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BRAINHUNTER REPORTS STRONG ANNUAL RESULTS
Revenue increases over 218%, EBITDA up over 320%
Well Positioned for Organic Growth in Fiscal 2007

Toronto, Ontario, December 29, 2006 – Brainhunter Inc. (“Brainhunter” or the “Company”) (TSX:BH) is pleased to report strong results for the year ending September 30, 2006. Revenues were \$166,503,522 versus \$76,061,391 the previous year. EBITDA for the year was \$3,045,696 versus \$949,670 for the previous year.

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

Brainhunter is now well positioned as one of the largest Staffing and Solutions companies in Canada. During the past twelve months Brainhunter has established Tier One relationships with a number of customers with staffing budgets in excess of CDN \$50.0 million. This positioned Brainhunter very well for strong organic growth in the fourth quarter, ending September 30, 2006 and into 2007. The investment Brainhunter has made in infrastructure over the past twenty-four months is expected to translate into significant EBITDA growth in 2007, as the benefit begins to accrue from the improved customer positioning, cost rationalization, synergies from acquisitions and a highly scalable business infrastructure.

ACCOMPLISHMENTS OVER THE PAST THREE YEARS

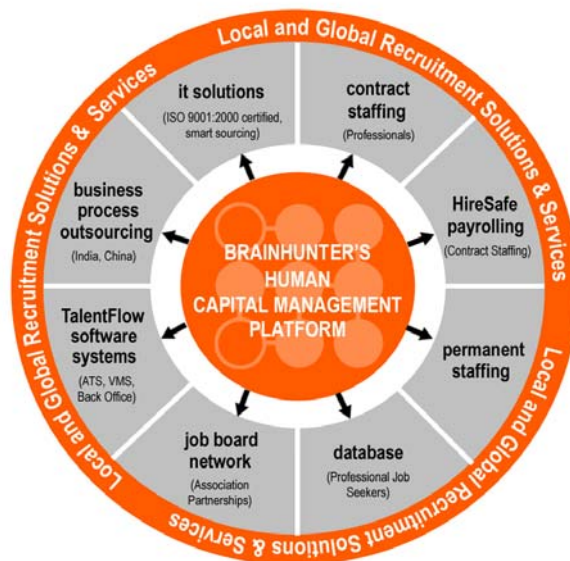
Since April, 2003, Brainhunter accomplished the following:

- ✓ Revenues ✓ increased from approximately \$6.0 million annually to \$166.5 million
- ✓ Acquisitions ✓ Closed 11 acquisitions generating cumulative sales of approximately \$131 million
- ✓ Financing ✓ Raised over \$60 million of new capital including approximately \$18.0 million of equity, \$12.0 million of convertible notes and over \$30.0 million of debt including operating credit facilities, term facilities and Vendor Take Back Financing
- ✓ Geographic Diversification ✓ put in place the following:
Domestic presence in Toronto, Ottawa, Montréal, Calgary, Edmonton, Vancouver / Maritimes / International presence in India and China / US serviced remotely from Canada and India

- ✓ Customers ✓ Tier one relationships from 2 in 2003 to over 80 today, a third of which have been added in past year / Over 35 customers where we do more than \$1 million sales per annum
- ✓ Consolidation ✓ Consolidated 12 different financial systems / Offices - Toronto 7 offices to 1; Ottawa 3 offices to 1

Brainhunter has seven core business units – Toronto IT Staffing, Ottawa IT Staffing, Permanent Placement, International (BPO India and US), Engineering, Recruiting Solutions (Job Board and software license sale), and Solutions. In the fourth quarter, all business units showed improvement. This trend is expected to continue for the 2007 fiscal year, largely due to organic growth initiatives, synergies from acquisitions, cost rationalization initiatives and a highly scalable business infrastructure.

Over the past three-years, Brainhunter has grown from one of the smallest companies in the industry to become one of the largest Recruiting and Staffing Services and Solutions companies operating in Canada today. Brainhunter has consistently demonstrated steady growth. The closing of the acquisitions in the fall of 2005 has given Brainhunter the critical mass of sales, which when combined with the Brainhunter Technology Platform, Job Board infrastructure and one of the largest professional databases in Canada, positions Brainhunter as the pre-eminent staffing services and solutions companies in Canada. Brainhunter believes its Human Capital Management Platform provides one of the most comprehensive solutions and staffing procurement offerings in the marketplace today.



Brainhunter Inc.
CONSOLIDATED BALANCE SHEET

As at September 30	2006	2005
ASSETS		
Current		
Restricted short-term investment <i>[note 10]</i>	125,000	125,000
Accounts receivable	39,596,147	16,223,905
Investment tax credits recoverable <i>[note 3]</i>	-	250,000
Deposits and prepaid expenses	762,314	312,618
Future income tax asset <i>[note 6]</i>	939,664	523,432
Total current assets	41,423,125	17,434,955
Capital assets, net <i>[note 4]</i>	6,755,710	5,701,846
Investment tax credits recoverable <i>[note 3]</i>	1,373,122	1,094,507
Deferred financing costs <i>[note 15]</i>	1,285,194	434,000
Intangible assets, net of amortization <i>[note 7]</i>	12,447,886	3,262,222
Goodwill <i>[note 7]</i>	20,232,800	9,382,402
Due from related parties <i>[note 5]</i>	190,150	282,159
Future income tax asset <i>[note 6]</i>	-	500,496
	83,707,987	38,092,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness <i>[note 9]</i>	-	10,578,481
Accounts payable and accrued liabilities	23,518,477	6,364,660
Current portion of deferred lease inducement	39,490	35,700
Current portion of provision for lease restructuring	261,756	-
Current portion of long-term debt <i>[note 10]</i>	4,139,378	1,046,685
Deferred revenue	416,714	575,654
Total current liabilities	28,375,815	18,601,180
Deferred lease inducement	325,153	294,529
Provision for lease restructuring	377,312	-
Long-term debt <i>[note 10]</i>	13,818,884	760,951
Term bank facility <i>[note 11]</i>	21,795,732	-
Long-term future income tax liabilities	2,437,234	-
Total long-term liabilities	38,754,315	1,055,480
Commitments and contingencies <i>[note 8]</i>		
Shareholders' equity		
Capital stock <i>[note 12]</i>	20,309,153	20,484,854
Warrants <i>[note 12]</i>	1,423,498	68,945
Contributed surplus <i>[notes 12 and 13]</i>	1,082,508	973,744
Equity component of convertible note obligation <i>[note 12]</i>	1,607,726	53,040
Deficit	(7,845,028)	(3,144,656)
Total shareholders' equity	16,577,857	18,435,927
	83,707,987	38,092,587

Brainhunter Inc.
CONSOLIDATED STATEMENT OF OPERATIONS AND LOSS

Year ended September 30	2006	2005
Revenue	166,503,522	76,061,391
Cost of revenues	138,830,406	59,984,183
Gross profit	27,673,116	16,077,208
Expenses		
Other staffing costs	17,611,170	9,702,382
Selling, general and administrative	7,016,250	5,425,156
	24,627,420	15,127,538
Income before interest, amortization and income taxes	3,045,696	949,670
Interest expense	2,484,580	418,765
Interest expense - accreted <i>[note 10]</i>	1,117,631	55,855
Amortization of capital assets	1,074,318	899,403
Amortization of intangibles	3,614,336	1,112,917
Amortization of deferred financing costs	916,991	-
	9,207,856	2,486,940
Loss before income taxes	(6,162,160)	(1,537,270)
(Recovery of) provision for income taxes <i>[note 6]</i>	(1,461,788)	1,853,488
Net loss for the year	(4,700,372)	(3,390,758)
Loss per share <i>[note 12[f]]</i>		
Basic	(\$0.11)	(\$0.08)
Diluted	(\$0.11)	(\$0.08)

CONSOLIDATED STATEMENT OF (DEFICIT)

Year ended September 30	2006	2005
(Deficit) retained earnings, beginning of year	(3,144,656)	259,777
Net loss for the year	(4,700,372)	(3,390,758)
Shares purchased for cancellation, excess of cost over book value	-	(13,675)
(Deficit), end of year	(7,845,028)	(3,144,656)

Brainhunter Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30	2006	2005
OPERATING ACTIVITIES		
Net loss for the year	(4,700,372)	(3,390,758)
Add (deduct) items not affecting cash		
Future income taxes	(1,461,788)	1,850,077
Investment tax credits	-	(295,395)
Amortization of deferred financing costs	916,991	-
Accretion of interest	1,117,631	55,855
Amortization of lease inducement and provisions	(39,490)	(35,701)
Amortization of provision for lease restructuring	(208,411)	-
Stock-based compensation expense	118,801	243,376
Amortization of capital assets	1,074,318	899,092
Amortization of intangible assets	3,614,336	1,112,917
	432,016	439,463
Net change in non-cash working capital items <i>[note 14]</i>	(1,368,611)	(3,258,369)
Cash used in operating activities	(936,595)	(2,818,906)
FINANCING ACTIVITIES		
Exercise of common share purchase warrants <i>[note 12]</i>	-	584,500
Exercise of common share options <i>[note 12]</i>	66,299	150,670
Repayment of bank indebtedness	(9,933,660)	-
Increase in deferred financing costs	(1,696,151)	(434,000)
Increase in lease inducement	73,905	127,927
Repayments from related parties	92,009	48,539
Share purchase loans <i>[note 12]</i>	(242,000)	(104,289)
Purchase of common shares <i>[note 12]</i>	-	(26,615)
Proceeds from bank credit facility	21,795,732	3,245,660
Proceeds from long-term debt	12,498,000	358,000
Repayment of long-term debt <i>[note 10]</i>	(587,104)	(356,000)
Cash provided by financing activities	22,067,030	3,594,392
INVESTING ACTIVITIES		
Additions to capital assets	(1,699,252)	(2,133,617)
Business acquisitions, net of cash acquired <i>[note 2]</i>	(18,786,362)	(54,038)
Cash used in investing activities	(20,485,614)	(2,187,655)
Net increase (decrease) in cash during the year	644,821	(1,412,169)
(Bank overdraft) cash, beginning of year <i>[note 9]</i>	(644,821)	767,348
Bank indebtedness, end of year <i>[note 9]</i>	-	(644,821)

DISCLAIMER

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

BUSINESS OVERVIEW

Brainhunter is an ISO 9001:2000 Certified “**Technology Driven Staffing Procurement Services and Solutions**” company. Brainhunter’s business is focused on using the Brainhunter 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 and Health Care.

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

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

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

Brainhunter is a publicly traded company with a senior listing on the Toronto Stock Exchange (**TSX:BH**). Brainhunter deploys over 1,600 Contractors / Consultants with an internal staff of over 200 personnel. The Company has delivery capability in Toronto, Ottawa, Maritimes, Montréal, Calgary, Edmonton, Vancouver, activities in Dalian China, a BPO office in Hyderabad, India and delivery capability in select US jurisdictions.

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