Committee

The Disclosure Committee has the responsibility to:

- (a) set benchmarks for a preliminary assessment of materiality, and review and approve, before they are Generally Disclosed, all written, electronic and oral statements (including all News Releases, Corporate Documents and Public Oral Statements) that may contain Material Information;
- (b) make determinations about whether:
 - (i) any information is Material Information;
 - (ii) a Material Change has occurred;
 - (iii) selective disclosure has been or might be made; or
 - (iv) a Misrepresentation has been made;

and, in this regard, consult with counsel or other appropriate expert advisors as the Disclosure Committee may deem necessary;

- (c) determine the timing for public release of information,
- (d) make all other determinations under this policy and grant any exemptions from this policy;
- (e) monitor the effectiveness of and compliance with this policy;
- (f) educate the directors, officers and employees of Brainhunter and its Subsidiaries about the matters covered by this policy;
- (g) monitor Brainhunter's web site;
- (h) where it is deemed that information should remain confidential, to determine how the inside information will be controlled and whether there is any need for discussions or filings with regulators on a confidential basis;
- (i) regularly update this policy to take account of new developments and best practices and ensure compliance with changing regulatory requirements; and
- (j) report to the board of directors, the Audit Committee or another committee of the board of directors as contemplated by section 24 of this policy and by the other provisions of this policy.

9. Meetings and Minutes

It is not required that the Disclosure Committee will have formal meetings and prepare minutes of meetings, although there may be circumstances where the Disclosure Committee considers it desirable to do so. Many decisions made by the Disclosure Committee will be made on a real time basis as a result of informal meetings and consultations among the members of the Disclosure Committee. In all cases, however, the Disclosure Committee should prepare and retain a written or electronic copy of all of its decisions (including any exemptions granted) even if that record consists only of a memorandum-to-file describing the decisions made.

C. SPOKESPERSONS

10. Individuals Who Are Authorized to Speak on Behalf of Brainhunter

- (a) Only the following individuals ("Spokespersons") are authorized to make Public Oral Statements, communicate with the media, or communicate with analysts and investors:
 - (i) the Chair and Chief Executive Officer;
 - (ii) the Chief Financial Officer; and
 - (iii) such other employees, officers or directors from time to time expressly designated by the Chair and Chief Executive Officer or the Chief Financial Officer to make specific Public Oral Statements or to respond to specific enquiries.
- (b) The names and telephone numbers of the Spokespersons must be provided to Market Surveillance.

- (c) No other individual has actual or implied authority to make any Public Oral Statement.
- (d) Everyone to whom this policy applies who is approached by a securities regulator, a stock exchange, an analyst, the media, an investor, or any member of the public and asked to comment in any manner on the business or affairs of Brainhunter must not respond, except to refer all inquiries to the Chair and Chief Executive Officer or the Chief Financial Officer or such other applicable Spokesperson. The person approached must immediately notify the Chair and Chief Executive Officer or the Chief Financial Officer that the approach was made.

D. IDENTIFYING MATERIAL INFORMATION

11. Responsibility to Advise Disclosure Committee of Potential Material Information

Anyone subject to this policy who becomes aware of a new development, circumstance or information that may constitute Material Information must immediately advise at least one member of the Disclosure Committee. If there is any doubt whether any particular information is Material Information, the CFO must be consulted.¹

12. Determining Whether or Not Information is Material Information

- (a) The Disclosure Committee is responsible for determining whether or not information is Material Information, in consultation with the Audit Committee as provided for herein, and with counsel or other expert advisors as the Disclosure Committee may deem necessary.
- (b) In determining whether or not information is Material Information, the Disclosure Committee must, at a minimum, apply the following principles:
 - (i) The determination of whether or not information is Material Information often involves the exercise of complex business judgment based on experience.
 - (ii) Regulators have provided examples of events and information that they believe may be material. See Appendix B for examples of information that the Canadian Securities Administrators and the TSX believe may be material.
 - (iii) Materiality of information is affected by factors such as Brainhunter's existing disclosure record, the volatility and liquidity of Brainhunter's Securities and prevailing market conditions.
 - (iv) If there is doubt about whether particular information is Material Information or has been Generally Disclosed, everyone subject to the policy should act prudently and conservatively.

¹ Regardless of whether any information may be Material Information, officers, directors and other employees of Brainhunter or any of its Subsidiaries must treat all information as confidential unless they are absolutely certain the information has been announced in a News Release. See Section 29 of this Policy.

- (c) The Disclosure Committee should monitor the market's reaction to the release of information that is Generally Disclosed to assist it in making future judgments about the kinds of information that are likely to be Material Information.

E. APPROVALS

13. Approval by Disclosure Committee Before Public Disclosure

Corporate Documents (including News Releases that are associated with Corporate Documents) and Public Oral Statements must be reviewed and approved by the designated Disclosure Committee members before they are issued or made. In approving the disclosure, the Disclosure Committee members must apply the following principles:

- (a) The Disclosure Committee must be satisfied that the issuance or making, timing of release and content of any Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement complies with Brainhunter's disclosure obligations under applicable law and this policy.
- (b) Before the issuance of any Corporate Document (including a News Release that is associated with a Corporate Document), or the making of any Public Oral Statement, the Disclosure Committee must:

conduct, or confirm that directors, officers and employees of Brainhunter and its Subsidiaries have conducted or caused to be conducted, a reasonable investigation to satisfy themselves that the Corporate Document (including a News Release that is associated with a Corporate Document), or Public Oral Statement is not inaccurate, does not contain a Misrepresentation and is not, in a material respect, misleading or untrue; and

be satisfied that the Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement is not inaccurate, does not contain a Misrepresentation and is not, in a material respect, misleading or untrue.

- (c) If any part of a News Release, Corporate Document or Public Oral Statement summarizes or quotes from a report, statement or opinion made by an Expert, the Disclosure Committee must obtain the written consent of the Expert to the use of the report, statement or opinion and the Disclosure Committee must be satisfied that:
 - (i) there are no reasonable grounds to believe that there is a Misrepresentation in the part of the News Release, Corporate Document or Public Oral Statement made on the authority of the Expert; and
 - (ii) the part of the News Release, Corporate Document or Public Oral Statement fairly represents the report, statement or opinion made by the Expert.
- (d) If any part of a Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement is based upon disclosure ("Third Party Disclosure") contained in a document filed by a person other than Brainhunter (a "Third Party") with the Commission or any other securities regulatory authority in Canada or the United States or a stock exchange, the Disclosure Committee must:

- (i) be satisfied that the Third Party Disclosure was not corrected in another document filed by the Third Party with the Commission or any other securities regulatory authority in Canada or the United States or a stock exchange before the issuance of the Corporate Document (including a News Release that is associated with a Corporate Document) or the making of the Public Oral Statement;
 - (ii) ensure that the Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement contains a reference identifying the document containing the Third Party Disclosure; and
 - (iii) have no reasonable grounds to believe that the Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement contained a Misrepresentation.
- (e) If any part of a Corporate Document (including a News Release that is associated with a Corporate Document) or Public Oral Statement contains Forward-looking Information, the Disclosure Committee must comply with section 28 of this policy.
- (f) The Disclosure Committee should also consider and be satisfied that approval of the Board is not necessary or desirable prior to the issuance of a News Release or other Non-Core Document or the making of a Public Oral Statement. The Disclosure Committee must not, however, delay the issuance of a News Release which the Disclosure Committee considers to be required by applicable law or this policy for the purpose of obtaining the approval of the Board.

14. Review of Financial Information by the Audit Committee

In addition to approval by the Disclosure Committee, all News Releases disclosing financial information, including the results of operations for an interim or annual period and changes to any Earnings Guidance, must be reviewed by the Audit Committee and recommended for approval by the board of directors. If not inconsistent with Brainhunter's obligation under securities laws, where practicable the financial statements should be filed with the securities regulators at the same time as the earnings are announced in a News Release.

15. Approval of Core Documents by Board

In addition to approval by the Disclosure Committee, each Core Document that is proposed to be issued by Brainhunter must be reviewed and approved by the applicable committee of the Board and the Board before its issuance.

The Disclosure Committee must report to the Board that:

- (a) the Disclosure Committee has reviewed the Core Document and recommended approval of its issuance;
- (b) after reasonable inquiry:
 - (i) it is satisfied that the Core Document is not inaccurate, does not contain a Misrepresentation and is not, in any material respect, misleading or untrue;

- (ii) if any part of a Core Document includes summaries or quotes from a report, statement or opinion made by an Expert, the Disclosure Committee has obtained the written consent of the Expert to the use of the report, statement or opinion and the Disclosure Committee is satisfied that:
 - (A) there are no reasonable grounds to believe that there is a Misrepresentation in the part of the Core Document made on the authority of the Expert; and
 - (B) the part of the Core Document made on the authority of the Expert, fairly represents the report, statement or opinion made by the Expert;
- (iii) if any part of a Core Document is based upon Third Party Disclosure, the Disclosure Committee is satisfied that:
 - (A) the Third Party Disclosure was not corrected in another document filed by the Third Party with the Commission or other securities regulatory authority in Canada or a stock exchange before the issuance of the Core Document by Brainhunter;
 - (B) the Core Document contains a reference identifying the document containing the Third Party Disclosure; and
 - (C) the Core Document does not contain a Misrepresentation; and
- (iv) Brainhunter's disclosure control system would in the ordinary course have given the Disclosure Committee knowledge of all the facts relevant to be disclosed in the Core Document.

F. DISCLOSURE OF MATERIAL INFORMATION

16. Disclosure of Material Changes

The Disclosure Committee must ensure that:

- (a) Subject to section 19, all Material Changes are Generally Disclosed forthwith upon the occurrence of the Material Change; and
- (b) all Material Changes are reported in a material change report that is filed with securities regulators as soon as practical and in any event no later than ten days after the Material Change occurs or such shorter period as may be prescribed by securities regulators.

17. Disclosure of Material Information that Does Not Constitute a Material Change

Subject to section 19, Material Information that does not constitute a Material Change must be Generally Disclosed forthwith upon becoming known to the directors, officers and employees of Brainhunter and its Subsidiaries, or in the case of information previously known, upon discovering that the information is Material Information.

18. Procedures When Material Information is Being Generally Disclosed

- (a) The following procedure must be followed when Material Information is being Generally Disclosed:
 - (i) Market Surveillance must be contacted before:
 - (A) the issuance of a News Release, if the TSX will be open at the time the News Release is to be issued, and be advised of the Material Information, the timing of the disclosure and whether a trading halt is requested, and be faxed a copy of the proposed News Release; or
 - (B) trading opens on the next trading day if the TSX was closed at the time the News Release was issued, and be advised of the News Release.
 - (ii) a full-text News Release must be issued through a full-text news service providing wide dissemination to the Canadian financial press and daily newspapers in the areas where Brainhunter has operations and to all TSX participating organizations and securities regulators.
- (b) Information contained in a News Release that is issued through the news services will not be considered to be Generally Disclosed until the News Release appears on such services and a reasonable period has elapsed (generally, 24 hours but it could be longer, depending on the circumstances) in order for the News Release to be adequately disseminated and to give investors a reasonable time to analyze the information. The reasonable period necessary for effective dissemination may vary depending on factors such as the complexity of the information and how broadly Brainhunter is followed by analysts. Everyone to whom this policy applies must treat the information as Undisclosed Material Information until this period has elapsed.
- (c) If circumstances permit, where the Material Information being Generally Disclosed is a planned disclosure (such as a scheduled earnings release) which is to be followed by a media conference call and/or web cast, Brainhunter should:
 - (i) include in the News Release the date and time of the conference call and/or web cast, the subjects to be discussed and the means for accessing the conference call and/or web cast;
 - (ii) hold the conference call in an open manner, permitting investors and others to listen either by telephone or through the Internet;
 - (iii) at the beginning of the call, listeners (or viewers in the case of a webcast) will be provided with cautionary language with respect to any Forward-looking Information and they will be directed to publicly available documents containing assumptions, sensitivities, and a full discussion of the risks and uncertainties;
 - (iv) provide dial-in and/or web replay of the conference call or make transcripts available for some reasonable period after the conference call and/or web cast; and

- (v) hold a Disclosure Committee meeting debriefing immediately after the conference call and/or web cast, and if such debriefing uncovers selective disclosure of previously Undisclosed Material Information, Brainhunter will immediately deal with the matter in accordance with Section 26 of this policy.
- (d) If circumstances permit, Brainhunter should consider following the procedures described in paragraph (c) of this section any time when Material Information is being Generally Disclosed.
- (e) A copy of every News Release containing Material Information issued by Brainhunter and of every material change report filed by Brainhunter must be promptly distributed to the Board.

19. Where Disclosure of Material Information Would Be Detrimental

- (a) If the Disclosure Committee, after consultation with legal counsel and such other expert advisors as it deems necessary, is of the reasonable opinion that the issuance of a News Release announcing Material Information would be unduly detrimental to Brainhunter's interests, the Disclosure Committee may:
 - (i) If, in its opinion, the Material Information may constitute a Material Change, authorize and approve the filing of a confidential material change report in accordance with applicable securities law; and
 - (ii) follow the confidentiality procedures set out in paragraph (b) of this section.
- (b) When a Material Change has not been Generally Disclosed in the circumstances described in paragraph (a) of this section, the Disclosure Committee must:
 - (i) take steps to ensure that all persons with knowledge of the Material Information are aware of their obligation to keep the information confidential until such time as it is disclosed in a News Release and to refrain from purchasing or selling Securities of Brainhunter or Related Financial Instruments, and Securities and related financial instruments of any other issuer that is affected by the Material Information, until such time as the information has been Generally Disclosed;
 - (ii) take reasonable steps to ensure that Brainhunter does not release a Corporate Document or make a Public Oral Statement that, due to the Undisclosed Material Information, may contain a Misrepresentation;
 - (iii) promptly Generally Disclose the Material Information when in the reasonable opinion of the Disclosure Committee:
 - (A) the reasonable basis for confidentiality ceases to exist;
 - (B) the Material Change has become publicly known in a manner other than required under applicable securities law; or

- (C) Brainhunter has become aware or has reasonable grounds to believe that persons are purchasing or selling Securities of Brainhunter or Related Financial Instruments, or Securities or related financial instruments of any other issuer that is affected by the Material Change, with knowledge of the Material Change;
 - (iv) monitor market trading activity in Brainhunter's Securities, and in the Securities of any other issuer that is affected by the Material Change, in order to be able to make the decisions referred to in clauses (iii)(B) or (C) above; and
 - (v) review the circumstances at least every ten days and either renew the confidential filing of the material change report or ensure that the Material Change is promptly Generally Disclosed.
- (c) When a confidential material change report is filed or renewed, the Disclosure Committee must promptly advise the Board of:
- (i) the fact that a confidential material change report was filed or renewed and distribute a copy of the confidential material change report to them; and
 - (ii) their reasons for concluding that it would be unduly detrimental to Brainhunter's interests for the Material Change to be Generally Disclosed.

20. News Releases

- (a) A News Release must generally comply with the following requirements:
- (i) The information in a News Release must be factual and balanced and must include any information the omission of which would make the News Release misleading.
 - (ii) Unfavourable information must be disclosed as promptly and completely as favourable information.
 - (iii) The News Release must contain sufficient detail to enable the media and investors to understand the substance and importance of the information being disclosed.
 - (iv) The News Release must contain the name and contact information of Spokespersons from whom further information may be obtained.
 - (v) Disclosure should not be made of an intention to proceed with a transaction or action unless Brainhunter has the ability to carry out the intention.
- (b) The Disclosure Committee must obtain the approval of the Board or Audit Committee before issuing a News Release containing:
- (i) Earnings Guidance; or
 - (ii) financial information that is based on or derived from Brainhunter's financial statements.

21. Correcting Errors

If the Disclosure Committee determines that a News Release, Corporate Document or a Public Oral Statement issued or made contains a Misrepresentation or is in any material respect misleading or untrue, or there has been a failure by Brainhunter to make timely disclosure of a Material Change, the Disclosure Committee must:

- (a) take immediate steps to Generally Disclose correcting information or the Material Change; and
- (b) immediately advise the board of directors of Brainhunter.

22. Quiet Period

- (a) Each period (i) beginning on the last day of each fiscal quarter and each fiscal year, and (ii) ending when the earnings for that quarter or year have been Generally Disclosed by way of a News Release in accordance with section 18(c) must be a “Quiet Period”, during which Brainhunter must not provide any Earnings Guidance or comment upon the financial results of Brainhunter for the fiscal quarter or fiscal year.
- (b) For greater certainty, during a Quiet Period, Brainhunter may respond to unsolicited inquiries about information that is not Material Information or that has previously been Generally Disclosed.

23. Disclosure Record

Brainhunter must retain an up-to-date paper or electronic file containing copies of all News Releases, Corporate Documents, Public Oral Statements (to the extent that there is a paper or electronic file containing such statements) and transcripts or recordings of all news conferences, analysts’ conferences, private meetings with analysts, industry conferences and on-line conferences for at least five years. Brainhunter must also retain a record of all participants in analysts’ conferences, private meetings with analysts, industry conferences and on-line conferences.

24. Reporting to the Board

- (a) The Disclosure Committee should keep the Board informed of all significant corporate developments and Material Information that has been Generally Disclosed.
- (b) In addition to the other reporting to the Board contemplated by this policy, the Disclosure Committee must report promptly to the Audit Committee and the Board from time to time any significant issues arising under this policy (such report to be made at the time such issues arise), including any circumstances where:
 - (i) there may have been a Misrepresentation in a New Release, Corporate Document or Public Oral Statement;
 - (ii) there may have been a failure to make disclosure of Material Changes when required under applicable securities law,

- (iii) there has been a material breach of this policy;
 - (iv) there is a serious occurrence of selective disclosure, or
 - (v) securities regulators or stock exchanges have asked questions about or inquired into Brainhunter's disclosure practices or whether any News Release, Corporate Document or Public Oral Statement may have contained a Misrepresentation or was, in any material respect, misleading or untrue or whether Brainhunter has failed to make disclosure of a Material Change when required.
- (c) The Disclosure Committee must report to the Audit Committee and to the Board at least annually as to the effectiveness of and compliance with this policy.

G. AVOIDING SELECTIVE DISCLOSURE

25. Shareholders Meetings, News Conferences, Analysts' Conferences, Industry Conferences and On-Line Conferences

- (a) Selective disclosure occurs when Undisclosed Material Information is communicated to particular persons such as analysts, institutional investors, investment dealers or other third parties, other than in the necessary course of Brainhunter's business, and is not Generally Disclosed so that all investors have access to the information. ***No selective disclosure of Undisclosed Material Information, including Earnings Guidance, is permitted.***
- (b) When participating in shareholders meetings, news conferences, analysts' conferences, private meetings with analysts, industry conferences and on-line conferences and in any other circumstances where a Public Oral Statement may be made, Issuer Spokespersons must take care to disclose only information that is not Material Information or that is Material Information that has previously been Generally Disclosed. For greater certainty, acceptable topics of discussion may, depending on the circumstances, include Brainhunter's general prospects, the business environment, management's philosophy and long-term strategy.
- (c) To protect against selective disclosure, the following procedures must be followed where practical:
 - (i) Issuer Spokespersons who are participating in meetings or conferences of the nature referred to in paragraph (b) above, must script their comments and prepare answers to anticipated questions in advance of the meeting or conference;
 - (ii) the scripts must be reviewed and approved by the Disclosure Committee (or by at least one member of the Disclosure Committee other than the member who has prepared the scripts or is proposing to make the statements contemplated for the scripts) before the meeting or conference and any Undisclosed Material Information that is contained in the scripts must be Generally Disclosed before the meetings or conferences or deleted from the scripts if it is premature for the information to be Generally Disclosed; and

- (iii) detailed records or transcripts must be kept of the statements made and materials made available in the meetings and conferences.

26. Identifying and Rectifying Selective Disclosure

- (a) Immediately after each shareholders meeting, news conference, analysts' conference, private meeting with analysts, industry conference or on-line conference or following the making of any other Public Oral Statement, Brainhunter Spokespersons and other participants must review the disclosures made during the course of the meeting or conference or in the Public Oral Statement to determine if any Undisclosed Material Information was disclosed.
- (b) If Undisclosed Material Information was disclosed, Brainhunter must take immediate steps to ensure that the information is Generally Disclosed, must immediately report the circumstances to the Board and must immediately issue a News Release regarding the Undisclosed Material Information.
- (c) Pending the Material Information being Generally Disclosed, Brainhunter must, promptly and using reasonable means to, contact the parties to whom the information was disclosed and inform them:
 - (i) that the relevant information is Undisclosed Material Information; and
 - (ii) that they have a legal obligation to not disclose the information to others or to trade in Securities of Brainhunter or Related Financial Instruments, or the Securities or related financial instruments of any other issuer that is affected by the Material Information.

H. FORWARD-LOOKING INFORMATION

27. Issuer's Practice Regarding Analysts' Reports

- (a) When reviewing analysts' reports, the review should be limited to identifying factual information which has been Generally Disclosed that may affect an analyst's model and pointing out factual inaccuracies or omissions with respect to information that has been Generally Disclosed. Any comments (preferably made in writing) must include a disclaimer that the report was reviewed for factual accuracy only. No comfort or guidance should be expressed on the analysts' earnings models or earnings estimates and no attempt should be made to influence an analyst's opinion or conclusion.
- (b) It is the policy of Brainhunter to communicate or provide to analysts only information that is either not Material Information or is Material Information that has been Generally Disclosed.
- (c) Analysts' reports must not be circulated to any third party nor should they be posted on Brainhunter's web site.

28. Issuer's Practice Regarding Earnings Guidance and Other Forward-Looking Information

- (a) Brainhunter may from time to time give Earnings Guidance or provide other Forward-looking Information through voluntary disclosure if the cautionary language described in paragraphs (c) and (d) of this section accompanies the information.
- (b) If Forward-looking Information is proposed to be disclosed, whether in writing or orally:
 - (i) the Disclosure Committee must be satisfied that there is a reasonable basis for drawing a conclusion or making any forecast or projection contained in the Forward-looking Information;
 - (ii) the Disclosure Committee must approve the disclosure of the Forward-looking Information; and
 - (iii) the Forward-looking Information must be accompanied by a statement that Brainhunter does not commit to update or revise Forward-looking Information, whether as a result of new information, future events or otherwise. *As a practical matter, if Forward-looking Information becomes misleading as a result of subsequent events, then the information that would correct that Forward-looking Information may itself constitute Material Information that must be immediately disclosed. In addition, Brainhunter may voluntarily choose to update Forward-looking information so analysts and other interested parties may process it.*
- (c) If the Forward-looking Information is contained in a Corporate Document, the Corporate Document must contain, proximate to the Forward-looking Information:
 - (i) reasonable cautionary language identifying the information as Forward-looking Information;
 - (ii) the material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the Forward-looking Information, including a range of reasonably possible outcomes, a sensitivity analysis or other qualitative analysis that will assist in assessing the related risks; and
 - (iii) the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the Forward-looking Information).
- (d) If the Forward-looking Information is contained in a Public Oral Statement, the person making the Public Oral Statement must be instructed to:
 - (i) make a cautionary statement that his or her comments contain Forward-looking Information;
 - (ii) state that the actual results could differ materially from a conclusion, forecast or projection in the Forward-looking Information;

- (iii) state that certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection reflected in the Forward-looking Information; and
- (iv) identify a readily-available Corporate Document (or portion of a readily-available Corporate Document) where additional information can be found about the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the Forward-looking Information, and the material factors or assumptions that were applied in drawing the conclusion or making a forecast or projection as reflected in the Forward-looking Information.

I. MAINTAINING CONFIDENTIALITY

29. Confidentiality

- (a) Directors, officers and employees of Brainhunter and its Subsidiaries must keep all Material Information about Brainhunter confidential until it has been Generally Disclosed.
Disclosure of Undisclosed Material Information, other than in the necessary course of business, may constitute illegal Tipping under applicable securities law and may subject the individual making the disclosure to severe penalties, including possible jail term.
Accordingly, directors, officers and employees of Brainhunter and its Subsidiaries must assume that all information about Brainhunter is confidential unless they are absolutely certain that the information has been Generally Disclosed or they have first consulted with a member of the Disclosure Committee and have been advised that the information has been Generally Disclosed.
- (b) To prevent the inadvertent disclosure of Undisclosed Material Information, the following procedures must be followed:
 - (i) documents and files containing Undisclosed Material Information must be kept in a secure place with access restricted to those individuals for whom access is necessary in the course of business;
 - (ii) access to electronic documents must be restricted through the use of passwords or other methods;
 - (iii) code names must be used when it is prudent to do so;
 - (iv) Undisclosed Material Information must not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, public transit, airplanes or taxis;
 - (v) documents containing Undisclosed Material Information must not be read or displayed in public places and must not be discarded where others can retrieve them;
 - (vi) directors, officers and employees of Brainhunter and its Subsidiaries must ensure that they maintain the confidentiality of information in their possession outside of the office as well as inside the office;

- (vii) transmission of documents containing Undisclosed Material Information by electronic means may only be made where it is reasonable to believe that the transmission can be made and received securely; and
- (viii) unnecessary copying of documents containing Undisclosed Material Information must be avoided and extra copies of documents must be promptly removed from meeting rooms and work areas at the conclusion of a meeting and must be destroyed.

30. Disclosure Permitted if Necessary in the Course of Business

- (a) Undisclosed Material Information may be disclosed to those subject to this policy if it is necessary in the course of Brainhunter's business. ***Communication of Undisclosed Material Information other than in the necessary course of business may be illegal Tipping, even if a confidentiality agreement has been entered into.*** Appendix C lists circumstances where securities regulators believe disclosure may be in the necessary course of business. Individuals should consult with a member of the Disclosure Committee to determine whether disclosure in a particular circumstance is in the necessary course of business.
- (b) For greater certainty, disclosure of Undisclosed Material Information to credit rating agencies will generally be considered to be in the necessary course of business (any such disclosure must, however, be approved by a member of the Disclosure Committee), but disclosure to analysts, institutional investors, other market professionals and members of the press and other media is not considered to be in the necessary course of business.
- (c) If Undisclosed Material Information is disclosed in the necessary course of business, the recipient should be advised that the information is Material Information that has not been Generally Disclosed. In appropriate circumstances, a confidentiality agreement should be entered into between Brainhunter and the recipient.
- (d) Where any Undisclosed Material Information communicated in the necessary course of business becomes publicly known on a selective basis, there are rumours in the market with respect to such information or there are reasonable grounds to believe that persons are purchasing or selling Securities of Brainhunter or Related Financial Instruments with knowledge of such information, the Material Information must be promptly Generally Disclosed by News Release.

31. Confidentiality Agreements

When Undisclosed Material Information is disclosed to a third party in the necessary course of business, it is prudent for Brainhunter to obtain, in appropriate circumstances, written agreement from the third party that such party will not divulge the information to anyone (other than to directors officers or other employees of the third party who need to know the information for the purposes for which the Undisclosed Material Information was communicated to them) without written authorization from Brainhunter and that the third party understands the restrictions under applicable law not to purchase or sell Securities of Brainhunter or Related Financial Instruments, or Securities or related financial instruments of any other entity to which the information relates, until the transaction, development or event has been Generally Disclosed or has been abandoned.

32. Rumours

- (a) Unless otherwise determined by the Disclosure Committee, when asked to comment on market rumours, Spokespersons must consistently respond by stating that “it is our policy not to comment on market rumours or speculation”. Inconsistent commenting on rumours may constitute selective disclosure.
- (b) When requested by Market Surveillance, or other regulators to make a clarifying statement, Brainhunter should, if in the opinion of the Disclosure Committee it is appropriate to do so, promptly issue a News Release:
 - (i) denying the rumour, if the rumour is false; or
 - (ii) disclosing the relevant Material Information, if the rumour is correct in whole or in part.
- (c) If Undisclosed Material Information has leaked or become known and appears to be affecting trading activity in Brainhunter’s Securities, immediate steps must be taken to Generally Disclose the information.

J. ELECTRONIC COMMUNICATIONS

33. Web site

- (a) The Disclosure Committee is responsible for creating and maintaining an investor relations page on Brainhunter’s web site. Brainhunter’s web site must be maintained in accordance with the following requirements:
 - (i) investor relations information must be placed on a separate page on the web site and must not be commingled with any sales and marketing or promotional material regarding Brainhunter;
 - (ii) the investor relations page must explain what information is posted on the investor relations page and the archiving and retention policies;
 - (iii) only information that is not Material Information, or Material Information that has been Generally Disclosed, may be placed on the investor relations page or the web site;
 - (iv) the following information must be posted on the investor relations page:
 - (A) all Material Information that has previously been Generally Disclosed, including, without limitation, all documents filed on SEDAR;
 - (B) all information that is not Material Information that is given to analysts, institutional investors and other market professionals (such as fact sheets, fact books, slides of investor presentations, materials distributed at analyst and industry conferences); and

- (C) transcripts or web replays of analysts' conferences, private meetings with analysts, industry conferences or on-line conferences;
 - (v) the investor relations page should contain an e-mail link to facilitate communication with investors;
 - (vi) all information posted to the investor relations page must indicate the date on which it was prepared or last modified and include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures;
 - (vii) inaccurate information must be promptly removed from the investor relations page and a correction posted;
 - (viii) information contained on the investor relations page must be archived when it is no longer current;
 - (ix) a list of all (and not less than all) analysts known to follow Brainhunter may be posted on the investor relations page, but analysts' reports and other information authored by third parties must not be posted on the investor relations page or Brainhunter's web site;
 - (x) all links from the investor relations page or Brainhunter's web site must be approved by the Disclosure Committee and all links must include a notice that advises the reader that he or she is leaving Brainhunter's web site and that Brainhunter is not responsible for the contents of the other site; and
 - (xi) no links may be created from the investor relations page or Brainhunter's web site to chat rooms, newsgroups or bulletin boards.
- (b) The following minimum retention periods must be observed for information on the investor relations page of Brainhunter web site:
- (i) new releases must be retained for a period of one year from the date of issue;
 - (ii) quarterly financial statements must be retained for two years;
 - (iii) annual financial statements must be retained for five years; and
 - (iv) other information must be retained for one year.
- (c) If Brainhunter is considering a public distribution of its Securities, the content of the web site must be reviewed with legal counsel before and during the offering to ensure compliance with Canadian and, if applicable, foreign securities laws.

34. Internet Chat Rooms and Bulletin Boards

- (a) Anyone subject to this policy must not discuss or post any information relating to Brainhunter matters or trading in Brainhunter Securities in Internet chat rooms, newsgroups or bulletin boards. Directors, officers and employees of Brainhunter and its Subsidiaries must also adhere to Brainhunter's Code of Conduct
- (b) Anyone subject to this policy should advise the Disclosure Committee if he or she becomes aware of any discussion of Brainhunter information in a chat room, newsgroups or bulletin board.

K. PURCHASE AND SALE OF SECURITIES

35. Prohibitions on Trading Securities

- (a) No one subject to this policy (including directors, officers and Designed Employees and other persons in a Special Relationship with Brainhunter) may purchase or sell Securities of Brainhunter or Related Financial Instruments while they possess Undisclosed Material Information. Doing so would constitute a breach of this policy and illegal Insider Trading.
- (b) No one subject to this policy may purchase or sell Securities of Brainhunter or Related Financial Instruments during a Black-out Period.

36. Exceptions

Despite section 35(b), anyone subject to this policy may purchase or sell Securities during a Black-out Period with the prior written consent of the Trading Officer. The Trading Officer will grant permission to purchase or sell during a Black-out Period only in exceptional circumstances. Exceptional circumstances may include the sale of Securities in the case of financial hardship or where the timing of the sale is critical for tax planning purposes. For the purposes of this policy, the "Trading Officer" will be the Chief Financial Officer.

37. Other Issuers

Illegal Insider Trading in securities of another public issuer and illegal Tipping of undisclosed material information relating to another issuer can bring Brainhunter into disrepute. Accordingly, neither Brainhunter nor anyone subject to this policy who possesses undisclosed material information relating to that other issuer may:

- (a) purchase or sell Securities or related financial instruments of the other issuer while they possess the undisclosed material information;
- (b) engage in Tipping of the undisclosed material information relating to the other issuer; or
- (c) recommend or encourage another person to purchase or sell Securities of the other issuer or transact in a related financial instrument while they possess undisclosed material information.

38. Speculative and Short Sales

- (a) No one subject to this policy may purchase or sell Securities of Brainhunter with the intention of reselling or repurchasing in a relatively short period of time in the expectation of a short-term rise or fall in the market price of the Securities of Brainhunter. Speculating in Securities of Brainhunter for short term profit is distinguished from purchasing and selling Securities of Brainhunter as part of a long term investment program.
- (b) No one subject to this policy may, at any time, sell Securities of Brainhunter short or buy or sell call or put options in respect of Securities of Brainhunter. In exceptional circumstances, the Chief Financial Officer of Brainhunter may grant an exemption from this prohibition where such trading is otherwise not prohibited under applicable law.

39. Insider Reports

- (a) Immediately after becoming an Insider of Brainhunter, an Insider who is also an employee of Brainhunter (which solely for the purposes of this Section 39, shall include a director of Brainhunter), must advise the CFO, or his executive assistant, of any direct or indirect beneficial ownership of or control or direction over Securities of Brainhunter, and any prior transactions in Related Financial Instruments that are still in effect, and the CFO's executive assistant after being so advised, must file with the applicable securities regulators insider reports in respect of the Insider's initial holdings not later than the time insider reports are required to be filed under applicable law.
- (b) Immediately after the purchase or sale of any Securities of Brainhunter, an Insider must advise the CFO or his executive assistant of the details of the purchase or sale, and after being so advised, the executive assistant must file with the applicable securities regulators insider reports in respect of the purchase or sale not later than the time insider reports are required to be filed under applicable law. It is the responsibility of each Insider to ensure accurate and timely information is provided to the CFO or his executive assistant such that insider reports can be accurately prepared and filed in accordance with regulatory prescribed time limitations. None of Brainhunter, the CFO or his executive assistant shall be liable for any inaccurate information filed in an insider report based on information provided by an Insider and none of Brainhunter, the CFO or his executive assistant shall be required to conduct any independent investigation or verification of the information provided by the Insider. None of Brainhunter, the CFO or his executive assistant shall be liable for failing to file an insider report within prescribed time periods, where the Insider does not provide the required information to the CFO or his executive assistant sufficiently in advance of a reporting deadline to allow for a timely filing.
- (c) Immediately after transacting in a Related Financial Instrument, an Insider who is also an employee of Brainhunter must advise the CFO or his executive assistant of the details of such transaction and, after being so advised, the CFO's executive assistant must file with the applicable securities regulators insider reports not later than the time insider reports are required to be filed under applicable law

- (d) The executive assistant to the CFO will prepare and file insider reports relating to an Insider's securities-based incentive compensation.
- (e) Brainhunter has agreed to assist Insiders who are employees of Brainhunter in filing their insider reports; however it is the responsibility of each insider to ensure and verify the accuracy of all filed insider reports and the timely filing of such insider reports.

APPENDIX A

DEFINITIONS

“Associate” of a person or entity subject to this policy means:

- a. An entity of which the person or entity beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities;
- b. any business partner of the person or entity;
- c. any trust or estate in which the person or entity has a substantial beneficial interest or as to which the person or entity serves as a trustee
- d. the spouse or common law spouse of the person, whether or not of the opposite sex, who resides in the same home as such person; and
- e. any relative of the person or his or her spouse or common law spouse referred to in (d) who resides in the same home as the person.

“Audit Committee” means the audit committee of the board of directors of Brainhunter.

“Black-out Period” means:

- a. each period (A) beginning on the last day of each fiscal quarter and each fiscal year-end, and (B) ending at the end of the second Trading Day after the financial results for that quarter or year have been disclosed by way of a News Release; and
- b. any other period designated by the Disclosure Committee and communicated to those to whom the policy applies.

“Board” means the board of directors of Brainhunter.

“Chair and CEO” means the Chair and CEO of Brainhunter

“Commission” means the Ontario Securities Commission.

“Controlled”: for the purposes of the definition of “Subsidiary”, an entity is considered to be controlled by Brainhunter if

- a. in the case of an entity that has directors, (i) Brainhunter beneficially owns or exercises control or direction over voting securities of the entity carrying more than 50 per cent of the votes for the election of directors and (ii) the votes carried by the securities entitle Brainhunter to elect a majority of the directors of the entity;
- b. in the case of a partnership or other entity that does not have directors, other than a limited partnership, Brainhunter beneficially owns or exercises control or direction over more than 50 per cent of the voting interests in the partnership or other entity; or

- c. in the case of an entity that is a limited partnership, Brainhunter is the general partner or controls each general partner within the meaning of paragraph (a) or (b).

“Core Document” means a prospectus, a take-over bid circular, an issuer bid circular, a directors’ circular, a rights offering circular, MD&A, an annual information form, an information circular, annual and interim financial statements and material change reports.

“Corporate Document” means any written communication, including a communication prepared and transmitted only in electronic form, by Brainhunter disclosing information with respect to the business, operations, capital, financial performance or prospects of Brainhunter and includes any communication:

- a. that is required to be filed with the Commission;
- b. that is filed with the Commission;
- c. that is filed or required to be filed with a government or an agency of a government under applicable law or with any stock exchange or quotation and trade reporting system; or

the content of which would reasonably be expected to affect the market price or value of the Securities of Brainhunter.

“Designated Employees” means (i) those employees determined by the Board, and (ii) those employees who are advised by the Trading Officer that they have been designated as such.

“Earnings Guidance” means information about expected revenues, net income or profit, earnings per share, distributable cash, distributions, expenditure levels, and other financial information of Brainhunter commonly referred to as earnings guidance.

“Expert” means a person or company whose profession gives authority to a statement made by the person or company in a professional capacity, including an accountant, an actuary, an appraiser, an auditor, an engineer, a financial analyst, and a lawyer.

“Forward-looking Information” means Earnings Guidance and other disclosure about Brainhunter regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection.

“Generally Disclosed” means the public disclosure of information in a manner calculated to result in broad dissemination to the marketplace and the passage of a reasonable amount of time (generally at least 24 hours but it could be longer, depending on the circumstances) to permit adequate dissemination in the market and to give investors a reasonable time to analyze the information, and **“Generally Disclose”** means to disseminate information in that manner.

“Insider” includes:

- a. directors and Senior Officers of Brainhunter;

- b. directors and Senior Officers of Brainhunter's Subsidiaries; and
- c. any person or company who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding voting securities of Brainhunter or any of its Subsidiaries and any director or senior officer of such person or company.

"Market Surveillance" means the Market Surveillance division of Market Regulation Services Inc.

"Material Change" means a change in the business, operations or capital of Brainhunter that would reasonably be expected to have a significant effect on the market price or value of any of the Securities of Brainhunter and includes a decision by the board of directors or by senior management (where management believes that board of directors confirmation of the decision is probable) to implement such a change.

"Material Fact" means any fact that would reasonably be expected to have a significant effect on, the market price or value of any of the Securities of Brainhunter.

"Material Information" means Material Changes and Material Facts.

"MD&A" means management's discussion and analysis of financial condition and results of operations prepared in accordance with applicable securities law.

"Misrepresentation" means an untrue statement of Material Fact or an omission to state a Material Fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

"News Release" means a news release that is to be or has been Generally Disclosed.

"Non-Core Document" means a Corporate Document other than a Core Document.

"Public Oral Statement" means an oral statement relating to the business or affairs of Brainhunter, that is made by or on behalf of Brainhunter in circumstances in which a reasonable person would believe that information contained in the statement will be disclosed to the public.

"Related Financial Instrument" means:

- a. an instrument, agreement or security where the value, market price or payment obligations are derived from, referenced to or based on the value, market price or payment obligations of a Security of Brainhunter; and
- b. any other instrument, agreement or understanding that affects, directly or indirectly:
 - (i) a person's economic interest in a Security of Brainhunter; or
 - (ii) economic exposure to Brainhunter, or another reporting issuer;

but does not include any type of instrument, agreement, security or understanding which is exempt from insider reporting under Multilateral Instrument 55-103, *Insider Reporting for Certain Derivative Transactions (Equity Monetization)*.

“Security” or “Securities” means a security or securities as defined under applicable securities law (including income deposit securities, shares, notes, options, warrants, rights and other instruments and interests).

“Senior Officer” means,

- a. the Chair of the board of directors and Chief Executive Officer, the Chief Financial Officer, an executive vice-president or senior vice-president of Brainhunter or its Subsidiaries or any other individual who performs functions for Brainhunter or its Subsidiaries similar to those normally performed by an individual occupying any such office; and
- b. each of the five highest paid employees of Brainhunter and each of its Subsidiaries, including any individual referred to in clause (a).

“Special Relationship” includes, with respect to Brainhunter, a person who is:

- a. a director, officer or employee of Brainhunter or any of its Subsidiaries;
- b. any person or company that is engaging in or proposes to engage in any business or professional activity with or on behalf of Brainhunter or its Subsidiaries and any director, officer or employee of such person or company;
- c. any person or company who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding voting securities of Brainhunter or any of its Subsidiaries and any director, officer or employee of such person or company; and
- d. any person who receives Material Undisclosed Information from a person who the recipient of such Material Undisclosed Information knows is a person listed in (a) through (c) above.

“Subsidiary”: A person or company is considered to be the subsidiary of another person or company if it is Controlled by (i) that other, (ii) that other and one or more persons or companies, each of which is controlled by that other, or (iii) two or more persons or companies, each of which is Controlled by that other, or (iv) a Subsidiary of a person or company that is that other’s Subsidiary. Brainhunter’s Subsidiaries include those entities set out in Schedule A, as well as any operating entities Brainhunter indirectly acquires in the future.

“Trading Day” means a day on which the TSX is open for trading and on which the trading in Brainhunter’s Securities is not halted or suspended.

“TSX” means the Toronto Stock Exchange.

“Undisclosed Material Information” means Material Information that has not been Generally Disclosed.

APPENDIX B

EXAMPLES OF INFORMATION THAT MAY BE MATERIAL

(Based on National Policy 51-201 and National Policy 48)

Changes in corporate structure

- changes in share ownership that may affect control of Brainhunter
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in capital structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or share distribution
- changes in Brainhunter's distribution payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

Changes in financial results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of Brainhunter's assets
- any material change in Brainhunter's accounting policies

Changes in business and operations

- any development that affects Brainhunter's assets, products or markets
- a significant change in capital investment plans or objectives
- major labour disputes or disputes with major contractors or suppliers
- changes to the board of directors or executive management, including the departure of Brainhunter's CEO or CFO
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of Brainhunter's securities or their movement from one quotation system or exchange to another

Acquisitions and dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other entities, including a take-over bid for, or merger with, another company

Changes in credit arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of Brainhunter's assets

- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

EXAMPLES OF INFORMATION THAT MAY BE MATERIAL

(Based on Section 410 of the TSX Company Manual)

- changes in share ownership that may affect control of Brainhunter
- changes in corporate structure, such as reorganizations, amalgamations, etc.
- take-over bids or issuer bids
- major acquisitions or dispositions
- changes in capital structure
- borrowing of a significant amount of funds
- public or private sale of additional securities
- entering into or loss of significant contracts
- firm evidence of significant increases or decreases in near-term earnings prospects
- changes in capital investment plans or corporate objectives
- significant changes in management
- significant litigation
- major labour disputes or disputes with major contractors or suppliers
- events of default under financing or other arrangements
- any other developments relating to the business and affairs of Brainhunter that would reasonably be expected to significantly affect the market price or value of any of Brainhunter's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions

APPENDIX C

EXAMPLES OF DISCLOSURES THAT MAY BE NECESSARY IN THE COURSE OF BUSINESS

(Based on National Policy 51-201)

The necessary course of business exception to the Tipping prohibition would generally cover communications with:

- disclosure to or among Subsidiaries of Brainhunter under the terms of various contractual arrangements
- vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing, and supply contracts
- employees, officers and board members
- lenders, including under operating lines and mortgages
- legal counsel, auditors, underwriters, and financial and other professional advisors to Brainhunter or its Subsidiaries
- parties to negotiations
- labour unions and industry associations
- government agencies and non-governmental regulators
- credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency's ratings generally are or will be publicly available)
- in connection with a private placement
- communications with controlling securityholders, in certain circumstances

Schedule “A”

List of Subsidiaries of Brainhunter
(as at January, 2006)

Brainhunter Ltd
Promethean Systems Consultants Inc.
TrekLogic Inc.
Protec Employment Services Limited
AJJA Information Technology
Igate Mastech, Ltd.
Brainhunter (Ottawa) Inc.



CORPORATE GOVERNANCE GUIDELINES

Adopted by the Board of Directors on February 10, 2006

Corporate Governance Guidelines

1.0 Purpose

These guidelines outline Brainhunter's policies with respect to corporate governance. Brainhunter is committed to establishing and maintaining best corporate governance practices and to make such practices publicly available. These guidelines, and attached Appendices, are to be posted on Brainhunter's website and will be reviewed at least annually. In light of various initiatives to enhance corporate governance, Brainhunter is regularly monitoring such developments and reviewing its current practices in order to ensure that Brainhunter is in compliance and following the appropriate best practices at all times.

2.0 Scope

These guidelines address qualification standards for Brainhunter's board of directors, director responsibilities, director compensation, the board's relationship with senior management and Brainhunter's external advisors, director orientation and continuing education, management succession, director peer feedback survey and annual board performance evaluations. In this Policy, "Brainhunter" or the "Corporation" means Brainhunter Inc. and "Board" means the Board of Directors of Brainhunter Inc.

3.0 Board Composition and Selection

3.1 Board Size

The Articles of the Corporation provide for a maximum of nine directors. The specific number of directors will be determined from time to time by the Board, following a recommendation by the Governance and Nominating Committee.

3.2 Independence of Directors

The Board shall be comprised of a majority of directors whom the Board has determined are "unrelated", or independent; meaning, are not members of management of the Corporation or its subsidiaries and are free of any interest and any business, family or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, and taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges.

Each year, the Governance and Nominating Committee will establish and recommend to the Board, specific criteria for determining director independence, and the Board shall review the relationships that each Director has with Brainhunter in order to ensure that these independence criteria have been met.

3.3 Selection of Directors

Directors are elected annually by the Company's shareholders. Nominees for membership on the Board will be recommended to the Board by the Governance and Nominating Committee. The Governance and Nominating Committee is mandated to review annually the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board. The selection of candidates will also consider the extent to which candidates could make the necessary time available to Brainhunter, including the number of other boards on which the candidate serves as a director, as well as the potential for conflict by serving on those other boards. The Board will then recommend the nominees to the shareholders for election at the annual meeting. In selecting nominees as new directors, the Governance and Nominating Committee will assess the ability to contribute to the effective management of the Company, taking into account the needs of the Company and the individual's background, experience, perspective, skills and knowledge that is appropriate and beneficial to the Company. In addition, the Governance and Nominating Committee will ensure that the composition of the Board will comply with any applicable requirements of the Business Corporations Act (Ontario), the stock exchanges on which Brainhunter lists its shares and any applicable securities regulatory authorities. The Committee will also consider the application of any applicable stock exchange guidelines or recommendations regarding the composition of the Board.

Between annual meetings of the shareholders the Board may fill vacancies in existing or new director positions to the extent permitted by applicable law. Directors so appointed by the Board will serve only until the next annual meeting unless elected by the shareholders at that time.

3.4 Director Orientation

Management of the Corporation, working with the Governance and Nominating Committee will provide an orientation process for new directors, including providing background materials on the Corporation and its business. As appropriate, management will prepare additional educational sessions for directors on matters relevant to the Corporation and its business.

Directors are also encouraged to take advantage of other available educational opportunities that would further their understanding of the Corporation's business and enhance their performance on the Board.

3.5 Term of Appointment

Directors are appointed annually at Brainhunter's annual shareholders' meeting and serve on the board until the following annual shareholders' meeting, at which time they either stand for re-election or resign from the board. The Board has determined that fixed term limits for directors should not be established. The Board is of the view that such a policy could have the effect of forcing directors off the board who have developed, over a period of service, increased insight into the Corporation and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views and the Governance and Nominating Committee is mandated to annually consider recommending changes to the composition of the Board.

3.6 Resignation

Directors will be required to tender a proposed letter of resignation from the Board upon the occurrence of any of the following events: the director's principal occupation or business associations change materially; a change in the country of residence of the director; failure to attend at least 66% of regularly scheduled Board and committee meetings during the preceding calendar year; or any other change occurs in the personal or professional circumstances of the director that might reasonably be perceived as adversely affecting the director's ability to effectively serve as a director of the Corporation. In such circumstances, the Governance and Nominating Committee will review the director's continuation on the Board and make a recommendation to the Board as to whether the Board should accept the director's resignation or request that the director continue to serve.

4.0 Responsibilities of the Board

4.1 Board Mandate

The Board has responsibility for the stewardship of the Corporation and has adopted a formal mandate setting out the Board's stewardship responsibilities as detailed in the Board's Terms of Reference (see Appendix A). These responsibilities include selection of management, corporate strategy, fiscal management and reporting, legal and statutory compliance, risk management, external communications, and evaluation of performance.

4.2 Responsibilities of Individual Directors

In addition to the terms of reference for the Board, the Board has established Terms of Reference for individual directors which set out their individual responsibilities and duties (see Appendix B). These Terms of Reference serve as a standard of conduct to which each director is expected to comply, and address matters such as conflicts of interest, acting in the best interests of the Corporation, the level of availability which is expected of directors, requirements for maximizing the effectiveness of board and committee meetings, and considerations directors are to keep in mind in order to be able to make effective and informed decisions. These Terms of Reference require that directors of Brainhunter must comply with Brainhunter's Disclosure and Insider Trading Policy and Code of Conduct, particularly with respect to potential conflicts of interest and transactions in securities.

4.3 Responsibilities of the Chair and CEO

The Chair and CEO reports to the Board of Directors and is responsible for directing, managing and planning the business and affairs of Brainhunter to achieve budgeted profitability and return on capital employed while ensuring the long-term growth and development of the business.

The Chair and CEO is also responsible to the Board to facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities under its mandate.

A full description of the Terms of Reference of the Chair and CEO is provided in Appendix C

4.4 Responsibilities of the Lead Director

As Brainhunter currently has one individual who serves as both Board Chair and CEO, the independent directors will elect one of such independent directors to serve as the Lead Director. The Lead Director's key role is to provide a source of Board leadership complementary to that of the Chair and CEO. The Lead Director will preside at each executive session of the Board and will carry out such other duties as the Board may determine. The Board of Directors will establish methods by which interested parties may communicate directly with the Lead Director and cause such methods to be disclosed.

A full description of the Terms of Reference of the Lead Director is contained in Appendix D.

4.5 Board Committees

There are currently three standing committees of the Board. They are the Audit Committee, the HR and Compensation Committee and the Governance and Nominating Committee. The responsibilities of each committee of the board are contained in committee mandates which are established by the Board and reviewed at least once a year. Each committee's mandate sets out the specific duties of the committee and the matters delegated to the committee for decision or for consideration and recommendation back to the Board. The mandate of each committee is posted on the Brainhunter's website and is attached as appendices to these guidelines.

Each of the committee chairs reports on the activities of the committee to the Board following the committee meetings.

All of these committees are comprised solely of independent directors.

Related party transactions are approved by the Audit Committee, other than in cases where the board has delegated review to a special committee.

The Audit Committee is also tasked with ensuring a method for the anonymous receipt, retention and treatment of complaints received by the Corporation relating to accounting and auditing matters. Under Brainhunter's Whistleblower Policy, various methods are provided for submissions of complaints, including an anonymous toll free phone number and website managed by a reputable and professional consulting firm. Any submissions received relating to accounting or auditing matters, including any suspected fraudulent or dishonest activity, are forwarded directly to the Chair of the Audit Committee for further action.

5.0 Functioning of the Board

5.1 Number and Schedule of Meetings

The Board will hold a minimum of five regularly scheduled meetings per year, one after each quarter and one to consider the Annual Business Plan and Budget. At the beginning of each fiscal year, the Chair and CEO, working with the Lead Director, will propose a schedule of Board meetings for the upcoming year for consideration by the Board. Additional meetings may be held from time to time as necessary or appropriate.

5.2 Agenda

The Chair and CEO, working with the Lead Director, will establish the agenda for each regularly scheduled Board meeting, giving consideration to any suggestions from other members of the Board. Any director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion.

5.3 Distribution of Materials

The agenda and the related information and data that is important to the Board's understanding of the business to be discussed for each regularly scheduled meeting and, where feasible, each special meeting, will be distributed sufficiently in advance of the meeting to provide a reasonable opportunity for review, except when such material is too sensitive to be put in writing.

5.4 Attendance

Directors should make reasonable efforts to attend all meetings of the Board of Directors and of all Board committees upon which they serve. To prepare for meetings, directors should review the materials that are distributed in advance of those meetings. Although the Board recognizes that, on occasion, circumstances may prevent directors from attending meetings, directors are expected to ensure that other commitments do not materially interfere with the performance of their duties. Subject to extenuating circumstances (such as illness, for example), directors are expected to attend a minimum of 66% of regularly scheduled Board and committee meetings. Directors should also make reasonable efforts to attend the annual meeting of shareholders of the Corporation.

5.5 Executive and Independent Sessions

The Board of Directors of the Corporation will schedule regular executive sessions at which the independent directors of the Corporation will meet, in camera, in the absence of management and any non-independent directors. The Lead Director will preside at each of these executive sessions.

5.6 Access to Management and Advisors

The Corporation will provide directors with complete access to the management of Brainhunter, for the purposes of enabling the Board and the Corporation to fulfil their legal and other obligations and duties. Written communications from directors to members of management will be copied to the Chair and CEO. The Board, and Board committees, to the extent set forth in the applicable committee charter, have the right to consult and retain independent legal and other advisors at the expense of the Corporation. Directors are entitled to reasonably rely on advice

from outside advisors such as lawyers, accountants, engineers or other persons whose profession lends credibility to a statement by such person. Directors should assess the qualifications of any such advisors and the processes such advisors use to reach their decisions and recommendations.

5.7 Board and Corporate Leadership

The Board of Directors reserves the right to determine, from time to time, how to configure the leadership of the Board and the Corporation in the way that best serves the Corporation.

6.0 Board Evaluation and Compensation

6.1 Annual Performance Evaluation

Starting at the end of 2006 the Governance and Nominating Committee will conduct an annual evaluation to determine whether the board and its committees are functioning effectively and will report its findings and make any appropriate recommendations to the full Board. The Board will discuss the evaluation to determine what, if any, action could improve Board and committee improvement. The evaluation tool initially being considered is provided in Appendix H.

Starting in 2007, the board will also conduct individual director evaluations. The evaluation tool initially being considered is provided in Appendix I.

6.2 Director Compensation

Directors have been compensated in the past through a combination of cash and options to purchase Common shares in the capital of Brainhunter. Upon joining the Board, directors have been awarded a stock option grant. Directors receive annual cash retainers for sitting on the board, as well its various committees. In addition, the Chairs of the various committees receive annual cash retainers in recognition of their additional contributions. Directors also receive meeting fees for attendance at board and committee meetings. Director compensation is reviewed annually by the Governance and Nominating Committee and a recommendation is made to the full board for their approval. The Governance and Nominating Committee may, at their discretion, engage external compensation consultants to assist in developing the recommendation to the Board.

7.0 Managing the Corporate Governance Guidelines

7.1 Review of Guidelines

The Board of Directors, with the assistance of the Governance and Nominating Committee, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.

7.2 Amendment, Modification and Waiver

These Corporate Governance Guidelines may be amended, modified or waived by the Board of Directors, and waivers of these Guidelines may also be granted by the Governance and Nominating Committee.

Appendix A

Terms of Reference for Board of Directors

I. INTRODUCTION

The Board of Directors ("Board") bears responsibility for the stewardship of Brainhunter Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Business Corporations Act (Ontario) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs. Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs.

The Board of Directors believes that it is responsible for ensuring that the Corporation is effectively managed so as to maximize long-term growth of shareholder value. The Board does not manage the Corporation; rather it delegates this function to management, and then supervises and evaluates management's execution of Board approved strategies and business plans.

Directors have a duty under corporate law to exercise independent judgment and to always make decisions with the best interests of the Corporations in mind.

II. COMPOSITION AND CONSTITUTION OF THE BOARD

- As currently provided in the Corporation articles, Brainhunter's Board shall consist of a maximum of nine directors. The Board should have a majority of independent directors. The Board shall appoint all corporate officers including the Chair and CEO.
- The Governance and Nominating Committee should regularly assess the most appropriate size for the Board taking into account independence and shareholder relationships.

III. BOARD MEETING FORMAT, OPERATING PROCEDURES AND MINUTES

- The Board will hold a minimum of five meetings per year, one after each quarter and one to consider the Annual Business Plan and Budget. Additional meetings may be held from time to time as necessary or appropriate.
- Members of management will be invited to participate in Board meetings at the pleasure of the Board.
- Meetings will provide for and allow for independent discussion and input from all Board members and discussion among unrelated directors, when appropriate.
- The Board may delegate specific tasks, assignments or authority to individuals or committees.
- To assist the Board with responsibilities for corporate governance, organization, succession planning, officer appointment, selection of nominees for election of director and compensation; an HR and Compensation Committee and a Governance and Nominating Committee have been formed.
- Board deliberations (including those of committees) will be duly recorded in appropriate minute format by such person as may be designated from time to time. Minutes of

meetings of Board committees will be provided to directors prior to the next Board meeting.

- Board meeting agendas will be prepared by the Chair and CEO, in conjunction, with the Lead Director.

IV. DUTIES AND RESPONSIBILITIES

The following are the primary and specific responsibilities and duties of the Board of Directors:

Primary Responsibilities and Duties:

1. The Development of Strategy: The Board is responsible for ensuring that a strategic planning process is adopted and for approving the long-term goals of the Corporation. The Board must also ensure that strategic and operating plans are developed by management led by the Chair and CEO and as approved with comments from the Board. These plans should result in the Corporation achieving its long-term goals and should strike an appropriate balance between short and long-term considerations. The Board must then monitor and evaluate management's success in implementing these plans.
2. The Management of Risk: The Board is responsible for ensuring that the principal risks which impact Brainhunter's business (including how new risks may develop or existing risks alter with each new development effort that the Corporation plans and undertake) are regularly identified and understood. The Board must ensure that the appropriate systems are implemented to monitor and manage these risks for the benefit of the long-term viability of the Corporation.
3. The Appointment, Training and Monitoring of Senior Management: The Board functions through delegation to management. Therefore the Board must continually endeavour to ensure that senior management of the highest calibre is appointed and evaluated on a regular basis. Notwithstanding that regular Board evaluation and feedback, both formal and informal, is a form of training for senior management; the Board should endeavour to ensure that programs are in place for the ongoing training, development and orderly succession of all levels of senior management. The Board is also responsible for establishing compensation policies and plans so as to attract and reward high-calibre individuals for senior management positions.
4. Timely Communication to All Stakeholders: The Board is responsible for endeavouring to ensure that the Corporation develops a Disclosure Policy and for regularly assessing whether Brainhunter is communicating on a timely and effective manner with all stakeholders.
5. Controls and Information Systems: The Board is responsible for regularly reviewing the integrity of the Corporation's internal control procedures and management information systems. This will be done through the Audit Committee and in conjunction with the external auditors and the CFO.
6. Code of Conduct: The Board shall establish corporate policies and systems to endeavour to ensure that Brainhunter's business is conducted in accordance with proper ethical standards and in compliance with all relevant laws and regulations.

Specific Responsibilities and Duties

- Review and approve corporate goals, objectives, strategies, annual operating plans and budgets.
- Review business and financial performance and deviations from operating plans and approve corrective actions.
- Review and approve business acquisitions, divestitures and strategic alliances.
- Review and approve all expenditure authorizations, which materially exceed individual or aggregate expenditure levels agreed in previously approved annual operating budgets.
- Review and approve all banking resolutions.
- Review and approve all share capital transactions.
- Review on a regular basis the systems and procedures established by management for ensuring that the Corporation complies with applicable laws and regulations including environmental laws, occupational health and safety laws and human rights codes.
- Establish appropriate committees of the Board and their terms of reference and review and approve reports or recommendations of the Board's committees.
- Review and approve the Annual Report, Annual Information Form, Management Information Circular, quarterly financial statements, MD&As, and annual financial statements.
- Provide advice to management as appropriate and take a critical role in assessing and challenging, where appropriate, recommendations and proposals from management.
- Evaluate exposure to Corporate, Director and Officer liability issues and consider steps to minimize such risks.

Appendix B

Terms of Reference for Individual Directors

I. INTRODUCTION

These terms of reference for directors:

- set out the professional and personal competencies and characteristics expected from directors.
- form the basis for the recruitment, selection and evaluation of directors.

II. COMPETENCIES AND CHARACTERISTICS OF BRAINHUNTER DIRECTORS

- demonstrates high ethical standards
- willing to be accountable for, and be bound by, Board decisions
- attendance – available when needed; is accessible and approachable
- diligently prepares for meetings
- participation – contributes meaningfully and knowledgeably to Board discussions; provides valuable input
- willing to and owns shares in Brainhunter
- participates in committees of the Board
- some senior management business experience; ability to think strategically in evaluating Brainhunter's direction and operations
- sound judgment
- team player – respects others and works effectively with fellow directors
- moderate level of financial literacy
- communicates clearly and effectively and has the ability to be a good listener
- independence of judgement – willing to take a stand and defend it
- willing to continue to grow and develop personally – effectively applies his/her knowledge, experience and expertise to issues confronting Brainhunter
- communicate to the Board Chair and Chair of the Governance and Nominating Committee before accepting membership on any other boards – Directors gather valuable experience from other boards, however those other boards may also present demands on time and availability, or present conflicts or legal issues
- communicate to the Board Chair and Chair of the Governance and Nominating Committee if circumstances change that might affect the “independence” of the director

Appendix C

Terms of Reference for Board Chair and CEO

I. INTRODUCTION

- The Chair and CEO reports to the Board of Directors and is responsible for directing, managing and planning the business and affairs of Brainhunter to achieve above average profitability and return on capital employed while ensuring the long-term growth and development of the business.
- The Chair and CEO is responsible to the Board of Directors to facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities under its mandate.
- The Chair and CEO is responsible to report on a timely basis any significant negative event affecting the business of Brainhunter to the Board.
- The Chair and CEO is responsible to ensure that the operations of the corporation meet all applicable laws and regulations.

II. DUTIES AND RESPONSIBILITIES

The Chair and CEO is responsible for:

A. Planning

- Developing a vision and goals for long-term profitable growth of the corporation.
- Developing strategies through which growth and goals can be attained.
- Developing operating plans, which are consistent with corporate goals and objectives.

B. Execution

- Implementing approved strategies through appropriate delegation and organization.
- Executing the operating plan through delegation, organization and resource allocation.
- Monitoring business and financial performance and implement appropriate responses to changing circumstances.

C. Human Resource Development

- Recruiting and managing a team of direct reports capable of meeting the corporate objectives.
- Developing personal management and executive skills as well as those of the whole organization through appropriate assignments, training, delegation of responsibility and authority, etc.
- Developing and optimizing the corporate organization to best meet corporate challenges and performance requirements.
- Developing succession and management development plans for immediate subordinates as well as other levels of management.
- Ensuring that all employees are fairly and appropriately rewarded for their contribution to the corporation.

D. Risk Management

- Providing the Board with reports regarding material risks associated with Brainhunter's business and operations, the implementation by management of systems to manage these risks, and the operation, of and any material deficiencies in these systems.

E. Controls

- Establishing internal, financial, non-financial and business control and information systems and for the application of appropriate standards of corporate conduct in these systems.

F. Communication

- Communicating clearly with appropriate persons within the company the corporation's goals, strategies to affect such goals and performance expectations.
- Developing and maintaining good communication channels with other stakeholders including shareholders, suppliers, customers, governments and the general public.
- Complying in a timely manner with communications requirements in regulatory and statutory provisions.
- Preparing materials for Board meetings and ensuring delivery to directors at an appropriate time in advance of meetings.

G. Awareness

- Developing and maintaining a good appreciation of business trends affecting the corporation and the macro business environment in order to react appropriately to changes.
- Maintaining an up-to-date understanding of trends and developments in the industry sectors in which Brainhunter operates.

H. Reporting

- Reporting to the Board in a timely manner on all material aspects of the corporation's condition and business.
- Reporting to other bodies, external and internal, as may be appropriate or required from time to time

I. Chairing the Board of Directors

- Preparing meeting agendas, in conjunction with the Lead Director, and reviewing background briefing material.
- Chairing Board meetings in a manner which makes effective use of time while ensuring adequate discussion of agenda items.
- Assisting the Board and its committees to carry out their functions and responsibilities.
- Utilizing Board expertise for the goals of the corporation.
- Working with the Lead Director to enhance the overall performance of the Board.

Appendix D

Terms of Reference for Lead Director

I. INTRODUCTION

- The Board will appoint a Lead Director.
- The Lead Director will be an independent, outside and unrelated director, as prescribed by the applicable regulatory authorities.
- The Governance and Nominating Committee will review annually the Terms of Reference for Lead Director and recommend to the Board any changes that it considers appropriate. The Terms of Reference for the Lead Director will be approved annually by the Board of Directors.
- The Lead Director provides a source of Board leadership complementary to that of the Chair/CEO.

II. DUTIES AND RESPONSIBILITIES

The Lead Director is responsible for:

A. Enhancing Board Effectiveness

- Ensuring that the Board functions independently of management.
- Working with the Chair and CEO, to ensure the Board has adequate resources, especially by way of full, timely and relevant information to support its decision-making requirements.
- Providing input to the Chair and CEO on the preparation of agendas for Board and committee meetings and the scheduling of Board meetings.
- Working with the Chair and CEO and the Governance and Nominating Committee to ensure there is a process to implement best practices which relate to the responsibilities of the Board.
- Chairing Board meetings when the Chair and CEO is unavailable.
- Maintaining a close and collaborative relationship with the Chair and CEO.
- Assisting in orienting and integrating new directors to the Board.

B. Liaison Between Board and Management and Among Directors

- In association with regularly scheduled Board meetings, chairing meetings of independent directors to discuss issues relating to the Company's business without the presence of management or the Chair and CEO.
- Communicating with the Chair and CEO and the entire Board, as appropriate, the results of private discussions among outside directors or the results of meetings of the independent directors.
- Acting as a communication channel among the directors and between directors and the Chair and CEO in respect of issues not readily or easily discussed in a formal setting.
- Ensuring that the Board understands and maintains the boundaries between Board and management responsibilities.

Appendix E

Terms of Reference for the Audit Committee

I. INTRODUCTION

1. Framework

The Board of Directors ("Board") bears responsibility for the stewardship of Brainhunter Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Business Corporations Act (Ontario) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure (the "Financial Reporting Objective") is to gain reasonable assurance of the following:

- (1) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (2) that the accounting principles, significant judgments and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;
- (3) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles and together with management's discussion and analysis and the annual information form constitute a fair presentation of the Corporation's financial condition; and
- (4) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

The Board is of the view that the Financial Reporting Objective cannot be reliably met unless the following activities (the "Fundamental Activities") are conducted effectively:

- (1) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;
- (2) the Corporation's internal financial controls are regularly assessed for effectiveness and efficiency;
- (3) the Corporation's quarterly and annual financial statements are properly prepared by management;
- (4) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation; and
- (5) the financial components of the Corporation's Disclosure Policy are complied with by management and the Board.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "Committee"). The Committee shall develop and present to the Board for the Board's approval a Charter which, amongst other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met.

2. Composition of Committee

- (1) The Committee shall be appointed annually by the Board and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time and free from any relationship that, in the opinion of the Board, could interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Audit Committee.
- (2) All members of the Committee shall be financially literate as described in paragraph 3 of the Operating Principles.
- (3) The Board shall designate the Chairman of the Committee.

3. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (1) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (2) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Limitations on Committee's Duties

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the Financial Reporting Objective is being met and to enable the Committee to report thereon to the Board.

II. AUDIT COMMITTEE CHARTER

The Audit Committee's Charter outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

A. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

- (1) **Committee Values.** The Committee expects the management of the Corporation to operate in compliance with the Corporation's Code of Conduct and corporate policies; with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.
- (2) **Communications.** The Chairman and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen, the external auditors, the Internal Auditor and other key Committee advisors as applicable.
- (3) **Financial Literacy.** All Committee members shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (4) **Annual Audit Committee Work Plan.** The Committee, in consultation with management and the external auditors, shall develop an annual Audit Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.
- (5) **Meeting Agenda.** Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.
- (6) **Committee Expectations and Information Needs.** The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at least one week in advance of meeting dates.
- (7) **External Resources.** To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise.
- (8) **In Camera Meetings.** At each meeting of the Committee, the members of the Committee shall meet in private session with the external auditors; with management; and with the Committee members only.
- (9) **Reporting to the Board.** The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

- (10) **Committee Self Assessment.** The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.
- (11) **The External Auditors.** The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Audit Committee. The external auditors shall report all material issues or potentially material issues to the Committee.
- (12) **Approval of Other Engagements.** The Committee shall approve all engagements for accounting and tax advice provided by an audit firm other than the external auditors.

B. Operating Procedures

- (1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two (2) members of the Committee or at the request of the external auditors.
- (2) A quorum shall be a majority of the members.
- (3) A Secretary shall be appointed at the start of all meetings to record the minutes of the Committee.
- (4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- (5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1.0 Financial Reporting

- 1.1. Review the Corporation's annual and quarterly financial statements with management and the external auditors to gain reasonable assurance that the statements are accurate, complete, represent fairly the Corporation's financial position and performance and are in accordance with GAAP and together with management's discussion and analysis and the annual information form constitute a fair presentation of the Corporation's financial condition and report thereon to the Board before such financial statements are approved by the Board;
- 1.2. Receive from the external auditors reports on their review of the annual and quarterly financial statements;
- 1.3. Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- 1.4. Review and, if appropriate, recommend approval to the Board of news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;

- 1.5. Review and, if appropriate, recommend approval to the Board of all public disclosure documents containing material audited or unaudited financial information, including material change disclosures of a financial nature, earnings press releases, prospectuses, management's discussion and analysis, annual information forms, as well as any earnings guidance; and
- 1.6. Satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements in order to satisfy itself that such information is fairly presented and periodically assess the adequacy of these procedures.

2.0 Accounting Policies

- 2.1 Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgments, including changes or variations thereto and obtain reasonable assurance that they are presented fairly in accordance with GAAP; and report thereon to the Board;
- 2.2 Review major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the accounts of the Corporation and its subsidiaries;
- 2.3 Review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves.

3.0 Risk and Uncertainty

- 3.1 Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
 - 3.1.1 reviewing with management the Corporation's tolerance for financial risk;
 - 3.1.2 reviewing with management its assessment of the significant financial risks facing the Corporation;
 - 3.1.3 reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks;
 - 3.1.4 reviewing with management its plans, processes and programs to manage and control such risks;
- 3.2 Discuss with management, at least annually, the guidelines and policies utilized by management with respect to financial risk assessment and management, and the major financial risk exposures and the procedures to monitor and control such exposures in order to assist the Committee to assess the completeness, adequacy and appropriateness of financial risk disclosure in management's discussion and analysis and in the financial statements;

- 3.3 Ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value and review such policies and procedures periodically;
- 3.4 Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- 3.5 Review foreign currency, interest rate and other financial risk mitigation strategies, including the use of derivative financial instruments;
- 3.6 Review the adequacy of insurance coverage maintained by the Corporation;
- 3.7 Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

4.0 Financial Controls and Control Deviations

- 4.1 Review the plans of the external auditors to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost-effective;
- 4.2 Receive regular reports from management, the external auditors and its legal advisors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto.

5.0 Compliance with Laws and Regulations

- 5.1 Review regular reports from management and others (e.g. internal and external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
 - 5.1.1 tax and financial reporting laws and regulations;
 - 5.1.2 legal withholding requirements;
 - 5.1.3 environmental protection laws and regulations;
 - 5.1.4 other laws and regulations which expose directors to liability;
- 5.2 Review the status of the Corporation's tax returns and those of its subsidiaries;
- 5.3 Discuss with the corporation's legal counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the business of the Corporation, or on the compliance policies of the Corporation.

6.0 Relationship with External Auditors

- 6.1 Recommend to the Board the nomination of the external auditors;
- 6.2 Recommend to the Board the remuneration and the terms of engagement of the external auditors;
- 6.3 If necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;
- 6.4 Review the performance of the external auditors annually or more frequently as required;

- 6.5 Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- 6.6 Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- 6.7 Establish a policy under which management shall bring to the attention of the Committee all requests for non-audit services to be performed by the external auditors for the Corporation and its subsidiaries before such work is commenced. The Committee is authorized to approve any such requests.
- 6.8 Discuss with management and the external auditors the timing and the process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner;
- 6.9 Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit and the materiality levels which the external auditors propose to employ;
- 6.10 Meet regularly with the external auditors in the absence of management to determine, *inter alia*, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- 6.11 Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;
- 6.12 Oversee the work of the external auditors and the resolution of disagreements between management and the external auditors with respect to financial reporting; and
- 6.13 Request that the external auditors provide to the Committee, at least annually, an oral and/or written report describing the external auditors' internal quality assurance policies and procedures as well as any material issues raised in the most recent internal quality assurance reviews, quality reviews conducted by the Canadian Public Accountability Board, or any inquiry or investigation conducted by government or regulatory authorities.

7.0 Other Responsibilities

- 7.1 Periodically review the form, content and level of detail of financial reports to the Board;
- 7.2 Approve annually the reasonableness of the expenses of the Chairman and Chief Executive Officer;
- 7.3 After consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- 7.4 Review in advance the appointment of the Corporation's senior financial executives;
- 7.5 Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;

- 7.6 Review reports from the external auditors and other Committee Chairmen on their review of compliance with the Corporation's Code of Conduct;
- 7.7 Review and approve the Corporation's policies with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors;
- 7.8
 - 7.8.1 Establish procedures for:
 - (i) the confidential receipt, retention and treatment of complaints received by the Corporation regarding the Corporation's accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential anonymous submission, retention and treatment of concerns by employees regarding questionable accounting or auditing matters; and
 - 7.8.2 Require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns.

8.0 Delegation

The Committee may designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

9.0 Reporting to the Board

The Chair shall report to the Board on material matters arising at Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

After each meeting of the Committee where conduct review matters are discussed, the Chair shall report to the Board on the conduct review matters considered by the Committee.

10.0 Committee Member Development and Performance Review

The Chair shall co-ordinate orientation and continuing director development programs relating to this mandate for Committee members.

At least annually, the Committee shall evaluate and review the performance of the Committee, each of its members and the adequacy of this mandate.

11.0 Accountability

The Committee shall review and update these Terms of Reference on a regular basis for approval by the Board.

Appendix F

Terms of Reference for the HR and Compensation Committee

I. INTRODUCTION

1. Framework

The Board of Directors ("Board") bears responsibility for the stewardship of Brainhunter Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Business Corporations Act (Ontario) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Management of its human resources and disclosure of key compensation information constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's human resource management practices and compensation disclosure is to gain reasonable assurance of the following:

- (1) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to reporting and disclosure;
- (2) that the human resource management and compensation practices applied by the Corporation are the most appropriate in the prevailing circumstances;
- (3) that the Corporation's public releases are accurate and present fairly the Corporation's human resource management and compensation practices in accordance with the requirements of the appropriate regulatory bodies; and
- (4) that appropriate information concerning the human resource and compensation issues of the Corporation is disseminated to the public in a timely manner.

The Board is of the view that its responsibilities cannot be reliably met unless the following activities are conducted effectively:

- (1) the Corporation's human resources management functions are performed to a high professional standard and record properly and accurately all of the Corporation's human resource, especially compensation transactions;
- (2) the Corporation's internal human resources management processes are regularly assessed for effectiveness and efficiency;
- (3) the Corporation's various public releases, including the information circular, are properly prepared by management;
- (4) the human resources and compensation components of the Corporation's Disclosure Policy are complied with by management and the Board.

To assist the Board in its monitoring of the Corporation's human resources management and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the HR and Compensation Committee (the "Committee"). The Committee shall develop and present to the Board for the Board's approval a Charter which,

amongst other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that the Board's responsibilities are being met.

2. Composition of Committee

- (a) The Committee shall be appointed annually by the Board and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time and free from any relationship that, in the opinion of the Board, could interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Committee.
- (b) The Board shall designate the Chairman of the Committee.

3. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) any statements or reports represented to him or her by an officer of the Corporation or in a written report of any external advisor to present fairly the position of the Corporation; and
- (b) any report of an human resources consultant, compensation advisor, lawyer, accountant, or other person whose profession lends credibility to a statement made by any such person.

4. Limitations on Committee's Duties

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Board's responsibilities are being met. and to enable the Committee to report thereon to the Board.

II. HR AND COMPENSATION COMMITTEE CHARTER

The Committee's Charter outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

A. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

- (1) **Committee Values.** The Committee expects the management of the Corporation to operate in compliance with the Corporation's Code of Conduct and corporate policies, and the laws and regulations governing the Corporation.
- (2) **Communications.** The Chairman and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen and other key Committee advisors as applicable.
- (3) **HR Management Knowledge.** All Committee members shall have the knowledge and experience required that is generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's human resource and compensation issues.
- (4) **Annual HR and Compensation Committee Work Plan.** The Committee, in consultation with management and any external advisors shall develop an annual HR and Compensation Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management and any external advisors shall develop and participate in a process for review of important topics that have the potential to impact the Corporation's human resources and compensation disclosures.
- (5) **Meeting Agenda.** Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and any external advisors.
- (6) **Committee Expectations and Information Needs.** The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and any external advisors at least one week in advance of meeting dates.
- (7) **External Resources.** To assist the Committee in discharging its responsibilities, the Committee may, at the expense of the Corporation, retain one or more persons having special expertise.
- (8) **In Camera Meetings.** At each meeting of the Committee, the members of the Committee shall meet in private session with any external advisors; with management; and with the Committee members only.
- (9) **Reporting to the Board.** The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.
- (10) **Committee Self Assessment.** The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.
- (11) **The External Advisors.** The Committee expects that, in discharging their responsibilities to the shareholders, it may from time to time employ external advisors. These external auditors shall be accountable to the Board through the HR and Compensation Committee.

B. Operating Procedures

- (1) The Committee shall meet at least two times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two (2) members of the Committee.
- (2) A quorum shall be a majority of the members.
- (3) A Secretary shall be appointed at the start of all meetings to record the minutes of the Committee.
- (4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- (5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall ensure the following duties are carried out effectively.

1.0 Chair and CEO Performance, Evaluation and Compensation

- 1.1 Performance Goals - At least annually, the Committee shall review and, if advisable, approve and recommend for Board approval performance goals for the Chair & CEO.
- 1.2 Chair & CEO Evaluation - At least annually, the Committee shall evaluate the performance of the Chair & CEO in relation to his or her performance goals. The Chair & CEO evaluation shall be conducted in conjunction with the Lead Director and shall be presented to the Board for its review.
- 1.3 Compensation - At least annually, the Committee shall review, and, if advisable, approve and recommend for Board approval the Chair & CEO's compensation package. The compensation package recommendation shall be based on the Chair & CEO's performance evaluation conducted pursuant to subsection 4(1)(b) of this mandate, as well as other factors and criteria as may be determined by the Committee from time to time.
- 1.4 Employment Arrangements - The Committee shall review, and, if advisable, approve and recommend for Board approval any arrangement with the Chair & CEO relating to employment terms, termination, severance, change in control or any similar arrangements. In undertaking this review, the Committee shall take into account the overall structure, costs and general implications of these arrangements.

2.0 Appointment and Compensation of Senior Management other than the Chair and CEO

- 2.1 Senior Management - The Committee shall, as required, review and, if advisable, approve and recommend for Board approval the compensation and other terms of employment of the senior management team reporting directly to the Chair & CEO. At least annually, the Committee shall review and approve a report prepared by management on the rationale for annual compensation recommendations (including incentive allocations) in respect of each strategic business unit and infrastructure group and their respective employees, in general.
- 2.2 Employment Arrangements and Organizational Changes - The Committee shall review, and, if advisable, approve and recommend for Board approval arrangements relating to appointments of all senior management reporting to the Chair & CEO. In undertaking this review, the Committee shall review material or non-standard employment terms, departures, termination, severance, change in control or any similar arrangements and shall take into account the overall structure, costs and general implications of these arrangements.
- 2.3 Succession Planning - The Committee shall review and, if advisable, approve and recommend for Board approval a succession and emergency preparedness plan for all senior management reporting directly to the Chair & CEO. At least annually, the Chair & CEO shall present a formal updated succession plan in respect of these positions for approval by the Committee. The Committee shall receive input from the Audit Committee in respect of the succession plans for the Chief Financial Officer. Upon the vacancy of these senior management personnel, the Committee may make a replacement recommendation for Board approval based on the succession plan.

3.0 Internal Controls, Regulatory Compliance and Human Resource Risks

- 3.1 Assessment of Risk and Internal Controls - At least annually, the Committee shall review management's assessment of significant human resource risks and the effectiveness of related internal controls, including controls relating to any pension or retirement plans, equity compensation plans and other incentive compensation arrangements.
- 3.2 Organization Changes - The Committee shall review and, if advisable, approve and recommend for Board approval any material organization changes.

4.0 Compensation Principles, Policies and Plans, Incentive Compensation Plans and Equity-Based Plans

- 4.1 Compensation Principles, Policies and Plans - At least annually, the Committee shall review and, if advisable, approve Brainhunter's compensation principles, policies and plans for the senior management team reporting to the Chair & CEO, including the overall performance and evaluation processes. The Committee shall oversee the development and implementation of these compensation principles, policies and plans.
- 4.2 Incentive Compensation and Equity-Based Plans - At least annually, the Committee shall review Brainhunter's compensation plans and shall determine whether these plans, including incentive compensation plans and equity-based plans, are consistent

with Brainhunter's compensation principles and policies. At least annually, the Committee shall, if advisable, approve and recommend for Board approval these plans.

4.3 Plan Amendments - The Committee shall review and, if advisable, approve any material amendments to Brainhunter's employee incentive compensation plans and equity-based plans.

4.4 New Plans - The Committee shall review and, if advisable, approve and recommend for Board approval any new incentive compensation or equity-based plans.

5.0 Brainhunter Pension Funds and Pension Plans

5.1 Administrator Duties - Acting in the role of administrator of the plans and funds, and as a fiduciary representing the best interests of beneficiaries of the plans, the Committee shall review the performance, including the funded status and material risks, of any plans and related pension funds, the governance structures relating to Brainhunter's pension plans and related pension funds and shall, if advisable, approve changes to the governance of such plans and funds, other than governance changes relating to the role of the HR and Compensation Committee.

5.2 Employer Functions - Acting in the role of employer, representing the best interests of the shareholders, the Committee shall review and, if advisable, approve material amendments to Brainhunter's pension plans, including design changes, mergers or terminations affecting existing plans, and shall review and approve any new pension plans.

6.0 Disclosure

HR and Compensation Committee Report on Executive Compensation - The Committee shall prepare, in conjunction with management, the Report on Executive Compensation in Brainhunter's management proxy circulars. The Report on Executive Compensation must be approved by the Committee prior to its dissemination. The Committee should also, if advisable, approve any other disclosures required to be approved by it under applicable law prior to public release.

7.0 Assessment of Regulatory Compliance

The Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.

8.0 Delegation

The Committee may designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

9.0 Reporting to the Board

The Chair shall report to the Board on material matters arising at HR and Compensation Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

10. Committee Member Development and Performance Review

10.1 The Committee Chair shall co-ordinate orientation and continuing director development programs relating to this mandate for Committee members.

10.2 At least annually, the Committee shall evaluate and review the performance of the Committee, each of its members and the adequacy of this mandate. This review will be undertaken in consultation with the Governance and Nominating Committee of the Board.

11.0 Accountability

The Committee shall review and update these Terms of Reference on a regular basis for approval by the Board.

Appendix G

Terms of Reference for the Governance and Nominating Committee

I. INTRODUCTION

1. Framework

The Board of Directors ("Board") bears responsibility for the stewardship of Brainhunter Inc. (the "Corporation"). To discharge that responsibility, the Board is obligated by the Business Corporations Act (Ontario) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

The overall governance processes of the Corporation and disclosure of these processes by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's governance processes and disclosure of these processes is to gain reasonable assurance of the following:

- (1) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to governance and disclosure of its governance processes;
- (2) that the governance processes and disclosures applied by the Corporation are the most appropriate in the prevailing circumstances;
- (3) that the Corporation's public statements are accurate and present fairly the Corporation's governance processes in accordance with the requirements of the applicable regulatory bodies; and
- (4) that appropriate information concerning the governance processes of the Corporation are disseminated to the public in a timely manner.

The Board is of the view that its responsibilities cannot be reliably met unless the following activities are conducted effectively:

- (1) the Corporation's governance processes are performed in accordance with the Corporation's policies and guidelines;
- (2) the Corporation's governance processes are regularly assessed for effectiveness and efficiency;
- (3) the Corporation's various public statements are properly prepared by management; and
- (4) the Corporation's Disclosure Policy are complied with by management and the Board.

To assist the Board in its monitoring of the Corporation's governance processes, the Board has established, and hereby continues the existence of, a committee of the Board known as the Governance and Nominating Committee (the "Committee"). The Committee shall develop and present to the Board for the Board's approval a Charter which, amongst other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that the Board's responsibilities are being met.

2. Composition of Committee

- (1) The Committee shall be appointed annually by the Board and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time and free from any relationship that, in the opinion of the Board, could interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chair and CEO, may not serve as members of the Committee.
- (2) The Board shall designate the Chairman of the Committee.

3. Reliance on Experts

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (1) any statements or reports represented to him or her by an officer of the Corporation or in a written report of the external advisor to present fairly the position of the Corporation; and
- (2) any report of a person whose profession lends credibility to a statement made by any such person.

4. Limitations on Committee's Duties

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Board's responsibilities are being met and to enable the Committee to report thereon to the Board.

II. GOVERNANCE AND NOMINATING COMMITTEE CHARTER

The Committee's Charter outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

A. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

- (1) **Committee Values.** The Committee expects the management of the Corporation to operate in compliance with the Corporation's Code of Conduct and corporate policies, and the laws and regulations governing the Corporation.
- (2) **Communications.** The Chairman and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen and other key Committee advisors as applicable.

- (4) **Annual Governance and Nominating Committee Work Plan.** The Committee, in consultation with management shall develop an annual Governance and Nominating Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management shall develop and participate in a process for review of important governance topics that have the potential to impact the Corporation's disclosures.
- (5) **Meeting Agenda.** Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members and senior management.
- (6) **Committee Expectations and Information Needs.** The Committee shall communicate its expectations to management with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management at least one week in advance of meeting dates.
- (7) **External Resources.** To assist the Committee in discharging its responsibilities, the Committee may, at the expense of the Corporation, retain one or more persons having special expertise.
- (8) **In Camera Meetings.** At each meeting of the Committee, the members of the Committee shall meet in private session; with management; and with the Committee members only.
- (9) **Reporting to the Board.** The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.
- (10) **Committee Self Assessment.** The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.
- (11) **The External Advisors.** The Committee expects that, in discharging their responsibilities to the shareholders, it may from time to time employ external advisors. These external advisors shall be accountable to the Board through the Committee.

B. Operating Procedures

- (1) The Committee shall meet at least two times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman or upon the request of two (2) members of the Committee.
- (2) A quorum shall be a majority of the members.
- (3) A Secretary shall be appointed at the start of all meetings to record the minutes of the Committee.
- (4) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- (5) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

C. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall ensure the following duties are carried out effectively.

1.0 Oversight of Corporate Governance Matters

- 1.1 Governance Framework - At least annually, the Committee shall review and, if advisable, approve and recommend for Board approval, Brainhunter's corporate governance framework and guidelines.
- 1.2 Governance Activity - At least annually, the Committee shall review Brainhunter's corporate governance activities and approve changes it considers appropriate. As part of its review, the Committee shall take into account regulatory requirements and best practices. At least annually, the Committee shall report to the Board on the state of Brainhunter's corporate governance activities.
- 1.3 Disclosure Policy - At least annually, the Committee shall review management's compliance with Brainhunter's disclosure policies and procedures. The Committee shall also review, and if advisable, recommend for Board approval, material changes to Brainhunter's Disclosure Policy.
- 1.4 Governance Disclosure - The Committee shall prepare, in conjunction with management, corporate governance disclosure for Brainhunter's annual reports and management proxy circulars. This corporate governance disclosure must be approved by the Committee prior to its dissemination.
- 1.5 Organizational Structure - The Committee shall review and, if advisable, approve any proposed changes to Brainhunter's organization structure which have a material effect on reporting lines or the independence of key control groups.

2.0 Composition and Performance of the Board and its Committees

- 2.1 Nomination or Appointment of Directors - Committee shall consider and, if advisable, recommend for Board approval, candidates for nomination or appointment to the Board.
- 2.2 Committee Appointments - The Committee shall consider and recommend for Board approval, the appointment of directors to Board committees.
- 2.3 Removal of Director from Board Committee - The Committee may recommend for Board approval the removal of a director from a Board committee if he or she is no longer qualified to serve as a director under applicable law or for any other reason the Governance and Nominating Committee considers appropriate.
- 2.4 Director Qualifications/Competencies - The Committee shall establish and recommend for Board approval appropriate criteria for the selection of Board and Board committee members, including competencies and skills that the Board, as a whole, should possess and criteria for determining director independence. At least annually, the Committee shall review Brainhunter's director qualification criteria and recommend for Board approval changes it considers appropriate.

- 2.5 Director Development - The Committee shall oversee the development by management of a director development program. At least annually, the Committee shall review this program and approve changes it considers appropriate.
- 2.6 Director Remuneration - At least annually, the Committee shall review and, if advisable, approve and recommend for Board approval the remuneration paid to directors.
- 2.7 Mandate Review - At least annually, the Committee shall review and, if advisable, approve and recommend for Board approval the mandates for the Board, the directors, each Board committee, the Chair and CEO, and the Lead Director and shall include a review of the delegations of authority between the Board and its committees. This review shall be conducted in conjunction with the applicable Board committee or person, having regard to best practices, regulatory requirements and an assessment of significant risk areas for Brainhunter within the mandate of the applicable person or committee, including, strategic, operational, financial and regulatory risks.
- 2.8 Performance Assessment - At least annually, the Committee shall conduct an assessment of the performance of the Board, the directors, each Board committee and the Chairman of the Board against criteria the Committee considers appropriate. The Committee shall report its findings to the Board and, based on those findings, recommend any action plans that the Committee considers appropriate.
- 2.9 Evaluation of Independence - At least annually, the Committee shall evaluate each director against the independence criteria approved by the Board and shall make a recommendation to the Board, based on these criteria, on the independence of each director.

3.0 Succession of Chair and CEO

- 3.1 At least annually, and in conjunction with the Chair and CEO, the Committee shall review a succession and emergency preparedness planning process for the Chair and CEO and recommend these plans for Board approval.
- 3.2 The Committee may recommend for Board approval the removal of the Chair and CEO for any reason the Committee considers appropriate.
- 3.3 Upon the vacancy of the Chair and CEO, the Committee is responsible to make a replacement recommendation to the Board based on the applicable succession planning process and, if necessary, a complete external search.

4.0 Conflicts of Interest and Conduct Review

- 4.1 The Committee shall at least annually, review and, if advisable, approve and recommend for Board approval Brainhunter's Code of Conduct;
- 4.2 The Committee shall review and, if advisable, approve Brainhunter's processes for administering the Code of Conduct;
- 4.3 The Committee shall review with management the results of their assessment of Brainhunter's compliance with the Code of Conduct and their plans to remediate any deficiencies identified;
- 4.4 The Committee shall review and, if advisable, approve any waiver from a provision of the Code of Conduct requested by a member of senior management or director;

5.0 Reputation Risk Review

At least annually, the Committee shall review the policies and processes established by management to create and sustain Brainhunter's image and mitigate reputation risk, including policies and procedures to address: customer complaints; Board and employee compliance with the Code of Conduct; promoting accurate, timely and broadly disseminated disclosure of material information about Brainhunter; Brainhunter's efforts to conduct its business in an ethical and socially responsible manner; and Brainhunter's efforts to maintain relationships with the governments and regulators having authority with respect to Brainhunter in jurisdictions in which Brainhunter operates.

6.0 Delegation

The Committee may designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

7.0 Reporting to the Board

- 7.1 The Chair shall report to the Board on material matters arising at Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.
- 7.2 After each meeting of the Committee where conduct review matters are discussed, the Chair shall report to the Board on the conduct review matters considered by the Committee.

8.0 Committee Member Development and Performance Review

- 8.1 The Chair shall co-ordinate orientation and continuing director development programs relating to this mandate for Committee members.
- 8.2 At least annually, the Committee shall evaluate and review the performance of the Committee, each of its members and the adequacy of this mandate.

9.0 Accountability

The Committee shall review and update these Terms of Reference on a regular basis for approval by the Board.

Appendix H

Board Evaluation Survey

Objective and Overview

On an annual basis all directors and officers of the Corporation will be asked to complete a confidential survey similar to that outlined below in order to assess the performance of the Board as a whole. The feedback will be reviewed by the Governance and Nominating Committee in order to make recommendations on how the Board's performance could be improved.

Brainhunter Board Evaluation Survey

Year _____

1.0 Overall Mandate and Accountabilities

- 1.1 The Board understands its mandate and responsibilities
- 1.2 The terms of reference of the Board and the Chair and CEO and rest of senior management are clear
- 1.3 I believe that my overall knowledge of Brainhunter's activities is sufficient for me to be able to fulfil my responsibilities as a director
- 1.4 I believe that adequate systems are in place to ensure that Brainhunter conforms to its policies and to the requirements of the law and pertinent regulations
- 1.5 I am of the opinion that Brainhunter is managed in a manner which protects the reputation of its directors and protects them in a reasonable fashion from legal liabilities

2.0 Strategy

- 2.1 I am satisfied with Brainhunter's current strategy as approved by the Board
- 2.2 I am satisfied with the degree of participation of the Board in the oversight of the strategic plan and the process of its approval by the Board
- 2.3 The Board has access to the appropriate external information in order to make informed decisions with regard to the strategic direction of Brainhunter

3.0 Risk Management

- 3.1 The Board is kept informed of all important issues
- 3.2 I am satisfied with the degree of awareness of the Board as to the nature and importance of the risks to which Brainhunter is exposed and as to the policies Brainhunter has put in place to define, pay attention to, and manage these risks

4.0 Human Resource Management

- 4.1 The procedure used by the Board to establish the objectives of the Chair and CEO is satisfactory
- 4.2 The procedure used by the Board to evaluate the performance of the Chair and CEO is satisfactory
- 4.3 Through the Board, its committees and other means, I know the management team and promising upcoming managers well enough and my contacts with them is sufficient

4.4 The Board is effectively involved in the senior leadership succession process

5.0 Disclosure

5.1 The Board effectively manages the disclosure processes and ensures compliance with all applicable regulations and legislation

6.0 Corporate Performance

6.1 The information I receive with respect to profitability and competition permits me to oversee results, target areas of possible concern and understand issues and trends impacting Brainhunter

6.2 The Board openly communicates its objectives, expectations and concerns to management

6.3 The Board effectively monitors operating performance on a regular basis

7.0 Governance Processes

7.1 The frequency of Board and committee meetings permits me to fulfil my obligations as a director

7.2 The time allocated to Board and committee meetings is sufficient

7.3 The number of directors is adequate

7.4 The diversity of experience and expertise of the members of the Board, permits the Board to effectively guide Brainhunter towards the achievement of its strategic objectives

7.5 I am satisfied with the current structure of the Board committees

7.6 I am satisfied with the functioning of each of the Board's committees

- Audit
- HR and Compensation
- Governance and Nominating

7.7 I am satisfied with the information presented to the Board by each of the following committees

- Audit
- HR and Compensation
- Governance and Nominating

7.7.1 I am of the opinion that the current mechanisms used to replace directors and the selection of new candidates to be proposed for election to the Board works well

7.8 I am satisfied with the frequency of discussion by independent directors in the absence of senior management and with the amount of time allocated to these independent discussions

7.9 The documents and information I receive for the meetings are adequate and delivered in sufficient time for me to consider them

7.10 Board and committee meetings are constructive and marked with frankness and are managed in a fashion so as to encourage open dialogue, active participation, a critical spirit and the timely resolution of problems

7.11 Board members comply with conflict of interest standards

7.12 I am satisfied with the current policies and practices of the board with respect to governance

7.13 The role of Lead Director, as well as the “in camera” sessions, constitute an effective mechanism for resolving any possible conflicts between the management, the Chair and CEO and the Board

7.14 The Chair of the Board

- encourages the directors to ask questions and express their views during Board meetings
- directs the meetings in a methodical and efficient fashion
- manages the agenda such that board meetings address important matters that the directors should consider
- allows sufficient time during board meetings so that all matters on the agenda are addressed in order of priority
- manages the meetings so that the board arrives at decisions on matters on the agenda following discussion

8.0 Overall

8.1 The most important accomplishment of the Board during this last year was

8.2 In my opinion the one thing the Board could do to improve its effectiveness is to

Appendix I

Director Peer Evaluation Survey

Objective and Overview

On an annual basis all directors and officers of the Corporation will be asked to complete a confidential survey similar to that outlined below in order to assess the performance of each member of the Board. The feedback will be reviewed by the Governance and Nominating Committee in order to provide specific feedback to each director and to make recommendations on board membership, committee membership and leadership.

Director _____ (name)	Year _____
---------------------------------------	-------------------

Section A – Background and Expertise

Information will be provided on the relevant background, credentials and expertise of each Director

Education: _____

Accreditations: _____

Work Experience: _____

Other Board Experience: _____

Section B: Roles on Brainhunter Board of Director

Information will be provided on both the history and current roles played on the Brainhunter Board for each Director

Historic Information:	Tenure on Board: _____
	Roles on Board: (committees, leadership positions, etc) _____

Current Roles: (committees, leadership positions, etc) _____

Section C: Evaluation of Director

To be completed by all other directors and officers of the Corporation

What are the key strengths of and / or contribution made by this director?

How could this director use his / her skills and abilities to more effectively participate as a board and committee member?

What recommendations would you make with regard to new responsibilities for this director?

Summarize this director’s overall contribution to Brainhunter’s Board of Directors.



CODE OF CONDUCT

Adopted by the Board of Directors on February 10, 2006



CODE OF CONDUCT

To: All Directors, Officers and Employees of Brainhunter Inc.

It has always been the policy at Brainhunter that all our activities should be conducted with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. In varying degrees, as a director, officer or employee of Brainhunter, each of us represents the Corporation in our dealings with others, whether they be other employees, clients, candidates, customers, suppliers, investors, competitors, governments or the general public.

At Brainhunter, we are all expected, as directors, officers and employees, to conduct our dealings on behalf of the Corporation in accordance with this policy. So that there can be no doubt as to what is expected of each of us in this regard, the Board of Directors of Brainhunter (the “Board”) has endorsed this important document. This Code of Conduct (the “Code”) applies to all the directors, officers and employees of Brainhunter Inc. and its wholly owned subsidiaries (collectively, “Brainhunter” or the “Corporation”).

Please read this document carefully and make it an integral part of the way you conduct business at Brainhunter. You play an important role in representing our organization. The Code is not intended to be exhaustive, and all of us are encouraged to apply both the spirit and the letter of the Code in all our work with Brainhunter. Honesty, integrity, dedication and a deep sense of personal respect for each other forms the foundation of our Code of Conduct. We strongly encourage our employees, business associates and colleagues to follow, as a minimum, the ethical standards set forth in this document.

Chairman and Chief Executive Officer,
John McKimm

President,
Raj Singh

Chief Financial Officer,
Robert Prentice

SUMMARY OF THE CODE

As a director, officer or employee, when acting on behalf of Brainhunter you are expected to:

1. Deal with clients, candidates and employees faithfully, with integrity and professional responsibility.
2. Observe the highest principles of honesty and fair practice in dealing with clients, candidates, employees and all regulatory authorities; and respect the confidentiality of records in accordance with law and good business practices.
3. Provide leadership in the adherence to both the spirit and letter of all applicable human rights, employment laws and regulations, as a minimum. We will strive wherever possible to surpass these minimum standards to set unprecedented standards in our industry. We will treat all candidates and employees without prejudice and will not accept an order from any client that is discriminatory in any way.
4. Protect the Corporation's assets, and use them properly and with care for the benefit of Brainhunter, and not for personal use.
5. Use email, the internet, telephone and other forms of communication provided by Brainhunter appropriately, which means primarily for business-related purposes.
6. Not speak on behalf of Brainhunter unless authorized to do so.
7. Avoid situations in which your personal interests conflict or might conflict with the interests of Brainhunter.
8. Obtain permission before joining the board of directors of another company or related organization.
9. Not take personal opportunities discovered by using property of Brainhunter or in your role with Brainhunter.
10. Protect the confidentiality of Brainhunter's "undisclosed material information".
11. Ensure that Brainhunter's books and records are complete and accurate.
12. Provide accurate and fair public disclosure.
13. Investigate and report any accounting, auditing or disclosure concerns.
14. Be committed to the prevention of workplace discrimination and harassment.
15. Be committed to ensuring the health and safety of fellow employees, officers and directors.
16. Know and comply with all laws, rules and regulations applicable to your position.
17. Not trade in Brainhunter securities or any other company's securities if you possess "undisclosed material information".
18. Deal fairly with Brainhunter's customers, suppliers and competitors.
19. Not offer expensive gifts or other benefits to persons, including clients, customers and public officials that might influence or be perceived as influencing a business decision.
20. Not accept expensive gifts or other benefits from persons doing or seeking to do business with Brainhunter.

EXPLANATION OF THE CODE

The Code of Conduct prescribes the minimum moral and ethical standards of conduct required of all directors, officers and employees of Brainhunter. Violations of this Code can have severe consequences and will result in the appropriate discipline being taken, up to and including discharge where warranted by the circumstances.

An explanation of each of the rules is set forth below. If you are an employee or an officer who has questions regarding the application of any rule or about the best course of action in a particular situation, you should seek guidance from your supervisor. The officers and directors should seek guidance from the Corporation's Chair and CEO who shall consult, as appropriate, with the Chairperson of Brainhunter's Governance and Nominating Committee.

1. BUSINESS ETHICS AND PRACTICES

1.1 Staffing Industry Code of Ethics

As a member of the Association of Canadian Search, Employment and Staffing Services, Brainhunter and all its employees, officers and directors must adhere to the Code of Ethics of this industry association. The following Code of Ethics is an obligation we assume as we serve as providers of employment and staffing services and to those we employ.

We will serve its clients, candidates and employees faithfully, with integrity and professional responsibility.

We will observe the highest principles of honesty and fair practice in dealing with clients, candidates, employees and all regulatory authorities; and will respect the confidentiality of records in accordance with law and good business practices.

We will provide leadership in the adherence to both the spirit and letter of all applicable human rights, employment laws and regulations, as a minimum. We will strive wherever possible to surpass these minimum standards to set unprecedented standards in our industry. We will treat all candidates and employees without prejudice and will not accept an order from any client that is discriminatory in any way.

We will take all reasonable steps to provide clients with accurate information on each candidate's employment qualifications and experience; and will only present those candidates who have given us authorization to represent their application for employment.

We will supply candidates and employees with complete and accurate information as provided by the client, regarding terms of employment, job descriptions and workplace conditions.

We will not recruit, encourage or entice a candidate whom we have previously placed to leave the employ of our clients, nor will we encourage or coerce an individual to leave any assignment before completion.

We will not restrict the right of a candidate or employee to accept employment of their choice.

We will maintain the highest standards of integrity in all forms of advertising, communications and solicitations; and will conduct our business in a manner designed to enhance the operation, image and reputation of the employment, recruitment and staffing services industry.

We will derive income only from clients and make no direct or indirect charges to candidates or employees unless specified by a license.

We will recognize and respect the rights and privileges of competitors in the true fashion of individual initiative and free enterprise and refrain from engaging in acts of unfair competition.

We will ensure that our clients, candidates and employees are aware of our duty to abide by this Code of Ethics and will undertake to bring any potential infringements before the appropriate Association body.

1.2 Protecting Brainhunter Assets and Resources

Brainhunter assets are to be used only for the purposes of fulfilling your corporate responsibilities.

Brainhunter assets – business machines, equipment, vehicles, buildings, business systems, telephones, computers, photocopiers, corporate credit and calling cards, electronic mail, voicemail, traditional mail systems, for example – are to be used only for Brainhunter business. This does not prevent the occasional, minimal personal use of such assets, if appropriately disclosed and approved, and if such use is not in conflict with the provisions of this Code or applicable policies. When personal charges beyond a minimal level are incurred using Brainhunter's assets, it is your responsibility to report and reimburse such amounts immediately to Brainhunter. Examples of assets and services that should not be used personally without prompt payment include: couriers, limousines, mail, long-distance telephone, office supplies and printing services, among others.

The Corporation's property should never be used for personal gain, and you should not allow Brainhunter's property to be used for illegal activities. If you become aware of theft, misuse or waste of our assets or funds or have any questions about your proper use of them, you should speak with your supervisor. However, if you feel uncomfortable approaching your supervisor with your concern, you may contact Brainhunter's Chief Financial Officer.

Misappropriation of Brainhunter's assets is a breach of your duty to the Corporation and may be an act of fraud against the Corporation. Taking the Corporation's property from Brainhunter facilities without permission is regarded as theft and could result in dismissal. In addition, carelessness or waste of Brainhunter's assets may also be a breach of your duty to the Corporation and could result in dismissal.

The Corporation's assets include all memos, notes, lists, records and other documents (and copies of each of these) that you make or compile relating to Brainhunter's business. All of these are to be delivered to the Corporation promptly after your employment ceases, or at any time that Brainhunter requests.

In financial matters, absolute integrity is required. When handling money, or instruments representing money, in the course of conducting Brainhunter's business, we must understand that we are doing so "in trust". All funds collected on behalf of Brainhunter or its members or customers must be properly receipted and expeditiously forwarded to appropriate authorities

within Brainhunter. Under no circumstances shall anyone associated with Brainhunter make any personal or other use of such funds.

Everyone covered under this Code of Ethics must know and respect the difference between our own personal money, members' funds and Brainhunter funds. Commingling of funds – that is, placing together business and/or member funds and/or personal funds – is expressly prohibited. All transactions involving the transfer of funds must be handled completely, accurately and in a timely manner.

1.3 E-mail, the Internet, Telephones, and other forms of Communication

Use Brainhunter's various forms of communication properly and appropriately.

We provide our employees with access to e-mail, the internet, telephones and other forms of communication for business purposes, and while we understand the need for limited and occasional use of these tools for personal purposes, this use should not be excessive or cause detriment to Brainhunter. Internet use must be conducted in a professional manner. For example, accessing internet sites containing obscene or offensive material, or sending e-mails that are derogatory or harassing to another person or group of people or forwarding chain e-mails, is prohibited. In addition, employees must be vigilant to ensure that the network security is maintained.

1.4 Media, Public and Government Inquiries

Do not speak on behalf of Brainhunter unless you are authorized to do so.

As outlined in Brainhunter's Disclosure and Insider Trading Policy, we have designated certain members of management who are trained and qualified as spokespersons to release information to the public and who are the only persons permitted to speak on behalf of the Corporation. When members of the media, financial analysts or government authorities contact the Corporation to request information, the response can have far-reaching implications, including effects on Brainhunter's stock price and ability to compete. When we provide information on the Corporation's operational strategies or financial results, we must ensure both that the information is accurate and that it is an appropriate time to "go public" with that information.

In addition, we must comply with the requirements of securities regulators and stock exchanges about how and when we disclose information, and understand that there are strict consequences for doing so improperly.

If you receive a request for information from outside the Corporation, you must forward it to the one of the persons identified in the Disclosure and Insider Trading Policy or the Chief Financial Officer.

1.5 Conflicts of Interest

Avoid situations in which your personal interests conflict, might conflict or might appear to conflict with the interests of Brainhunter.

As an employee, officer or a director, we expect that you will act honestly and ethically and in the best interests of Brainhunter by avoiding conflicts of interest in your personal and

professional relationships. While we respect your right to manage your personal affairs and investments and we do not wish to intrude on your personal life, Brainhunter employees should place the Corporation's interest in any business transaction ahead of any personal interest or gain.

It stands to reason also that you do not assist competitors. Nor should you assist anyone outside the company in services that compete with the company's. Understandably, this policy is not intended to prevent assistance to others, including competitors, under programs approved by the executives of the Corporation.

As an employee, officer or director, you may have a conflict of interest if you are involved in any activity that prevents you from performing your duties to Brainhunter properly, or that may create a situation that would affect your judgment or ability to act in the best interests of Brainhunter. For example, no employee should have a significant interest in a business that supplies goods or services to, or secures goods or services from, Brainhunter, without receiving approval of his or her supervisor. Directors should look to the Corporate Governance Guidelines for guidance on potential conflict of interest situations.

To avoid conflicts of interest, you should identify potential conflicts when they arise and notify your supervisor if you are unsure whether a relationship or transaction poses a conflict or appears to pose a conflict. Your supervisor will be able to clear or resolve certain conflicts, or will be able to contact someone else who can. Directors should consult with the Chair and CEO who shall consult, as appropriate, with the Chairperson of Brainhunter's Governance and Nominating Committee.

A conflict of interest would be deemed to exist if you:

1. Engage in a business transaction on behalf of Brainhunter with a firm or business in which you are a principal officer or representative;
2. Engage in a business transaction on behalf of Brainhunter with a near relative (near relatives are defined as wife or husband, dependent children, dependent parents or other relatives living in the same household) or with a firm or business in which a near relative is a principal officer or representative;
3. Provide work, equipment or any service to Brainhunter for personal remuneration, or engage in any other business transaction with the Corporation supplementary to basic Brainhunter employment;
4. Have other gainful employment such as sales or consultation with respect to a service which is offered by Brainhunter;
5. Have an outside interest which materially encroaches on time or attention which should be devoted to the Corporation's affairs, or so affects your energies as to interfere with the full application of abilities to perform the your Brainhunter duties;
6. Make use of information entrusted to or obtained by you in the conduct of Corporation business to your or any near relative's benefit, by selling or making available such information in any other manner to further your interests or the interests of near relatives;

7. Accept gifts or benefits of any kind from a supplier or any other person or business which has or may have dealings with the Corporation, the receipt of which might influence or appear to influence a decision on the purchasing of goods and services.

1.6 Membership on Boards of other Organizations

If you are an officer or employee of Brainhunter, obtain permission before you join the board of directors of another company or government organization.

Serving as a director of another company, even one in which Brainhunter has an interest, may create a conflict of interest. Being a director or serving on a standing committee of some organizations, including government agencies, may also create a conflict.

Before accepting an appointment to the board or a committee of any organization whose interests may conflict with Brainhunter's interests, employees must receive written approval from Brainhunter's Executive Committee.

Employees are permitted, however, to serve on boards of charities or non-profit organizations or in private family businesses that have no relation to Brainhunter and its businesses. Prior approval is not required for these types of situations. If you hold a position with a charity or non-profit organization and if you speak publicly for the entity, you should ensure that you are seen as speaking on behalf of the entity or as an individual, and not on behalf of Brainhunter.

Employees are also permitted to run for, and to hold, political office, subject to being able to fulfill their obligations to Brainhunter.

1.7 Personal Opportunities

Do not take personal opportunities that are discovered through the use of property or information of Brainhunter or in your role with Brainhunter.

As an employee, officer or director, you are prohibited from taking for yourself opportunities that you discover through the use of Brainhunter property, information or position; from using Brainhunter property, information or position for personal gain; and from competing with the Corporation. Employees, officers and directors owe a duty to Brainhunter to advance its legitimate interests when the opportunity arises.

1.8 Confidential Information

Protect the confidentiality of "undisclosed material information" concerning Brainhunter.

"Undisclosed material information" is dealt with in detail in Brainhunter's Disclosure and Insider Trading Policy. In brief, it refers to information that is not generally available to the investing public and which would reasonably have a significant effect on the share price or value of any of the Securities of Brainhunter. It would also include a decision by the Board of Directors or by senior management to implement a key program or change at Brainhunter. The circulation of rumors, or "talk on the street", even if inaccurate, is to be considered a breach of this Code. The

most common example of “undisclosed material information” is information about earnings or financial performance that has not yet been publicly disclosed.

Except where it is authorized or legally required, all directors, officers and employees must keep confidential, and not use for themselves or other persons including relatives or friends, all information concerning Brainhunter or its business that is not generally available to the investing public.

Information is considered to be public if it has been disclosed in an annual report, annual information form, management information circular, press release or interim report. The obligation to keep certain information confidential applies both during appointment or employment with Brainhunter, and after termination of appointment, or employment, including on retirement.

For more information you should refer to Brainhunter’s Disclosure and Insider Trading Policy.

Protect the confidentiality of “undisclosed material information” about customers and others.

We also respect confidentiality of information regarding other companies. If you learn of confidential information about another company in the course of your position, you should protect it the same way that you would protect confidential information about Brainhunter. Data protection and privacy laws that affect the collection, use and transfer of personal customer information are rapidly changing areas of law, and you should consult with your supervisor if you have any questions regarding appropriate uses of customer information.

Disclosure of confidential information can be harmful to Brainhunter and could be the basis for legal action against the Corporation and/or the employee, officer or director responsible for the disclosure.

Much of the information, materials or assets we use in the course of our involvement with Brainhunter are protected by copyright laws or subject to licensing requirements. For example, computer software, books, trade journals and magazines fall into this category. There may also be copyrights on other items such as presentations, slides, training materials, or work product of suppliers, consultants or others. It is illegal to reproduce, distribute or alter copyrighted material without proper authorization. We must also take care to avoid violating licensing agreements by installing or using software or other materials that are subject to such agreements.

1.9 Accuracy of Books and Records

Ensure that the books and records of Brainhunter are complete and accurate.

The books and records of Brainhunter must reflect in reasonable detail all its transactions in a timely and accurate manner in order to, among other things, permit the preparation of accurate financial statements in accordance with generally accepted accounting principles. All assets and liabilities of Brainhunter must be recorded as necessary to maintain accountability for them.

All business transactions must be properly authorized. All transactions must be supported by accurate documentation in reasonable detail and recorded properly. The recorded value for assets must be compared to the existing assets at reasonable intervals and appropriate action taken with respect to any differences.

No information may be concealed from the auditors, the Audit Committee or the Board.

In addition, it is unlawful to fraudulently influence, coerce, manipulate or mislead any independent public or certified accountant who is auditing our financial statements.

1.10 Accounting, Auditing or Disclosure Concerns

Provide accurate and fair public disclosure.

We are required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Ontario Securities Commission (OSC) and other Canadian securities regulators and the Toronto Stock Exchange (TSX), as well as in other public communications made by Brainhunter. All employees who are responsible for the preparation of Brainhunter public disclosures, or who provide information as part of the process, have a responsibility to ensure that disclosures and information are made honestly, accurately and in compliance with Brainhunter's Disclosure and Insider Trading Policy.

We all have a responsibility to submit good faith questions and concerns regarding accounting, auditing or disclosure matters. Complaints and concerns related to such matters include, among others, actions involving:

- (a) fraud or deliberate errors in the preparation, maintenance, evaluation, review or audit of any financial statement or financial record;
- (b) deficiencies in, or noncompliance with, internal accounting controls;
- (c) misrepresentation or false statements to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports; or
- (d) deviations from full and fair reporting of Brainhunter's financial condition.

2.0 WORK ENVIRONMENT

2.1 Discrimination and Harassment Free Environment

Brainhunter has zero tolerance for workplace discrimination and harassment, and all directors, officers and employees must be committed to preventing an inhospitable work environment.

All directors, officers and employees must ensure that Brainhunter is a safe and respectful environment, free of discrimination and harassment where high value is placed on equity, fairness and dignity. Harassment on the basis of race, gender, sexual orientation, colour, national or ethnic origin, religion, marital status, family status, citizenship status, age or disability is prohibited. Harassment generally means offensive verbal or physical conduct that singles out a person to the detriment or objection of that person. Harassment covers a wide range of conduct, from direct requests of a sexual nature to insults, offensive jokes or slurs, which results in an inhospitable work environment. Harassment may occur in a variety of ways and may, in some circumstances, be unintentional. Regardless of intent, such conduct is not acceptable and may also constitute a violation of human rights legislation.

No officer or employee may harass another employee, customer, vendor, supplier, visitor or any other person on Brainhunter's premises or while doing its business regardless of location.

2.2 Safe Working Conditions

We are committed to ensuring the health and safety of our employees.

We all have the right to work in an environment that is safe and healthy. In this regard, we must:

- (a) comply strictly with the letter and spirit of applicable occupational, health and safety laws and the public policies they represent;
- (b) follow work instructions or procedures on health and safety laws;
- (c) not engage in illegal or dangerous behaviors; and
- (d) not be on Brainhunter property or performing Brainhunter work if we are under the influence or affected by alcohol, illegal drugs or controlled substances
- (e) not possess or use weapons or firearms or any type of combustible materials on Brainhunter's property or at Brainhunter-sponsored functions.

Brainhunter has zero tolerance for acts of violence, threats of violence, acts of intimidation and hostility towards another person or group of persons. Promptly report to your supervisor or in accordance with the Reports and Complaints section of this Code, any accident, injury or unsafe equipment, practices or conditions, violent behavior or weapons possession.

2.3 Work Time and Personal Integrity

Personal integrity is not only a matter of honesty with Corporation funds and property, but it also involves honesty with time.

Personal integrity means doing a fair day's work for a fair day's pay, keeping absences to a minimum, coming in on time, restricting personal telephone calls and staying with the work at hand. It also means reporting for work in a condition and manner fit to perform the job. This kind of honesty is necessary for the type of job we do in the Corporation as well as for our feeling of worth and satisfaction.

3.0 LEGAL AND REGULATORY COMPLIANCE

3.1 Compliance with Laws, Rules and Regulations

Know and comply with all laws, rules and regulations applicable to your position.

Brainhunter's activities can be subject to complex and changing laws, rules and regulations. Ignorance of the law is not, in general, a defense to an action for contravention. We expect directors, officers and employees to make every reasonable effort to become familiar with laws, rules and regulations affecting their activities and to exert due diligence in complying with these laws, rules and regulations and, to ensure that those individuals reporting to them are also aware of these laws, rules and regulations. Our objective is to restrict willful or negligent violations of these laws, rules and regulations.

We will make information concerning applicable laws, rules and regulations available to directors, officers and employees. If you have any doubts as to the applicability of any law, you should refer the matter to your supervisor who may obtain advice from Brainhunter's Chair and CEO or Chief Financial Officer.

Brainhunter's policy is to meet or exceed all applicable governmental requirements regarding its activities. As an employee, you must be aware of the applicable governmental requirements and report any violations thereof to your supervisors or in accordance with the Reports and Complaints section of this Code. Similarly, no employee, officer or director may enter into any arrangement contrary to applicable requirements or laws.

3.2 Securities Laws and Insider Trading

Do not trade in Brainhunter securities if you possess "undisclosed material information". If you have "undisclosed material information" about a company with which Brainhunter does business that is not known to the investing public, you should not buy or sell securities of that company until after the information has become public.

Information about Brainhunter is "material":

- (a) if publicly known, results in or would reasonably be expected to result in a significant change in the market price or value of any Brainhunter securities; or
- (b) if there is a substantial likelihood that a reasonable shareholder or investor would consider it important in making a decision to buy, sell or hold Brainhunter securities.

If you are not sure whether information is "material" or "undisclosed", consult with Brainhunter's Chief Financial Officer for guidance before engaging in any transaction in Brainhunter securities.

You are also prohibited from disclosing "undisclosed material information" about Brainhunter to other people, such as relatives or friends, who may trade on the basis of the information. Securities laws also prohibit trades made on the basis of these "tips". In addition, you should avoid trading in puts and calls relating to Brainhunter securities.

For more information on insider trading, you should consult the full text of the Disclosure and Insider Trading Policy.

3.3 Fair Dealing

Deal fairly with Brainhunter's customers, suppliers and competition.

You must endeavor to deal fairly with shareholders, Brainhunter's customers, suppliers, competitors and employees, and should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

3.4 Gifts to Persons

Use your best judgment in giving and receiving gifts.

Directors, officers and employees should not offer expensive gifts or other benefits to persons, including public officials and political parties, that might influence or be perceived as influencing a business decision. Employees whose duties permit them to do so, such as employees in sales may offer modest gifts, entertainment or other benefits to persons who have a business relationship with the Corporation. The benefits must be given in accordance with generally accepted ethical business practices. For example, it is acceptable to take a customer to dinner but it is not acceptable to give a customer cash.

Any donation or benefit to a public official or political party must be in accordance with Brainhunter's Code. We encourage you to become involved in political activity acting on your own behalf, but not as a representative of Brainhunter.

3.5 Gifts from Persons

Directors, officers and employees must not accept expensive gifts or other benefits from persons doing or seeking to do business with Brainhunter.

As a director, officer or employee, you cannot solicit, encourage or receive bribes or other payments, contributions, gifts or favors that could influence your or another person's decisions. It is acceptable to accept modest gifts, entertainment or other benefits from persons doing or seeking to do business with Brainhunter, provided the benefits are given in accordance with generally accepted ethical business practices.

For example, a pair of tickets to a baseball game may be accepted from a supplier. However, it is not appropriate to accept a trip from a supplier, unless there is a specific business purpose and the trip has been approved by the head of the employee's department.

COMPLIANCE WITH THE CODE

Each director, officer and employee of Brainhunter will be provided with a copy of the Code and will be required to sign an acknowledgement in the form of the Statement of Compliance, included with and forming part of this Code as Schedule A.

The Code is intended to serve as a guide for your own actions and decisions and for those of your co-workers.

Reports and Complaints

As an employee, if you believe that a violation of the Code or any law, rule or regulation has been or is likely to be committed by you or someone else who is an employee or representative of Brainhunter, you have an obligation to promptly report the relevant information to your supervisor, since your supervisor will generally be in the best position to resolve the issue. However, if you feel uncomfortable approaching your supervisor with your concern, or if you have any specific or general questions, you may contact Brainhunter's Chief Financial Officer.

If you believe it is inappropriate to raise your complaint or report of a violation with either your supervisor or the Chief Financial Officer, you can write to the Chairperson of the Audit Committee (for issues related to accounting controls, auditing or disclosure) or the Chairperson of the Governance and Nominating Committee (for all other types of issues such as harassment or discrimination, misuse of the internet, conflicts of interest or inappropriate gift giving or receiving).

Directors should promptly report violations to the Chair and CEO, or to the relevant committee Chairperson.

Directors, officers and employees can raise concerns either orally or in writing although reports to the Chairs of the Board committees can only be made in writing.

If you are not comfortable with any of the above options, you can also call the Brainhunter Whistleblower Hotline at 1-877-266-2579. This service is managed by an independent third party called Global Corporate Compliance and any employee can call anonymously to report suspected unethical, illegal or unsafe behaviour. The Hotline is available toll-free, 24-hours a day, 7 days a week. (See Brainhunter's Whistleblower Policy for more details)

The most important thing to remember when dealing with these types of questions or concerns is: When in doubt, ask.

Treatment of Reports and Complaints

Confidentiality of reported violations will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review and subject to law. You may make a report anonymously, in which case you should write a letter and include as specific details as possible, including back-up documentation where feasible, in order to permit adequate investigation of the concern or conduct reported. Vague, non-specific or unsupported allegations are inherently more difficult to pursue.

The party receiving the complaint must make a record of its receipt, document how the situation was dealt with and file a report with Brainhunter's Chief Financial Officer. The Chief Financial

Officer will retain all such reports, but will also maintain a separate log that will track the receipt, investigation and resolution of reported complaints specifically related to accounting controls, auditing and disclosure matters. Based on this log, the Chief Financial Officer will periodically compile a comprehensive summary of all of these types of complaints and the corrective actions taken and will bring the summary to the attention of the Chairperson of the Audit Committee for his or her review, since the Chairperson of the Audit Committee is ultimately responsible for Brainhunter's compliance with the accounting, auditing and disclosure-related aspects of the Code. The Chief Financial Officer will bring any other complaints or reported violations that are not related to accounting controls, auditing or disclosure but are significant to the attention of the Chairperson of the Governance and Nominating Committee.

Penalties for Violating Brainhunter's Code of Conduct

Retaliation is prohibited. We want you to know that we will not discharge, demote or suspend you if you, in good faith, bring forward concerns about actual or potential violations of laws, rules or regulations, or the Code.

However, we reserve the right to discipline you if you make an accusation without a reasonable, good faith belief in the truth and accuracy of the information or if you knowingly provide or make false information or accusations.

"Good faith" does not mean that you have to be right - but it does mean that you must believe you are providing truthful information.

If you believe that you have been unfairly or unlawfully retaliated against, you may file a complaint with your supervisor or Brainhunter's Chief Financial Officer. If you are a director, an executive officer or an employee and you believe your complaint concerning retaliations cannot be appropriately addressed by your supervisor or the Chief Financial Officer, you should file a report with the Chairperson of the Governance and Nominating Committee.

HELPFUL CONTACT INFORMATION

Chair and CEO

Mr. John McKimm
Brainhunter Inc.
Suite 700, 2 Sheppard Ave. East
Toronto, ON M2N 5Y7
Tel: 416-203-1800 ext 300
E-mail: John.Mckimm@brainhunter.com

Chief Financial Officer

Mr. Robert Prentice
Brainhunter Inc.
Suite 700, 2 Sheppard Ave. East
Toronto, ON M2N 5Y7
Tel: 416-225-9900 ext 310
E-mail: robert.prentice@brainhunter.com

Audit Committee Chairperson

Mr. John Gillies
1014 Friars Court
Oakville, ON L6M 5C6
E-mail: gilliescan@cogeco.ca

Governance and Nominating Committee Chairperson

Mr. Don McCreesh
262 Burgundy Drive
Oakville, ON L6J 4G1
E-mail: donmccreesh@cogeco.ca

Disciplinary Action for Code Violations

We will impose discipline for each Code violation that fits the nature and particular facts of the violation. If you fail to comply with laws or regulations governing Brainhunter's businesses, this Code of Conduct or any other Brainhunter policy or requirement, you may be disciplined up to and including immediate termination, and if warranted, legal proceedings may be brought against you.

Waivers

Waivers of the Code of Conduct for employees may be granted only in writing by Brainhunter's Chief Financial Officer. Any waiver of the Code of Conduct for Brainhunter executive officers or directors may only be made in writing by the Board or the Governance and Nominating Committee and will be promptly disclosed to shareholders to the extent required by law, regulation or stock exchange requirement.

Annual Attestation

All directors, officers and employees of Brainhunter will be required to attest annually to their familiarity with, and adherence to, the principles of this Code.

Legal Notice

This Code of Conduct serves as a reference to you. Brainhunter reserves the right to modify, suspend or revoke this Code and any and all policies, procedures, and programs in whole or in part, at any time. Brainhunter also reserves the right to interpret and amend this Code and these policies in its sole discretion as it deems appropriate. Any amendments to the Code of Conduct will be disclosed and reported as required by law.

Neither this Code of Conduct, these policies nor any statements made by any employee of Brainhunter, whether oral or written, confer any rights, privileges or benefits on any employee, create an entitlement to continued employment at Brainhunter, establish conditions of employment, or create an express or implied employment contract of any kind between employees and Brainhunter. In addition, all employees should understand that this Code does not modify their employment relationship, whether at will or governed by a written contract.

The version of the Code of Conduct that appears online at www.brainhunter.com may be more current and up to date and supersedes any paper copies, should there be any discrepancy between paper copies and what is posted online.



CODE OF CONDUCT

SCHEDULE A

STATEMENT OF COMPLIANCE

I have reviewed and am familiar with Brainhunter's Code of Conduct (the "Code") for directors, officers and employees.

I hereby agree to comply with the Code, including its provisions for non-disclosure of information both during and after appointment or employment.

To the best of my knowledge, I am not involved in any situation that conflicts or might appear to conflict with the Code.

I also agree to notify my supervisor, the Chief Financial Officer of Brainhunter Inc., or in the case of directors, the Chair of the Board immediately of any change that might adversely affect my compliance with the Code.

Name: _____
(Please print)

Position Title: _____

Department: _____

Location: _____

Date: _____
(mm/dd/yy) (signature)

Note: All directors, officers and employees must complete this Statement of Compliance upon joining Brainhunter and again on an annual basis thereafter.

Once completed, please send this form to _____

SCHEDULE “B”

AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE CHARTER

The Audit Committee Charter is contained in the Corporate Governance Guidelines, attached to this AIF.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Messrs. John Gillies (Chair), John Jaakkola and Don McCreesh. All members were considered independent at all material times during the recently completed fiscal year and financially literate, as those terms are used in Multilateral Instrument 52-110 (the “Instrument”).

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

John Gillies

He is financially literate by virtue of being a Certified Management Accountant and as demonstrated by his experience as CFO of Falconbridge Limited, the multi-billion dollar mining company.

John Jaakkola

Mr. Jaakkola has senior executive experience as a CEO regarding the issues surrounding the development of a high-growth technology services company, specifically the European and Latin American operations of the Technology sectors of Deloitte Consulting. As CEO he had extensive experience in and responsibilities for all financial aspects of operating an international business enterprise.

Don McCreesh

Mr. McCreesh has senior executive experience and knowledge of the human resources issues surrounding the staffing operations of the company, particularly employer and employee taxation and liability issues. He has an MBA and has been a senior executive of a multinational corporation with extensive budget responsibilities.

ITEM 4: RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Company’s most recently completed financial year has the company relied on the following exemptions available under the Instrument: section 2.4 (De Minimis Non-audit Services); section 3.2 (Initial Public Offerings);

section 3.4 (Events Outside Control of Member); section 3.5 (Death, Disability or Resignation of Audit Committee Member); part 8 (Exemptions); section 3.3(2) (Controlled Companies); section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances); and section 3.8 (Acquisition of Financial Literacy).

ITEM 5: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES

The aggregate fees paid by the Company to its external auditors relating to the two past fiscal years is as follows:

	Ernst & Young, LLP	Clancy & Company, LLP
Fiscal Year	2005	2004
Audit	\$85,000	\$105,000
Audit related—including review of quarterly statements and work related to changes in accounting policies resulting in restating 2004	45,000	0
Tax—preparation of annual tax returns	30,000	30,900
Other—assistance in accounting	0	23,424
Total	\$160,000	\$159,324