

Burtsand News Release

Burtsand Posts Operating Improvement From Previous Quarter

Services Revenue Increases by 9.2% From Q4 2002

Toronto ON & San Jose CA May 1 2003. Burtsand Inc. (Burtsand) (TSE:BRT) a North American eBusiness solutions integrator today reported revenue and earnings results for its first quarter of fiscal year 2003 ended March 31st, 2003.

Operating Highlights

The company continues to implement the strategy, business plan and cost reduction measures developed by the new leadership team. The result has been a reduction in Burtsand's quarterly direct costs (cost of services and operating expenses, excluding the cost of licenses, infrastructure and other revenues) by approximately \$6.0 million in fiscal year 2002 with a further sequential quarterly reduction of 10.5% to \$11.1 million in Q1 2003. Total revenue has improved on a sequential quarterly basis, with higher margin Services revenue improving from \$8.6 million to \$9.4 million, or 9.2% and comprising 85.8% of total revenue for the quarter. Gross margin has improved on a sequential quarterly basis from 17.4% in Q4 2002 to 27.9% in Q1 2003

First Quarter Fiscal 2003 Results

Revenue for the first quarter was \$10.9 million, a 53.0% decrease from the \$23.2 million reported for the same period in fiscal 2002 and a sequential increase of 0.7% from the \$10.8 million reported in the previous quarter. For the quarter, EBITDA⁽¹⁾ was (\$1.4) million, an increase of 7.4% from the (\$1.6) million for the same period in fiscal 2002 and a sequential improvement of 60.4% from the (\$3.7) million reported in the previous quarter. For the quarter, the net loss was (\$1.8) million or (\$0.03) per share, a decrease when compared to a net loss of (\$1.6) million or (\$0.02) per share for the same period in 2002 and a sequential improvement from the net loss of (\$2.5) million or (\$0.03) per share reported in the previous quarter.

"I am pleased at the progress Burtsand has made this quarter in achieving a 9.2% Services revenue growth and reducing the firm's EBITDA loss by 60.4% from the previous quarter," stated Burtsand President and CEO Mel Steinke. "Burtsand turned a positive corner entering 2003 and we reaffirm our earlier guidance of a return to positive operational cash flow and operating profitability before the end of fiscal year 2003".

Business Developments

- On January 22nd Stéphane Boisvert, President of Sun Microsystems of Canada Inc. and Mel Steinke, President and CEO of Burtsand announced that the two firms had entered into a unique strategic alliance to provide joint delivery of Web services solutions based on the SunTM Open Network Environment (Sun ONE) platform in Canada. In addition to the alliance, the initial two web services based offerings were released at the reception where Sun Microsystems of Canada and Burtsand hosted clients and members of the media. The two initial offerings released were: a unique community portal providing employees secure access to targeted content and tools through a Sun ONE portal infrastructure and an innovative Identity Management (IM) offering that will allow clients to take advantage of the power of Networked Business and Web services standards by providing the

policies, practices, processes and platforms necessary to assure confidence in open network environments, mitigate risk and create competitive advantage.

- On March 13th Burntsand launched ReMMS, a solution framework focused on the regulatory and business issues within Canadian regulatory organizations and associations. ReMMS is designed specifically to help regulatory organizations satisfy the ever increasing expectations from members to deliver tangible value and respond to the constant pressure and continual change imposed by regulation. ReMMS introduces new efficiencies into the membership and financial business aspects of an organization and enables tailored processes for regulatory issues like qualification, admission, complaints and discipline. Burntsand was extremely pleased that Pivotal Corp. and two current clients, the Ontario College of Pharmacists (OCP) and the College of Physiotherapists of Ontario (CPO) participated in the ReMMS framework launch.
- Throughout the quarter Burntsand has added new clients to the firm's client base, and extended business relationships with existing clients. Due to confidentiality and non-disclosure considerations details of these relationships cannot be released at this juncture. The impact to Burntsand is reflected in current and subsequent quarters' revenue.

Earnings Conference

Date: Thursday May 1st 2003

Start Time: 12:00 p.m. East (9 a.m. Pacific)

Voice: Within the U.S.A. or Canada: 1- 800-298-3006 Local 416 & 905: 416-641-6448

Data: To access the presentation portion of the conference:

- Point your internet browser to www.burntsand.com/news_events/etheater.asp
- Click on "Login Here"
- Enter the Moderator Meeting Number: 0363249
- Click on "Join Live Meeting"
- Click on "Join As An Attendee" No password is necessary.
- Enter your name
- A new browser window will open. The presentation will now load. This may take a moment. When the blue bars have moved all the way to the right (100%) the conference will automatically begin

A downloadable presentation will be posted to the Investor Relations - Corporate Events region of the Burntsand web site approximately one hour before the beginning of the conference call. The conference call will be available for replay from the Investor Relations region of the Burntsand website or at 1-800-558-5253 access code 21142958 or 416-626-4100 access code 21142958 until end of day Thursday May 8th.

(1) EBITDA

EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, taxes depreciation and amortization, as well as any restructuring charges and impairment for goodwill. Burntsand uses EBITDA, amongst other measures, to assess the operating performance of its on-going businesses. The term 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. EBITDA should not be construed as the equivalent of net cashflows from operating activities.

Forward-Looking Statements

Certain statements contained or made in this press release, including statements which may contain words such as "could", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Burntsand to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include: general economic and 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. The forward-looking statements in this press release are based on management's reasonable beliefs as of the date of this release, and Burntsand assumes no obligation to update them to reflect subsequent information or events.

About Burntsand

Burntsand is an eBusiness Solutions Integrator focusing on business solutions that deliver enhanced productivity. Burntsand's success results from its ability to rapidly create company-wide integrated business solutions for clients in the areas of Portals, Relationship Management, Content Management, Business Intelligence and Knowledge Management. These solutions integrate into the client's enterprise architecture. Burntsand's extensive cross-industry experience in the integration of eBusiness solutions augments vertical expertise in government and the financial services, energy, manufacturing, distribution, and pharmaceutical industries. Headquartered in Toronto, Burntsand operates from eight North American locations. The company trades on the Toronto stock exchange (TSX) under the symbol BRT, Burntsand's website address is www.burntsand.com

Contact:

Mel Steinke, President and CEO
Voice: 416-234-3880
Email: msteinke@burntsand.com

Financial Statements

BURNTSAND INC.					
Consolidated Balance Sheets					
				March 31, 2003	December 31, 2002
ASSETS				(unaudited)	
CURRENT					
	Cash and cash equivalents		\$ 4,727,228	\$ 5,264,293	
	Short-term investments		12,143,620	13,809,035	
	Accounts receivable		8,591,373	10,675,743	
	Unbilled receivables		1,525,987	897,889	
	Income taxes receivable		1,809,012	2,409,510	
	Prepaid expenses		1,654,986	1,829,569	
			30,452,206	34,886,039	
	Capital assets		3,215,591	3,635,614	
	Goodwill and other intangibles		794,515	958,188	
			\$ 34,462,312	\$ 39,479,841	
LIABILITIES					
CURRENT					
	Accounts payable and accrued liabilities		\$ 5,377,793	\$ 6,439,949	
	Deferred revenue		2,328,008	1,916,084	
	Note payable		366,950	395,000	
	Current portion of accrued restructuring charge		3,799,803	4,920,933	
	Current portion of obligations under capital leases		823,643	1,035,628	
			12,696,197	14,707,594	
	Long-term portion of accrued restructuring charge		3,232,794	3,701,008	
	Long-term portion of obligations under capital leases		31,908	131,895	
			15,960,899	18,540,497	
SHAREHOLDERS' EQUITY					
	Common shares		116,921,963	116,921,963	
	Other equity		1,246,981	1,246,981	
	Deficit		(98,788,258)	(96,970,406)	
	Cumulative translation adjustment		(879,273)	(259,194)	
			18,501,413	20,939,344	
			\$ 34,462,312	\$ 39,479,841	

BURNTSAND INC.**Consolidated Statements of Operations****Period ended March 31,**

	2003	2002
	(unaudited)	
REVENUE		
Services	\$ 9,358,176	\$ 17,584,778
Licenses	1,359,352	4,903,276
Network infrastructure	-	207,219
Other revenue	184,336	481,036
	10,901,864	23,176,309
COSTS AND EXPENSES		
Cost of services	6,636,185	12,833,413
Cost of licenses	1,093,321	3,486,508
Cost of network infrastructure	10,886	164,411
Cost of other revenue	119,640	452,844
Sales and marketing	1,207,965	2,717,781
General and administrative	1,452,727	1,870,107
Other expenses	1,830,418	3,216,882
	12,351,142	24,741,946
Loss before restructuring charge, goodwill impairment, amortization, interest and income taxes	(1,449,278)	(1,565,637)
Amortization of capital assets	(317,872)	(885,681)
Amortization of other intangibles	(101,731)	(158,456)
Interest and investment income	88,000	140,314
Interest expense	(36,971)	(110,767)
LOSS BEFORE INCOME TAXES AND AMORTIZATION OF GOODWILL	(1,817,852)	(2,580,227)
Income taxes	-	938,886
NET LOSS FOR THE PERIOD	(1,817,852)	(1,641,341)
Loss, basic and diluted, per share	\$ (0.03)	\$ (0.02)
Weighted average number of common shares used to calculate per share amounts, basic and fully diluted	72,464,108	67,356,709

BURNTSAND INC.						
Consolidated Statements of Shareholders' Equity						
	Common Shares		Other		Cumulative	Total
	Number	Amount	Equity	Deficit	Translation	Shareholders'
					Adjustment	Equity
Balance at January 1, 2002	65,460,489	\$ 101,722,306	\$ 722,460	\$ (22,522,886)	\$ 1,005,687	\$ 80,927,567
Shares issued for cash (net of issue costs \$1,202,400 and future income tax recovery of \$480,960)	6,400,000	14,318,560	-	-	-	14,318,560
Shares issued for cash (net of issue costs \$8,828)	550,000	156,172	-	-	-	156,172
Shares issued on exercise of stock options	564,177	1,114,504	(607,996)	-	-	506,508
Cancellation of shares purchased	(278,000)	(389,579)	-	-	-	(389,579)
Revaluation of share purchase loans	-	-	1,767,442	(1,767,442)	-	-
Cancellation of unvested options	-	-	(634,925)	-	-	(634,925)
Translation adjustment	-	-	-	-	(1,264,881)	(1,264,881)
Net loss for the year	-	-	-	(72,680,078)	-	(72,680,078)
Balance at December 31, 2002	72,696,666	\$ 116,921,963	\$ 1,246,981	\$ (96,970,406)	\$ (259,194)	\$ 20,939,344
Translation adjustment	-	-	-	-	(620,079)	(620,079)
Net loss for the period	-	-	-	(1,817,852)	-	(1,817,852)
Balance at March 31, 2003	72,696,666	\$ 116,921,963	\$ 1,246,981	\$ (98,788,258)	\$ (879,273)	\$ 18,501,413

BURNTSAND INC.					
Consolidated Statements of Cash Flows					
Period ended March 31,					
				2003	2002
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
			Net loss for the period	\$ (1,817,852)	\$ (1,641,341)
			Items not affecting cash:		
			Amortization of capital assets, goodwill and other intangibles	419,603	1,044,137
			Future income tax recovery	-	(939,475)
			Changes in operating assets and liabilities:		
			Accounts receivable	1,633,077	(2,141,009)
			Income taxes receivable	469,504	0
			Unbilled receivables	(713,315)	(1,198,260)
			Prepaid expenses	142,541	272,213
			Accounts payable and accrued liabilities	(924,034)	80,080
			Deferred revenue	453,372	(501,869)
			Accrued restructuring charges	(1,357,036)	(333,330)
				(1,694,140)	(5,358,854)
CASH FLOWS FROM INVESTING ACTIVITIES					
			Short term investments	1,665,415	(4,070,318)
			Purchase of capital assets, net of related accounts payable	(51,493)	(505,929)
			Acquisition of Primix, net of bank indebtedness acquired of \$554,642	-	(7,935,910)
				1,613,922	(12,512,157)
CASH FLOWS FROM FINANCING ACTIVITIES					
			Payments on capital lease obligations	(243,422)	(392,708)
			Issue of common shares	-	14,406,777
				(243,422)	14,014,069
NET CASH OUTFLOW				(323,640)	(3,856,942)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH				(213,425)	(34,953)
CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD				5,264,293	6,077,819
CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD				\$ 4,727,228	\$ 2,185,924