

Burntsand Releases Third Quarter 2009 Results

Toronto, ON, November 5, 2009. Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported revenue and earnings results for its third quarter ended September 30, 2009.

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Service revenue	\$ 4,564	\$ 5,577	\$ 15,855	\$ 15,736
Adjusted EBITDA (loss)(1)	(47)	350	(21)	153
Net income (loss)	(140)	217	(394)	(235)
		As at 30-Sep-09	As at 31-Dec-08	As at 30-Sep-08
Cash and cash equivalents		\$ 3,664	\$ 4,876	\$ 4,697
Working capital		5,903	6,359	5,111

Results for the Third Quarter ended September 30, 2009

Service revenues for the third quarter of 2009 were \$4.6 million compared to \$5.6 million for the third quarter of 2008. US operations contributed \$3.3 million (US\$3.0 million) of service revenue for the quarter, compared to \$4.1 million (US\$3.9 million) for the third quarter of 2008. The US\$0.9 million decline in service revenue included a US\$0.4 million decrease in revenue from the US Collaborative practice with the balance of US\$0.5 million in the US Enterprise Content Management Practice. The reductions in service revenue are primarily related to the completion of 4 large projects subsequent to the end of the third quarter of 2008. Gross profit on services revenue was 32.2% for the third quarter of 2009 compared to 34.5% for the third quarter of 2008.

Adjusted EBITDA ⁽¹⁾ (loss) for the third quarter of 2009 was (\$47,138) compared to Adjusted EBITDA of \$350,153 for the third quarter of 2008. Net loss for the third quarter of 2009 was (\$140,446) or (\$0.00) per share compared to net income of \$216,821 or \$0.00 per share for the third quarter of 2008.

Backlog as at September 30, 2009 was \$4.6 million compared to \$8.0 million as at September 30, 2008.

Results for the Nine Month Period ended September 30, 2009

Service revenues for the nine month period ended September 30, 2009 were \$15.9 million compared to \$15.7 million for the same period in 2008. US operations contributed \$11.3 million (US\$9.7 million) of service revenue for the nine month period ended September 30, 2009 compared to \$11.1 million (US\$10.9 million) for the same period in 2008. Gross profit on services revenue was 29.3% for the nine month period ended September 30, 2009 compared to 31.2% for the same period in 2008.

Adjusted EBITDA (loss) for the nine month period ended September 30, 2009 was (\$20,905) compared to Adjusted EBITDA of \$153,074 for the same period in 2008. Net loss for the first nine months of 2009 was (\$393,841) or (\$0.01) per share compared to a net loss of (\$234,810) or (\$0.00) per share for the first

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

Financial Position at September 30, 2009

As at September 30, 2009 the Company held cash and short-term investments of \$3.7 million and working capital of \$5.9 million. This compared to \$4.7 million of cash and short-term investments and working capital of \$5.1 million as at September 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 healthy 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.

As always we invite your comments and encourage you to follow the progress of the 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:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (loss) for the period	\$ (140,446)	\$ 216,821	\$ (393,841)	\$ (234,810)
Amortization of capital assets and intangibles	61,196	78,554	202,769	249,097
Interest and investment income	(6,062)	(13,908)	(21,728)	(54,477)
Interest expense and financing costs	4,307	10,260	44,600	28,216
Income tax expense	-	13,477	-	38,674
Standardized EBITDA	<u>(81,005)</u>	305,204	<u>(168,200)</u>	26,700
Realized currency translation loss	-	-	53,550	-
Stock-based compensation	33,867	44,949	93,745	126,374
Adjusted EBITDA (loss)	<u>\$ (47,138)</u>	<u>\$ 350,153</u>	<u>\$ (20,905)</u>	<u>\$ 153,074</u>

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BURNTSAND INC.
Consolidated Balance Sheets

	September 30, 2009	December 31, 2008
	(unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,663,574	\$ 4,876,377
Accounts receivable	3,775,880	5,216,377
Prepaid expenses	599,553	241,252
	8,039,007	10,334,006
Capital assets	490,180	815,441
Goodwill	156,092	177,566
	\$ 8,685,279	\$ 11,327,013
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,773,768	\$ 2,828,319
Deferred revenue	332,450	1,046,277
Current portion of obligations under capital leases	29,883	100,089
	2,136,101	3,974,685
Long-term portion of obligations under capital leases	-	4,926
	2,136,101	3,979,611
SHAREHOLDERS' EQUITY		
Common shares	9,611,454	9,611,454
Contributed surplus	1,418,762	1,325,017
Deficit	(2,632,902)	(2,239,061)
Accumulated other comprehensive loss	(1,848,136)	(1,350,008)
	(4,481,038)	(3,589,069)
	6,549,178	7,347,402
	\$ 8,685,279	\$ 11,327,013

BURNTSAND INC.
Consolidated Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Services	\$ 4,563,787	\$ 5,576,956	\$ 15,854,591	\$ 15,736,434
License and maintenance	33,010	845,259	134,364	1,432,195
Other revenue	175,054	254,042	611,156	676,592
	4,771,851	6,676,257	16,600,111	17,845,221
COSTS				
Cost of services	3,095,493	3,652,635	11,203,371	10,829,516
Cost of license and maintenance	27,378	813,969	107,081	1,366,443
Cost of other revenue	162,032	237,915	566,882	628,106
	3,284,903	4,704,519	11,877,334	12,824,065
GROSS PROFIT	1,486,948	1,971,738	4,722,777	5,021,156
EXPENSES				
Sales and marketing	485,264	498,253	1,599,884	1,468,231
General and administrative	645,053	599,045	1,868,729	1,849,133
Other expenses	437,636	569,236	1,368,814	1,677,092
	1,567,953	1,666,534	4,837,427	4,994,456
Income (loss) before the undernoted	(81,005)	305,204	(114,650)	26,700
Realized currency translation loss	-	-	(53,550)	-
Amortization of capital assets	(61,196)	(78,554)	(202,769)	(249,097)
Interest and investment income	6,062	13,908	21,728	54,477
Interest expense and financing costs	(4,307)	(10,260)	(44,600)	(28,216)
Income (loss) before income taxes	(140,446)	230,298	(393,841)	(196,136)
Income tax expense	-	(13,477)	-	(38,674)
NET INCOME (LOSS) FOR THE PERIOD	\$ (140,446)	\$ 216,821	\$ (393,841)	\$ (234,810)
Net income (loss), basic and diluted, per share	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.00)
Weighted average number of common shares used to calculate per share amounts, basic and diluted	72,660,220	72,660,220	72,660,220	72,622,264

BURNTSAND INC.
Consolidated Statements of Cash Flows

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (140,446)	\$ 216,821	\$ (393,841)	\$ (234,810)
Items not affecting cash:				
Amortization of capital assets and intangibles	61,196	78,554	202,769	249,097
Amortization of assets used in outsourcing contract	36,883	44,260	125,403	132,780
Realized currency translation loss	-	-	53,550	-
Stock-based compensation	33,867	44,949	93,745	126,374
	(8,500)	384,584	81,626	273,441
Changes in operating assets and liabilities:				
Accounts receivable	(615,272)	(55,412)	1,133,032	(129,029)
Prepaid expenses	(349,117)	(58,946)	(371,530)	(128,102)
Accounts payable and accrued liabilities	42,123	752,460	(932,707)	528,112
Deferred revenue	81,150	586,676	(711,186)	484,819
	(849,616)	1,609,362	(800,765)	1,029,241
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of capital assets, net of related accounts payable	(6,099)	(10,300)	(8,873)	(115,400)
	(6,099)	(10,300)	(8,873)	(115,400)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on capital lease obligations	(30,301)	(31,645)	(98,747)	(94,324)
Issue of common shares	-	-	-	5,000
	(30,301)	(31,645)	(98,747)	(89,324)
NET CASH INFLOW (OUTFLOW)	(886,016)	1,567,417	(908,385)	824,517
EFFECT OF FOREIGN EXCHANGE RATE				
CHANGES ON CASH	(184,966)	134,471	(304,418)	228,774
CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD	4,734,556	2,995,335	4,876,377	3,643,932
CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD	\$ 3,663,574	\$ 4,697,223	\$ 3,663,574	\$ 4,697,223