
Burntsand Releases First Quarter 2010 Results and Provides Update on Agreement to be Acquired by Open Text Corporation

Toronto, ON, May 5, 2010. Burntsand Inc. (Burntsand) (TSX:BRT), a North American business consulting and technology services company today reported revenue and earnings results for its first quarter ended March 31, 2010.

First Quarter 2010 Financial Results Highlights (000's CDN) – unaudited

	Three months ended	
	March 31,	
	2010	2009
Service revenue	\$ 4,756	\$ 5,954
Adjusted EBITDA (loss)⁽¹⁾	(493)	(4)
Net Loss	(596)	(181)

	As at	As at
	31-Mar-10	31-Dec-09
Cash and cash equivalents	\$ 4,345	\$ 4,095
Working capital	5,127	5,718

Results for the First Quarter ended March 31, 2010

Service revenues for the first quarter of 2010 were \$4.8 million compared to \$6.0 million for the first quarter of 2009. Service revenue from United States (US) operations contributed \$3.2 million (US\$3.0 million) of service revenue for the first quarter of 2010, compared to \$4.4 million (US\$3.5 million) for the first quarter of 2009. The decline in US operations service revenue included a US\$0.4 million decrease in revenue from the US Enterprise Content Management Practice. Service revenues in Canada were \$1.6 million for the first quarter of 2010, the same as the service revenue in the first quarter of 2009.

Gross profit on services revenue was 25.7% for the first quarter of 2010 compared to 26.5% for the first quarter of 2009. Adjusted EBITDA (loss)⁽¹⁾ for the first quarter of 2010 was (\$493,088) compared to (\$4,088) for the first quarter of 2009. Net loss for the first quarter of 2010 was (\$595,676) or (\$0.01) per share. Net loss for the first quarter of 2009 was (\$181,209) or \$0.00 per share and included a non-recurring realized foreign currency translation loss of (\$53,550).

Backlog as at March 31, 2010 was \$5.9 million compared to \$5.3 million at December 31, 2009.

Financial Position at March 31, 2010

As at March 31, 2010 the Company held cash and short-term investments of \$4.3 million and working capital of \$5.1 million. This compared to \$4.1 million of cash and short-term investments and working capital of \$5.7 million as at December 31, 2009. The Company decided on March 27, 2010 not to renew its US \$2.5 million line of credit for the period March 28, 2010 to December 31, 2010.

Burntsand and Open Text Corporation

On April 26, 2010, Burntsand announced that it had entered into a definitive agreement with Open Text Corporation, a leading provider of Enterprise Content Management capabilities, by which Open Text will acquire all of the issued and outstanding common shares of Burntsand through a Burntsand shareholder approved amalgamation with a subsidiary of Open Text under the *Canada Business Corporations Act*. Based on the terms of the definitive agreement, Burntsand shareholders will receive CDN \$0.15 in cash for each Burntsand common share. This purchase price represents a premium of approximately 100 percent above the 30 day average closing price of Burntsand's common shares. The transaction is valued at approximately CDN \$11 million.

The transaction is expected to close in the second calendar quarter and is subject to customary closing conditions, including approval by not less than two thirds of the votes cast by Burntsand's shareholders. A special meeting of Burntsand's shareholders is expected to be held to consider the amalgamation on May 27, 2010. The Notice of Special Meeting and Management Proxy Circular regarding the shareholder vote have been mailed to the Burntsand shareholders of record as of the close of business on April 28, 2010 and have been filed with regulatory authorities.

“Our first quarter results remind us that there continues to be risk in meeting our operating objectives and reinforces the benefits to our shareholders, employees and customers of the proposed sale to Open Text” said Martin Glover, Burntsand’s President and Chief Executive Officer.

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:

	Three months ended March 31,	
	2010	2009
	(unaudited)	(unaudited)
Loss for the period	\$ (595,676)	\$ (181,209)
Amortization of capital assets and intangibles	58,226	75,181
Interest and investment income	(4,024)	(9,905)
Interest expense and financing costs	17,858	30,983
Standardized EBITDA	<u>(523,616)</u>	<u>(84,950)</u>
Realized currency translation loss	-	53,550
Stock-based compensation	30,528	27,312
Adjusted EBITDA (loss)	<u>\$ (493,088)</u>	<u>\$ (4,088)</u>

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BURNTSAND INC.
Consolidated Balance Sheets

	March 31, 2010	December 31, 2009
	(unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,344,946	\$ 4,094,902
Accounts receivable	2,487,236	3,562,465
Prepaid expenses	227,974	146,956
	7,060,156	7,804,323
Capital assets	461,619	548,092
Intangible assets	99,236	106,421
Goodwill	148,088	153,220
	\$ 7,769,099	\$ 8,612,056
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,718,615	\$ 1,889,823
Deferred revenue	176,283	147,878
Current portion of obligations under capital leases	38,625	48,723
	1,933,523	2,086,424
Long-term portion of obligations under capital leases	30,559	40,573
	1,964,082	2,126,997
SHAREHOLDERS' EQUITY		
Common shares	9,611,454	9,611,454
Contributed surplus	1,480,524	1,449,996
Deficit	(3,251,440)	(2,655,764)
Accumulated other comprehensive loss	(2,035,521)	(1,920,627)
	(5,286,961)	(4,576,391)
	5,805,017	6,485,059
	\$ 7,769,099	\$ 8,612,056

BURNTSAND INC.
Consolidated Statements of Operations

	Three months ended March 31,	
	2010 (unaudited)	2009 (unaudited)
REVENUE		
Services	\$ 4,755,892	\$ 5,954,208
License and maintenance	-	101,354
Other revenue	95,970	230,661
	4,851,862	6,286,223
COSTS		
Cost of services	3,533,659	4,373,398
Cost of license and maintenance	-	79,703
Cost of other revenue	93,032	215,035
	3,626,691	4,668,136
GROSS PROFIT	1,225,171	1,618,087
EXPENSES		
Sales and marketing	593,897	520,715
General and administrative	630,444	611,313
Other expenses	524,446	517,459
	1,748,787	1,649,487
Loss before the undernoted	(523,616)	(31,400)
Realized currency translation loss	-	(53,550)
Amortization of capital assets	(48,805)	(61,843)
Amortization of intangible assets	(9,421)	(13,338)
Interest and investment income	4,024	9,905
Interest expense and financing costs	(17,858)	(30,983)
NET LOSS	\$ (595,676)	\$ (181,209)
Net income (loss), basic and diluted, per share	\$ (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

BURNTSAND INC.
Consolidated Statements of Cash Flows

	Three months ended March 31,	
	2010	2009
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (595,676)	\$ (181,209)
Items not affecting cash:		
Amortization of capital assets and intangibles	58,226	75,181
Amortization of assets used in outsourcing contract	35,258	44,260
Realized currency translation loss	-	53,550
Stock-based compensation	30,528	27,312
	(471,664)	19,094
Changes in operating assets and liabilities:		
Accounts receivable	1,009,059	1,541,810
Prepaid expenses	(84,998)	6,656
Accounts payable and accrued liabilities	5,916	(919,825)
Deferred revenue	34,163	(543,073)
	492,476	104,662
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets, net of related accounts payable	(153,639)	(1,355)
	(153,639)	(1,355)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(19,785)	(34,483)
	(19,785)	(34,483)
NET CASH INFLOW (OUTFLOW)	319,052	68,824
EFFECT OF FOREIGN EXCHANGE RATE		
CHANGES ON CASH	(69,008)	68,261
CASH (EXCLUDING SHORT TERM		
INVESTMENTS), BEGINNING OF PERIOD	4,094,902	4,876,377
CASH (EXCLUDING SHORT TERM		
INVESTMENTS), END OF PERIOD	\$ 4,344,946	\$ 5,013,462