

Burntsand Releases Second Quarter 2009 Results and Announces New Chairman and New Board Member

Toronto, ON, August 6, 2009. Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported revenue and earnings results for its second quarter ended June 30, 2009.

Second Quarter 2009 Financial Results Highlights (000's) – unaudited

| | Three months ended June 30, | | Six months ended June 30, | |
|---------------------------|--------------------------------|----------|------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Service revenue | \$ 5,337 | \$ 5,127 | \$ 11,291 | \$ 10,159 |
| Adjusted EBITDA (loss)(1) | 30 | (156) | 26 | (197) |
| Net loss | (72) | (265) | (253) | (452) |
| | | | As At | |
| | | | 30-Jun-09 | 31-Dec-08 |
| Cash and cash equivalents | | | \$ 4,735 | \$ 4,876 |
| Working capital | | | 6,225 | 6,359 |

Results for the Second Quarter ended June 30, 2009

Service revenues for the second quarter of 2009 were \$5.3 million compared to \$5.1 million for the second quarter of 2008. US operations contributed \$3.7 million of service revenue for the quarter, the same as the \$3.7 million for the second quarter of 2008. Gross profit on services revenue was 30.0% for the second quarter of 2009 compared to 30.6% for the second quarter of 2008.

Adjusted EBITDA ⁽¹⁾ for the second quarter of 2009 was \$30,321 compared to an Adjusted EBITDA (loss) of (\$156,090) for the second quarter of 2008. Net loss for the second quarter of 2009 was (\$72,186) or (\$0.00) per share compared to a net loss of (\$265,034) or (\$0.00) per share for the second quarter of 2008.

Backlog as at June 30, 2009 was \$5.4 million compared to \$7.1 million as at June 30, 2008.

Results for the Six Month Period ended June 30, 2009

Service revenues for the six month period ended June 30, 2009 were \$11.3 million, up \$1.1 million or 11% compared to \$10.2 million for the same period in 2008. US operations contributed \$8.1 million of service revenue for the six month period ended June 30, 2009 compared to \$7.0 million for the same period in 2008. Gross profit on services revenue was 28.2% for the six month period ended June 30, 2009 compared to 29.4% for the same period in 2008.

Adjusted EBITDA for the six month period ended June 30, 2009 was \$26,233 compared to an Adjusted EBITDA (loss) of (\$197,079) for the same period in 2008. Net loss for the first six months of 2009 was (\$253,395) or (\$0.00) per share compared to a net loss of (\$451,631) or (\$0.01) per share for the first six

months of 2008. The net loss for the first six months of 2009 included a non-recurring realized currency translation loss of \$53,550.

Financial Position at June 30, 2009

As at June 30, 2009 the Company held cash and short-term investments of \$4.7 million and working capital of \$6.2 million. This compared to \$3.0 million of cash and short-term investments and working capital of \$4.6 million as at June 30, 2008. The Company has not borrowed under its US \$2.5 million line of credit.

“While our cash, working capital and balance sheet remain strong we are intensely focused on sales and marketing activities to begin to create growth” said Martin Glover, Burntsand’s President and Chief Executive Officer. “We continue to focus on delivering cost effective solutions in our Collaboration, Enterprise Content Management and Service Management practices in order to enhance our competitive position.” added Mr. Glover.

The Company has filed its financial statements and management’s discussion and analysis on SEDAR at www.sedar.com. This information includes various metrics and performance measurements used by the company, including utilization, project data, new customers and new contract information.

New Board Member and New Chairman

The Company announced today the appointment of Mr. Terry Holland, FCA as Chairman of the Board of Directors of Burntsand. Mr. Holland has served as a director of the Company since 1997 and has extensive experience as a board member of numerous other public and private companies. Mr. Holland replaces Mr. Jim Yeates as Chairman. Mr. Yeates will continue to serve as a Board member of the Company.

The Company also announced today the appointment of Mr. Jim Meekison as a director of the Company. Mr. Meekison, is the Chairman and Chief Executive Officer of Trimin Capital Corp., a private equity company. Mr. Meekison is currently a board member of GMP Capital Inc., Sonor Investments Limited; and Retrocom Mid-Market Real Estate Investment Trust and a number of charitable foundations.

“I look forward to serving as Chairman of the Board of Directors of Burntsand as we continue to focus on improving profitability, revenue growth and increasing shareholder value”, said Mr. Holland. “I would also, on behalf of Burntsand’s board, management and staff, like to thank Mr. Jim Yeates for serving as Burntsand’s Chairman and to recognize his substantial contribution to the Company since its inception. Jim is a founder and the original CEO of Burntsand and in more recent years has provided strong leadership as its Chairman.”

As always we invite your comments and encourage you to follow the progress of your company on the Burntsand website at www.burntsand.com.

About Burntsand

Burntsand is a leader in the delivery of technology consulting services for customers with complex information processing and information management requirements in three practice areas - Enterprise Content Management, Collaboration and Service Management - aligned around our strategic partners, EMC, Microsoft and BMC. The Company delivers strategic design, technology architecture and custom application development through our proven Time-to-Value methodology, which mitigates business risk and speeds process improvements and returns. Headquartered in Toronto, Burntsand operates from locations across North America. The Company's shares (TSX: BRT) are traded on the Toronto Stock Exchange. Learn more about Burntsand at www.burntsand.com.

Forward Looking Statements

Certain information in this press release and in other public announcements contains forward-looking information. Such statements include, but are not limited to, statements which indicate the results, events or activities that Burntsand expects or anticipates will or may occur in the future, including statements which give guidance as to future revenues or other financial results of Burntsand and statements regarding the growth of business or operations, competitive strengths and strategic initiatives and plans. Such forward-looking statements can generally be identified by words such as “outlook”, “guidance”, “estimate”, “forecast”, “objective”, “anticipate”, “intend”, “likely”, “will”, “may”, “should”, “could”, “expect”, “believe”, and similar expressions and statements relating to matters that are not historical facts.

The forward-looking statements in these documents are based upon the reasonable beliefs of Burntsand and its management as of the date the information; however, forward-looking statements involve risks and uncertainties and are based upon factors that may change and assumptions that may prove, with the passage of time, to be incorrect. Accordingly, undue reliance should not be placed upon such statements. If factors materially change or assumptions are materially incorrect, the actual results, performance or achievements of Burntsand may be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

Important factors that could cause actual results, events or activities to differ materially from the forward-looking statements contained in this press release include: general economic business conditions; loss of key employees; integration of acquisitions; stock market volatility; supply and demand for services offered by Burntsand; changes in laws and regulations; Burntsand’s ability to compete successfully, protect its intellectual property rights, and adapt to technological advances and changing industry standards and other factors. Important assumptions that were used in making the forward-looking statements include: effective daily rates, estimated utilization, estimated new bookings and realization on contracts.

All statements made in these documents that contain forward-looking information are made as of the date of this document. Burntsand disclaims any intention and undertakes no obligation to update or revise any forward-looking statements to reflect new information, future events or otherwise.

Note

⁽¹⁾ Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation expense as well as any realized foreign currency translation losses or gains. Burntsand uses Adjusted EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term Adjusted EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable to similarly titled measures presented by other companies. Adjusted EBITDA should not be construed as the equivalent of net cash flows from operating activities. The following is a reconciliation of net income (loss) to Adjusted EBITDA for the periods indicated:

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------------|---------------------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| Net loss for the period | \$ (72,186) | \$ (265,034) | \$ (253,395) | \$ (451,631) |
| Amortization of capital assets and intangibles | 66,392 | 84,293 | 141,573 | 170,543 |
| Interest and investment income | (5,761) | (13,777) | (15,666) | (40,569) |
| Interest expense and financing costs | 9,310 | 10,555 | 40,293 | 17,956 |
| Income tax expense | - | - | - | 25,197 |
| Standardized EBITDA | (2,245) | (183,963) | (87,195) | (278,504) |
| Realized currency translation loss | - | - | 53,550 | - |
| Stock-based compensation | 32,566 | 27,873 | 59,878 | 81,425 |
| Adjusted EBITDA (loss) | \$ 30,321 | \$ (156,090) | \$ 26,233 | \$ (197,079) |

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BURNTSAND INC.
Consolidated Balance Sheets

| | June 30, 2009 | December 31, 2008 |
|---|--------------------------|----------------------|
| | (unaudited) | |
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 4,734,556 | \$ 4,876,377 |
| Accounts receivable | 3,362,825 | 5,216,377 |
| Prepaid expenses | 256,524 | 241,252 |
| | 8,353,905 | 10,334,006 |
| Capital assets | 601,505 | 815,441 |
| Goodwill | 169,548 | 177,566 |
| | \$ 9,124,958 | \$ 11,327,013 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 1,810,448 | \$ 2,828,319 |
| Deferred revenue | 257,209 | 1,046,277 |
| Current portion of obligations under capital leases | 60,959 | 100,089 |
| | 2,128,616 | 3,974,685 |
| Long-term portion of obligations under capital leases | - | 4,926 |
| | 2,128,616 | 3,979,611 |
| SHAREHOLDERS' EQUITY | | |
| Common shares | 9,611,454 | 9,611,454 |
| Contributed surplus | 1,384,895 | 1,325,017 |
| Deficit | (2,492,456) | (2,239,061) |
| Accumulated other comprehensive loss | (1,507,551) | (1,350,008) |
| | (4,000,007) | (3,589,069) |
| | 6,996,342 | 7,347,402 |
| | \$ 9,124,958 | \$ 11,327,013 |

BURNTSAND INC.
Consolidated Statements of Operations

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|---------------------|---------------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| REVENUE | | | | |
| Services | \$ 5,336,596 | \$ 5,126,548 | \$ 11,290,804 | \$ 10,159,478 |
| License and maintenance | - | 457,625 | 101,354 | 586,936 |
| Other revenue | 205,441 | 245,970 | 436,102 | 422,550 |
| | 5,542,037 | 5,830,143 | 11,828,260 | 11,168,964 |
| COSTS | | | | |
| Cost of services | 3,734,480 | 3,557,279 | 8,107,878 | 7,176,881 |
| Cost of license and maintenance | - | 435,720 | 79,703 | 552,474 |
| Cost of other revenue | 189,815 | 230,344 | 404,850 | 390,191 |
| | 3,924,295 | 4,223,343 | 8,592,431 | 8,119,546 |
| GROSS PROFIT | 1,617,742 | 1,606,800 | 3,235,829 | 3,049,418 |
| EXPENSES | | | | |
| Sales and marketing | 593,905 | 578,353 | 1,114,620 | 969,978 |
| General and administrative | 612,363 | 613,068 | 1,223,676 | 1,250,088 |
| Other expenses | 413,719 | 599,342 | 931,178 | 1,107,856 |
| | 1,619,987 | 1,790,763 | 3,269,474 | 3,327,922 |
| Loss before the undernoted | (2,245) | (183,963) | (33,645) | (278,504) |
| Realized currency translation loss | - | - | (53,550) | - |
| Amortization of capital assets | (66,392) | (84,293) | (141,573) | (170,543) |
| Interest and investment income | 5,761 | 13,777 | 15,666 | 40,569 |
| Interest expense and financing costs | (9,310) | (10,555) | (40,293) | (17,956) |
| Income loss before income taxes | (72,186) | (265,034) | (253,395) | (426,434) |
| Income tax expense | - | - | - | (25,197) |
| NET LOSS FOR THE PERIOD | \$ (72,186) | \$ (265,034) | \$ (253,395) | \$ (451,631) |
| Loss, basic and diluted, per share | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.01) |
| Weighted average number of common shares used to calculate per share amounts, basic and diluted | 72,660,220 | 72,612,601 | 72,660,220 | 72,603,078 |

BURNTSAND INC.
Consolidated Statements of Cash Flows

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|---------------------|---------------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net loss for the period | \$ (72,186) | \$ (265,034) | \$ (253,395) | \$ (451,631) |
| Items not affecting cash: | | | | |
| Amortization of capital assets and intangibles | 66,392 | 84,293 | 141,573 | 170,543 |
| Amortization of assets used in outsourcing contract | 44,260 | 44,260 | 88,520 | 88,520 |
| Realized currency translation loss | - | - | 53,550 | - |
| Stock-based compensation | 32,566 | 27,873 | 59,878 | 81,425 |
| | 71,032 | (108,608) | 90,126 | (111,143) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 206,494 | (45,640) | 1,748,304 | (73,617) |
| Prepaid expenses | (29,069) | 293,016 | (22,413) | (69,156) |
| Accounts payable and accrued liabilities | (55,005) | (182,619) | (974,830) | (224,348) |
| Deferred revenue | (249,263) | (274,210) | (792,336) | (101,857) |
| | (55,811) | (318,061) | 48,851 | (580,121) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of capital assets, net of related accounts payable | (1,419) | (49,764) | (2,774) | (105,100) |
| | (1,419) | (49,764) | (2,774) | (105,100) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments on capital lease obligations | (33,963) | (30,810) | (68,446) | (62,679) |
| Issue of common shares | - | 5,000 | - | 5,000 |
| | (33,963) | (25,810) | (68,446) | (57,679) |
| NET CASH OUTFLOW | (91,193) | (393,635) | (22,369) | (742,900) |
| EFFECT OF FOREIGN EXCHANGE RATE | | | | |
| CHANGES ON CASH | (187,713) | (16,003) | (119,452) | 94,303 |
| CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD | 5,013,462 | 3,404,973 | 4,876,377 | 3,643,932 |
| CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD | \$ 4,734,556 | \$ 2,995,335 | \$ 4,734,556 | \$ 2,995,335 |