BRAINHUNTER INC.

Management Discussion and Analysis
For the Year Ending
September 30th, 2006

December 29, 2006

BASIS OF PRESENTATION

The Management's Discussion and Analysis, dated December 15, 2006 should be read in conjunction with the interim unaudited consolidated financial statements and the accompanying notes. Additional information relating to Brainhunter Inc. ("Brainhunter") is available on SEDAR.

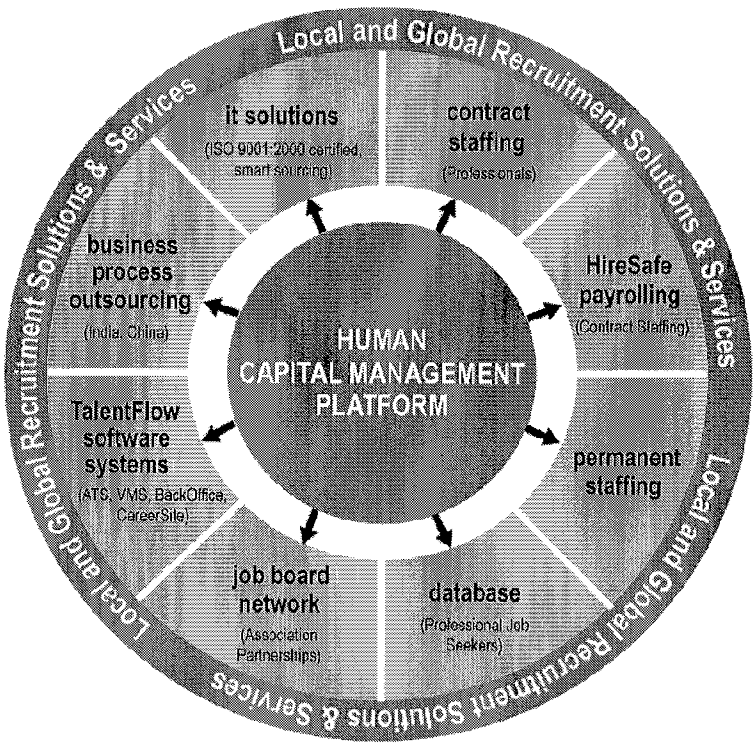
The Company's interim unaudited consolidated financial statements and accounting policies are in accordance with Canadian generally accepted accounting principles ("GAAP") of the Canadian Institute of Chartered Accountants ("CICA") using the same accounting policies and methods as the most recent audited consolidated financial statements. All dollar amounts are in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A 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 MD&A, 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. Thoe 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 MD&A. Although the forward-looking statements contained in this MD&A 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 MD&A, 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 (or the "Company") is a leader in the global delivery of Human Capital Management ("HCM") Solutions, Services and Software. Focused on all aspects of Staffing Procurement within organizations, Brainhunter provides end-to-end capability on a very robust, highly scalable, web enabled technology platform.



Brainhunter specializes in providing end-to-end recruiting and staffing solutions and services for 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. Functionality extends to 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 related practice areas, including:

1. **Contract Staffing** (Annuity Revenue) – **High Growth**
    - Full Service
    - HireSafe Payrolling
    - Recruiting Support
    - BackOffice Processing

2. **Permanent Staffing** (Transaction Fees / Retainers) – **Strategic**
    - 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. **TalentFlow Software Systems** (Licenses / Services) – **Strategic**
    - Applicant Tracking System
    - Vendor Management System
    - BackOffice Systems
    - CareerSite Systems

5. **Business Process Outsourcing** (India / China) (Annuity Revenue) **- High Growth**
    - 24/7 Recruiting / Sales and Customer Support
    - 24/7 Telemarketing
    - Outsourcing of Specialized Business Processes
    - SmartSourcing of Software Support and Development

6. **Professional Services / Solutions Delivery** (Project Revenue) **- Strategic**
    - Brainhunter Technology Platform Development, Support, Customization
    - Outsourcing / SmartSourcing®

Brainhunter's Human Capital Management Platform, supported by best practices, is believed to deliver the most cost effective, flexible and customizable recruiting and staffing solutions, services and processes in the marketplace today. The Platform is deployed internally and is delivered externally in a modular capacity, or as a fully integrated end-to-end solution. Software is sold 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 1,600 Contractors/Consultants with an internal staff of over 250 personnel. The Company has delivery capability in Toronto, Ottawa, Winnipeg, Montréal, Calgary, Edmonton, Vancouver, Maritimes as well as activities in Dalian, China and in Hyderabad, India.

THE YEAR IN REVIEW

Overview

In the *Contract Staffing* sector, the focus has been on enhancing our preferred supplier arrangements with large users of IT or Engineering contract services. During fiscal 2006, our preferred supplier arrangements increased to over 75, expanding the Company's coverage in Quebec and Alberta.

The company has successfully launched its Business Process Outsourcing ("BPO") centre in India. The centre is now fully operational and has signed 15 new supplier agreements in the USA and 12 in India. In addition, the BPO operation has several Recruiting Process Outsourcing proposals for major clients in the pipeline. The BPO Centre provides recruiting support for Brainhunter's Canadian and U.S. Staffing activities and marketing support for Brainhunter's North American Job Board business.

Brainhunter has launched a separate Permanent Staffing Group. The group has added over 36 major Fortune 1,000 clients to the Company's base of business, has grown to 8 people and has enjoyed growing profitability almost from its creation.

Brainhunter has made a significant investment in its operational infrastructure through the development of a comprehensive and robust Back Office System, along with significant enhancements to the Applicant Tracking and Vendor Management applications. The Back Office System will dramatically improve internal efficiencies and allow Brainhunter to service customers better. More importantly, the Back Office System provides Brainhunter with a major competitive advantage in positioning the Company as a Master Vendor providing the operational infrastructure that manages the Contract Staffing Business processes in the relationship between Agency, Customer and Job Seekers. Brainhunter now operates 106 specialized Job Boards.

Brainhunter has completed its marketing and branding realignment, brand rationalization and unified corporate identity program enterprise-wide across the 10 acquired entities. In addition, the Company has implemented a brand awareness advertising campaign that will carry on into early Fiscal 2007 throughout key geographic areas in Canada.

Acquisitions

AJJA Information Technology Consultants Inc.

On October 11th, 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 31st, 2006 and $337,500 quarterly plus interest beginning June 30th, 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 1st, 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 11th, 2005.

The purchase price components for the acquisition of AJJA are:

	$
Cash consideration	6,200,000
Liability portion of notes	3,122,573
Conversion rights on notes	877,427
Vendor-take-back loans	1,541,268
Transaction costs	589,501
	12,330,769

iGate Mastech Ltd.

On November 16th, 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 16th, 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 16th, 2005.

The purchase price components for the acquisition of iGate are:

	$
Cash consideration	12,534,096
Vendor-take-back loans	399,829
Transaction costs	901,000
	13,834,925

Financing

Term Bank Facility
On November 16th, 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 30th, 2005.

On September 22, 2006, the demand credit facility was increased from $20,000,000 to $22,000,000 on substantially the same terms.

$5,000,000 Debenture
On November 16th, 2005, the Company issued a debenture for $5,000,000, repayable on December 15th, 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%.

8% Convertible Note Financing
In October through 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.

SELECTED ANNUAL INFORMATION

For the year ended September 30th ($,000 except earnings per share)

	2006	2005	2004	2003
Revenue	**$166,504**	**$76,061**	**$68,893**	**$22,282**
Cost of sales	138,830	59,984	54,869	15,632
Gross margin	**27,673**	**16,077**	**14,024**	**6,650**
Other operating costs	24,627	15,128	10,958	4,857
EBITDA	**3,046**	**950**	**3,066**	**1,793**
Interest-cash	2,481	419	391	154
Interest-non cash	1,121	56	39	0
Amortization of capital assets	1,074	899	938	506
Amortization of intangibles	3,614	1,113	2,444	0
Amortization of deferred financing costs	917	0	0	0
Earnings (loss) before tax	**(6,162)**	**(1,537)**	**(745)**	**1,133**
Income tax	(920)	1,853	(548)	239
Net earnings (loss)	**(5,242)**	**(3,390)**	**(197)**	**894**
Earnings per share-basic	($0.12)	($0.08)	$0.00	$0.03
Earnings per share-fully diluted	($0.12)	($0.08)	$0.00	$0.03
Total assets	**$83,615**	**$39,093**	**$35,102**	**$20,739**
Total long-term financial liabilities	**$39,227**	**$1,055**	**$1,120**	**$1,253**

REVIEW OF OPERATIONS

Revenues

Revenues for the Fiscal year ending September 30, 2006 increased $90,442,131 or 118.9% to $166,503,522 in the current year, up from $76,061,391 in the prior year. The increase is mainly attributable to the two first quarter acquisitions of AJJA Information Technology Consultants Inc. ("AJJA") on October 11th, 2005 and iGate Mastech Ltd. ("iGate") on November 16th, 2005, and an increase in the Staffing business offset by a decline in the Solutions business.

Brainhunter's Staffing Division accounted for $161,039,668 or 96.7% of total revenues compared to $70,058,389 or 92.1% in 2005, representing an increase of $90,981,278 or

129.9% increase over the prior year period. As noted above, the increase is mainly attributable to the acquisitions of AJJA and iGate, representing approximately $81 million of the total increase, and a $11.5 million increase in the IT staffing business, mainly in Toronto, as a result of organic growth and being classified as the primary vendor on contract arrangements.

A significant portion of the Company's revenue is derived from the Federal Government of Canada. During the year, 45.8% of revenues related to various Federal Government of Canada agencies and departments, compared to 43.0% in the prior year. This increase is due to acquiring AJJA in Ottawa.

Management believes that there are trends in North America, which will provide the Company with significant opportunities in the coming years 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 will significantly drive our revenue and profitability growth in 2007.

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 $78,846,226 or 131.4% from $59,984,183 in 2005 to $138,830,406 in 2006, an amount commensurate with the increase in revenues, and as a result of the two acquisitions. Cost of sales as a percentage of revenues increased from 78.9% to 83.4% on a year-over-year basis reflecting the evolution in the mix of the business, and the two acquisitions, which include significant vendor managed payrolling sales for several Tier-1 customer relationships. This business has lower margins than traditional full-service contract staffing sales because no recruiting function is required.

Cost of sales in the Company's Staffing Division accounted for $135,527,965 or 97.6% of the current year compared to $56,868,801 or 94.8% of the total cost of sales in 2005, representing an increase of $78,659,164 or 138.3% increase over the prior year. The gross margin related to the Staffing Division is $25,511,703 or 15.8% of related revenues in 2006 compared to $13,189,589 or 18.8% in the prior year. The decrease in gross margin percentage is a result of the acquisitions, which have gross margins in the 14-17% range and include vendor managed payrolling sales, as noted above.

Overall, the Company reported gross margins of $27,673,116 or 16.6% of revenues in the 2006, compared to $16,077,208 or 21.1% of revenues in 2005. 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, and as noted above, it has been impacted by vendor managed payrolling sales.

Overhead expenses ("Other Staffing Costs" and "General, Selling and Administrative plus Restructuring Allowance")

Overhead expenses showed an increase in Fiscal 2006 versus Fiscal 2005 of $9,499,882 from $15,127,538 to $24,627,420 representing a 62.8% increase. As a % of Revenue, overhead expenses were 14.8%, down from 19.9% the previous year.

Other staffing costs have increased $7,908,789 or 81.5% to $17,611,171 up from $9,702,382 in the prior year. The selling, general and administrative expenses have also increased $1,591,094 or 29.3% over the prior year. The increase is attributable to the acquisition of iGate and AJJA.

The largest increases in the Overhead costs for Fiscal 2006 are as follows:

- Restructuring allowance of $1,035,000;
- Marketing and branding costs increased from $745,000 to $1,196,430
- Real estate costs increased from $1,223,000 to $1,417,597
- Management, consulting, accounting and legal fees from $2,827,287 to $3,308,760; and
- Travel and entertainment costs increased from $359,000 to $919,913.

As discussed earlier in this MD&A, in October 2005, the Company acquired AJJA Information Technology Consultants Inc. and in November 2005, the Company acquired iGate Mastech Limited. These two acquisitions approximately doubled the annual revenues of the company. As part of the process of integrating the two acquisitions into the Company, executive management determined that the Company's resulting cost structure was inappropriate for the existing business and anticipated organic growth. As a result, the Company rationalized its Toronto operations including senior management as well as positions in sales, recruiting, and administration. The expected cost savings on an annualized basis is in excess of $2,100,000.

The anticipated severance costs are approximately $790,000, and therefore an allowance in that amount was taken in 2006, as required by accounting policy. At the same time, certain leased real estate became redundant as a result of combining the operations of the acquired companies with that of existing Company facilities. The Company has determined that the cost to the Company disposing of the excess rented premises $150,000 and has recorded an allowance in that amount.

As well, the Company has determined that an allowance of $100,000 is appropriate to cover the costs of certain other items associated with acquisitions, including the costs of concluding litigation.

In total, the Company recorded a Restructuring allowance of $1,035,000 in the 2006. The Company expects to pay the bulk of the amounts involved over the next 12 months. The effect on pro-forma earnings net of allowance for income tax is approximately $1,050,000. The Company has usable tax loss carry-forwards and does not expect to pay any material income tax.

Earnings before Interest, Taxes and Amortization (EBITDA)

As the result of the above, EBITDA is reported as $3,045,696 for Fiscal 2006 versus $949,670 for Fiscal 2005. EBITDA increased as a percentage of Revenue from 1.2% in the year ending September, 2005 to 1.8% in the year ending September 2006. As noted previously, the increase is largely due to the acquisitions of AJJA and iGate which approximately doubled the revenues of the Company.

Interest

The interest costs are predominantly related to amounts paid on the Company's current line of credit, the convertible notes, and the debentures. Interest expense is composed of two components; interest expense and accreted interest. Accreted interest is a notional interest cost which represents the difference between the coupon rate of the specific piece of debt and an estimated cost of capital to the Company. When a piece of debt is incurred at a rate below the Company's estimated cost of capital, GAAP requires the debt to be discounted by the difference between the two interest rates and that discount amortized over the life of the debt as accretive or non-cash interest expense.

	2006	2005
Interest Expense	$ 2,484,580	$ 418,765
Interest Expense - accreted	$ 1,117,631	$ 55,855

Cash 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.

Amortization

Amortization expense of capital and intangible assets in 2006 is $1,074,318 and $3,614,336 respectively, an increase of $174,915 for capital assets and $2,501,419 for intangible assets, from prior year. The largest portion of amortization expense is the amortization of intangible assets. The increase in amortization expense is mainly due the addition of approximately $15 million in intangibles relating to the acquisition of AJJA and iGate. In addition, the Company incurred $916,991 of amortization expense for the deferred financing in Fiscal 2006.

Loss before Income Tax

Based on all of the above, the Company is reporting a loss before income taxes of $6,162,160 for 2006 compared to a loss of $1,537,270 from the prior year. As noted previously, the loss is largely the result of amortization expenses of intangible assets from acquisition activities of $3,614,336, cash interest expense of $2,484,580 from the additional debt incurred for the acquisitions of AJJA and iGate, and the restructuring cost accrued for 2006 of $1,035,000.

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 tax purposes, future tax assets and liabilities, and the benefit of loss recorded. The Company has sufficient tax losses acquired through acquisitions to reduce the payment of income taxes but is still subject to Provincial capital taxes, corporate minimum taxes, and future tax provisions. The Company's provision for income taxes amounted to a recovery of $(1,461,788) in 2006, compared to provision of $1,853,488 in 2005.

Net Earnings (Loss)

The Company is reporting a net loss of $4,700,372 or $(0.11) per share basic and diluted for year compared to a Net Loss of $3,390,758 or $(0.08) per share basic and diluted for 2005

Liquidity

Cash and Bank Indebtedness

The Company's line of credit as of September 30th, 2006 is $22,000,000. The Company's interest rate is prime plus 0.5% to 1.5%, depending on a specific bank covenant ratio. This bank line was obtained November 16th, 2005, and a portion of the proceeds was used to retire the $10,000,000 line of credit in place at September 30th, 2005.

Cash used in Operations for the year was $936,595, versus Cash used in Operations of $2,818,906 for Fiscal Year 2005. This significant improvement resulted mainly from the net change in non-cash working capital, which decreased from $(3,258,369) to $(1,368,611), primarily as a result of reducing the Company's accounts payable and accrued liabilities.

Obligations by year ($,000)				Long Term Debt		Total
			Operating Leases	Pay in Cash	Pay in Shares	
Year ending:	Sept	2007	$1,376	$3,904	$458	$5,738
	Sept	2008	$1,293	$6,481		$7,775
	Sept	2009	$1,124	$7,115		$8,238
	Sept	2010	$943	$0		$943
	Sept	2011	$944	$0		$944
	Sept	2012	$965	$0		$965
	Sept	2013	$967	$0		$967
	Sept	2014	$967	$0		$967
	Sept	2015	$432	$0		$432
	Sept	2016	$253	$0		$253
	Sept	2017	$21			$21
	Total		**$9,286**	**$17,500**	**$458**	**$27,244**

Issue of Common Shares

The Company raised $66,299 during the 2006 fiscal year on the exercise of common share options compared to $150,670 during Fiscal 2005. In addition, the Company raised $131,364 on the conversion of preferred shares into common shares in Fiscal 2006.

Advances to Related Parties and Share Purchase Loans

The company recorded net repayments of $92,009 to related parties during 2006, compared to net repayments of $48,539 in the prior year. In Fiscal 2006, the Company advanced $242,000 to individuals to acquire shares in the Company, compared to $228,500 in Fiscal 2005. The advances to acquire the shares are collaterized 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.

Proceeds from Long-Term Obligations

In the period October, 2005 to December, 2005, the Company issued convertible term notes of $7,856,000 with a term of three years, paying interest only during the term at 8% per annum. The notes are convertible at $1.50 of the face value per Company 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. Net proceeds of the issue were $7,234,150, of which $358,000 were received in the last quarter of fiscal 2005 and $6,876,150 in the first quarter of 2006, and were directed to the acquisitions of AJJA and iGate and to the Company's working capital.

Also on November 16th, 2005, the Company issued a debenture for $5,000,000, repayable on December 18th, 2008, paying interest only during the term on a quarterly basis at 12% per annum; 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%. Net proceeds of the issue were $4,881,984.

Repayment of Long-term Obligations

The Company repaid $587,104 of long-term debt during year, compared to a repayment of $356,000 in Fiscal of 2005. All of the repayments are scheduled payments on long-term debt.

Business Acquisitions

The Company reported cash costs of $18,786,362, net of cash acquired, to acquire AJJA and iGate in the first half of 2006. This compares to the cash costs of $54,038 recorded for the first half of 2005, when the Company completed the acquisitions of Vision2Hire and Promethean. The acquisitions of AJJA and iGate were funded primarily by the Convertible term notes and Debenture financings described above.

Capital Expenditures

The Company spent $1,699,252 on Capital Expenditures during 2006, somewhat lower than the $2,133,617 spent in the prior year. The current expenditures were made primarily in enhancing the Brainhunter software ($910,043) and in computer hardware and software ($347,568).

The Company's largest capital expenditure project has been the development of internal-use software systems to manage and execute certain processes specific to the business of the Company. To September 30, 2006 the Company has spent approximately $3.8 million on the project. Following additional expenditures of approximately $225,000, the project is expected to be completed in Q2 of Fiscal 2007.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table provides summary financial data for our last eight quarters:

(Expressed in thousands of dollars, except per share amounts)	Quarter ended			
	Sep 30 2006	**Jun 30 2006**	**Mar 31 2006**	**Dec 31 2005**
Revenue	$47,250	$ 42,056	$ 43,336	$ 33,862
Net income (loss)	$183	($2,463)	($1,482)	($938)
Net income (loss) per share - Basic	$0.01	($0.06)	($0.04)	($0.02)
- Diluted	$0.01	($0.06)	($0.04)	($0.02)
	Sep 30 2005	**Jun 30 2005**	**Mar 31 2005**	**Dec 31 2004**
Revenue	$18,707	$ 20,017	$ 19,548	$ 17,789
Net income (loss)	($3,516)	($246)	$235	$136
Net income (loss) per share - Basic	($0.06)	($0.01)	$0.01	$0.00
- Diluted	($0.08)	($0.01)	$0.01	$0.00

The Company's quarterly results fluctuate based on a number of factors. Operations are driven by the timing of contracts, business renewals, acquisitions, reorganizations, and are subject to some quarterly seasonality due to the timing of the Federal Government of Canada's year-end, vacation periods and statutory holidays.

The Company recognizes revenue as work is performed, and revenue and profitability are negatively impacted as a result of statutory holidays and vacation periods. Typically, the Company's first and fourth quarter indicate reduced revenue and profitability levels as a result of the Christmas season and summer vacation period. The second quarter's revenue and profitability are normally positively impacted due to the Federal Government of Canada's March 31st year-end as consultants are fully utilized and additional consultants are engaged to finalize the work.

OTHER

Financial Instruments and Other Instruments

Accounts receivable, investment tax credits recoverable and income taxes payable, and accounts payable and accruals constitute instruments that approximate fair value due to the near term maturity.

The Company sells primarily to large, well-established customers. The Company is exposed to risk due to fluctuations in the exchange rate of the U.S. dollar. The company is also exposed to risk as its term bank facility interest rate fluctuates with the prime interest rate.

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.

Transactions with Related Parties

No transactions occurred with related parties during the quarter outside the normal course of business and as reported in the financial statements.

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.

The company's Board of Directors passed a "Disclosure and Insider Trading Policy" (the "Policy") in February, 2006. The Policy was publicly disclosed by posting it on SEDAR on March 3, 2006. As part of the preparations for the annual reporting for the fiscal year ended September 30, 2006, Management reviewed the Company's adherence to the Policy by engaging a 3rd party familiar with the concepts to review the Company's procedures as they relate to the Policy. Management has determined that there are areas where improvements can be made to ensure absolute adherence to the Policy, particularly in the information retained on the Company's web site. However, Management is satisfied that no material breaches of the Policy have occurred.

Internal Control Over Financial Reporting

As of September 30th, 2006, 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.

During the period being reported on by this MD&A, the Company strengthened its Internal Control over Financial Reporting through the addition of two senior financial executives, the review and documentation of segments of the Company's transaction processes through a "Best Practices" exercise and through the review and documentation of the Company's financial reporting closing procedures by a qualified 3rd party.

Legal Proceedings

The company is involved in several pieces of litigation. Management believes the litigations are without merit and that the provisions, which have already been made by the Company, are sufficient to offset any uncertainties.

Additional Information

Additional information about the Company may be obtained on SEDAR at www.SEDAR.com.