

Brainhunter Reports First Quarter Results

Q1/08 An Investment Quarter

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THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION TO CANADIAN INVESTORS ONLY.

Brainhunter Inc. ("Brainhunter" or the "Company") (TSX:BH) is pleased to report its results for the quarter ending December 31, 2007.

Revenue grew approximately 8.0% over the first quarter, 2007 to reach \$59.1 million. Gross margin percentages remained flat at approximately 15.3%. Staffing expenses were 9.0% of revenue, up from 8.3% in the same period in Fiscal 2007, for an increase of \$0.812 million. Selling, general and administrative ("SG&A") were up \$0.516 million in the same period reaching 4.0% of sales, versus 3.3% in the first quarter, 2006. The increases in staffing expense is largely due to the additional investment in more senior sales and recruiting personnel required to properly handle the sales growth opportunities resulting from both new clients and existing clients where Brainhunter's status has moved to being a preferred supplier versus secondary supplier. It is expected that the benefits of this investment, the majority of which were made in the fourth quarter, 2007 will start to flow through to EBITDA by the second quarter ending March 31, 2008 with continued improvement thereafter.

The increase in SG&A is largely due to a number of non-recurring expenses which include legal, technology and other professional fees such as the review of internal controls pursuant to National Instrument 52-109. It is expected that SG&A costs will be back in line as a percentage of sales by the end of the fourth quarter, 2008.

The first quarter, 2008 was an investment quarter for Brainhunter. Brainhunter's revenue grew from approximately \$166.0 million in Fiscal 2006 to \$225.0 million for Fiscal 2007. EBITDA increased over 250% to reach \$7.8 million for Fiscal 2007. During this period Brainhunter significantly expanded its presence and status with a number of major clients. To properly service the clients and realize on the significant growth opportunities within these clients, investment in senior personnel and infrastructure was mandatory. Brainhunter is now well positioned to enjoy strategic organic growth in Fiscal 2008 and beyond and to enjoy continued growth in EBITDA.

BUSINESS OVERVIEW

Brainhunter is an ISO 9001:2000 Certified "Technology Driven Staffing Procurement Software, Solutions and Services" company. Brainhunter's business is focused on using the Brainhunter Human Capital Management Platform to provide fully integrated end-to-

end recruiting and staffing services and solutions in the following market sectors: Information Technology, Engineering, Industrial, Health Care and Financial Services.

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

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

Brainhunter's Technology Platform and Best practices strive to deliver the most cost effective and flexible recruiting and staffing solutions in the marketplace today. Brainhunter offers solutions that are modular in nature and are customizable to suit both small and large scale business processes. Brainhunter has over 2,000 customers including over 200 of North America's leading corporation's plus over 30 Canadian federal and provincial government departments. Brainhunter's Job Seeker Database currently holds over 1.2 million professional resumes and is one of the largest active databases for professional staffing in North America.

Brainhunter is a publicly traded company with a senior listing on the Toronto Stock Exchange (TSX:BH). Brainhunter deploys over 1,800 Contractors / Consultants with an internal staff of over 250 personnel. The Company has delivery capability across Canada (Toronto, Ottawa, Maritimes, Montreal, Calgary, Edmonton, and Vancouver), activities in Dalian China, a BPO office in Hyderabad, India, an office in London, UK, and delivery capability in select US jurisdictions.

DISCLAIMER

Certain statements in this News Release may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Brainhunter and its subsidiary entities, or the industry, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this News Release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in Brainhunter's publicly filed documents (which are available on SEDAR at www.sedar.com) and elsewhere in this document. Those risks and uncertainties include: the ability to maintain profitability and manage growth; reliance on and retention of professionals; competition; performance obligations and client satisfaction; fixed price and contingency engagements; collectability of accounts receivable; general state of the economy; possible acquisitions; possible future litigation; interest rate fluctuations; insurance limits; legislative and regulatory changes; revenue and cash flow volatility;

operating risks; residential market risk; protection of intellectual property; appraisal mandates; restrictions on growth. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this News Release. Although the forward-looking statements contained in this News Release are based upon what management believes to be reasonable assumptions, Brainhunter cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this News Release, and, except in accordance with applicable law, Brainhunter assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, Brainhunter undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Brainhunter, its financial or operating results, or its securities.

Following are statements extracted from the unaudited financial statements of Brainhunter for the quarter ending December 31, 2007. The following statements should be read in conjunction with the notes to the financial statements attached to the unaudited financial statements as filed on SEDAR.

Brainhunter Inc.

CONSOLIDATED UNAUDITED BALANCE SHEETS

As at	December 31, 2007 \$	September 30, 2007 \$

ASSETS		
Current		
Accounts receivable	45,784,044	44,545,035
Deposits and prepaid expenses	805,361	558,275
Future income tax asset	1,419,557	1,419,557

Total current assets	48,008,962	46,522,867

Capital assets	6,270,651	6,136,648
Other assets	552,706	524,801
Investment tax credits recoverable	1,373,122	1,373,122
Intangible assets, net of amortization	7,729,386	8,546,550
Goodwill	20,232,800	20,232,800
Due from related parties	443,483	443,483

	84,611,110	83,780,271

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	22,399,138	23,958,904
Current portion of deferred lease inducement	102,995	68,380
Current portion of provision for lease restructuring	249,158	249,158
Current portion of long-term debt	14,422,379	3,229,774
Deferred revenue	302,344	272,524

Total current liabilities	37,476,014	27,778,740

Deferred lease inducement	729,217	538,397
Provision for lease restructuring	79,182	140,748
Long-term debt	2,486,297	14,758,954
Term bank facility	28,890,105	24,484,009
Long-term future income tax liabilities	2,797,733	3,013,908

Total long-term liabilities	34,982,534	42,936,016

Shareholders' equity		
Capital stock	20,054,458	20,018,959
Warrants	1,531,325	1,531,325
Contributed surplus	1,446,314	1,401,586
Equity component of convertible note obligation	1,951,285	1,951,285
Deficit	(12,830,820)	(11,837,640)

Total shareholders' equity	12,152,562	13,065,515

	84,611,110	83,780,271

On behalf of the Board:

John McKimm
Director

John Gillies
Director

Brainhunter Inc.

CONSOLIDATED UNAUDITED STATEMENTS OF OPERATIONS AND LOSS

Three months ended December 31	2007	2006
	\$	\$

Revenue	59,130,124	54,730,398
Cost of revenues	50,145,475	46,367,778

Gross profit	8,984,649	8,362,620

Expenses		
Other staffing costs	5,342,981	4,530,733
Selling, general and administrative	2,340,440	1,824,701

	7,683,421	6,355,434

Income before interest, amortization and income taxes	1,301,228	2,007,186

Interest expense	876,212	753,425
Interest expense - accreted	335,704	312,529
Amortization of capital assets	481,503	271,206
Amortization of intangibles	817,164	975,329
Amortization of deferred financing costs	-	313,719

Total	2,510,583	2,626,208

Loss before income taxes	(1,209,355)	(619,022)

Recovery of income taxes	(216,175)	(357,704)

Net loss for the period	(993,180)	(261,318)

Loss per share		
Basic and diluted	(\$0.02)	(\$0.01)

Brainhunter Inc.
CONSOLIDATED UNAUDITED STATEMENTS OF DEFICIT

Period ended	December 31, 2007 \$	September 30, 2007 \$

Deficit, beginning of period	(11,837,640)	(7,845,028)
Adjustment due to change in accounting policy	-	(1,042,005)

Adjusted deficit beginning of period	(11,837,640)	(8,887,033)
Net loss for the year	-	(2,950,607)
Net loss for the three month period	(993,180)	-

Deficit, end of period	(12,830,820)	(11,837,640)

Brainhunter Inc.
CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS

Three months ended December 31	2007 \$	2006 \$

OPERATING ACTIVITIES		
Net loss for the year	(993,180)	(261,318)
Add (deduct) items not affecting cash		
Future income taxes	(216,175)	(357,704)
Loss on disposal of fixed assets	6,485	-
Amortization of deferred financing costs	-	313,719
Accretion of interest	335,704	312,529
Amortization of deferred lease inducement and provisions	(19,757)	(10,736)
Amortization of provision for lease restructuring	(61,566)	(67,413)
Stock-based compensation expense	44,729	12,959
Amortization of capital assets	481,503	271,206
Amortization of intangible assets	817,164	975,329

	394,907	1,188,571
Net change in non-cash working capital items	(3,016,041)	(4,735,858)

Cash used in operating activities	(2,621,134)	(3,547,287)

FINANCING ACTIVITIES		
Issuance of shares on repayment of debt	-	225,188
Exercise of common share options	35,500	-
Increase in deferred lease inducement	-	144,863

Repayments from (loans to) related parties	-	(250,000)
Proceeds from term bank credit facility	4,406,096	4,508,818
Repayment of long-term debt	(1,415,756)	(476,684)

Cash provided by financing activities	3,025,840	4,152,185

INVESTING ACTIVITIES		
Additions to capital assets	(376,801)	(604,898)
Increase (decrease) in long term investments	(27,904)	-

Cash used in investing activities	(404,706)	(604,898)

Supplemental cash flow information		
Interest paid	649,427	596,305

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