

Burntsand Releases Third Quarter Results

Toronto, ON. November 2, 2005. Burntsand Inc. (Burntsand) (TSX:BRT) a North American business consulting and technology services company today reported results for its third quarter ended September 30, 2005.

Third Quarter Financial Results Highlights
In 000's, except per share amounts

| | Q3 | | Q2 | | Q3 |
|-----------------------|---------------|----|---------------|----|---------------|
| | FY2005 | | FY2005 | | FY2004 |
| Revenue | \$ 4,862 | \$ | 5,094 | \$ | 5,414 |
| EBITDA ⁽¹⁾ | \$ (155) | \$ | (635) | \$ | (1,173) |
| Net Loss | \$ (287) | \$ | (792) | \$ | (706) |
| Net loss per share | \$ (0.00) | \$ | (0.01) | \$ | (0.01) |
| Cash and equivalents | \$ 4,815 | \$ | 5,015 | \$ | 6,674 |
| Working capital | \$ 5,633 | \$ | 5,982 | \$ | 8,282 |
| Loss per share | \$ (0.00) | \$ | (0.01) | \$ | (0.01) |

Results for the Third Quarter ended September 30, 2005

Total revenue for the third quarter was \$4.9 million compared to \$5.1 million for the second quarter of 2005. The Company's top 10 accounts accounted for approximately 60% of revenue; with US operations contributing 60% of the revenues for the quarter. One customer accounted for more than 10% of revenue.

Services revenue for the third quarter was \$4.3 million compared to \$4.2 million for the second quarter of 2005. Services revenue represents 89% of total revenue and is the focus of the Company's business.

EBITDA for the third quarter was \$(155,000) compared to \$(635,000) for the second quarter of 2005.

Net loss for the third quarter of 2005 was \$287,000 or (\$0.00) per share, compared with a net loss of \$792,000 or (\$0.01) per share in the second quarter of 2005.

Third Quarter Highlights

The third quarter results include a number of significant achievements for the company. These accomplishments include:

- sequential growth in services revenue;
- significantly improved EBITDA ⁽¹⁾ from the prior and comparable quarter;
- strong cash management represented by a cash balance of \$4.8 million, breakeven cash flow from operations (before payment of previously accrued restructuring charges) and a net cash decline in the quarter of \$0.2 million;
- improved accounts receivable collections as measured by days sales outstanding from the prior quarter; and
- growth in our US revenue by approximately 15% (before the impact of exchange rates).

Selected Metrics

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 headcount information, average bill rates, utilization, project data, new customers and new contract information.

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 business consulting and technology services company that designs, architects, and implements information technology to deliver business advantage as defined by our delivery of Time-to-Value projects through an unmatched Customer Experience. We focus on Mid-Market clients, including divisions of Global 2000 companies. Burntsand was established in 1996 on the foundation of delivering innovative, cost effective solutions on time and on budget. Based upon this foundation, Burntsand has become a customer-focused, forward-thinking North American leader in the delivery of Enterprise Content Management, Portal, and Service Management Solutions. Headquartered in Toronto, Burntsand operates from locations across North America. The Company's shares (TSX: BRT) are traded on the Toronto Stock Exchange. More information about Burntsand can be found at www.burntsand.com.

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 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.

(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 cash flows from operating activities.

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BURNTSAND INC.
Consolidated Balance Sheets

| | September 30, 2005 (unaudited) | December 31, 2004 |
|---|--------------------------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 2,560,769 | \$ 2,591,026 |
| Short-term investments | 2,254,620 | 3,381,251 |
| Accounts receivable | 2,904,912 | 4,044,183 |
| Prepaid expenses | 537,997 | 719,652 |
| | 8,258,298 | 10,736,112 |
| Capital assets | 1,452,196 | 1,826,797 |
| Goodwill and other intangibles | 169,504 | 215,396 |
| | \$ 9,879,998 | \$ 12,778,305 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 1,747,073 | \$ 2,090,855 |
| Deferred revenue | 539,661 | 885,594 |
| Current portion of accrued restructuring charge | 332,598 | 494,323 |
| Current portion of obligations under capital leases | 6,158 | 12,030 |
| | 2,625,490 | 3,482,802 |
| Long-term portion of accrued restructuring charge | 55,009 | 312,982 |
| Long-term portion of obligations under capital leases | 11,524 | 16,171 |
| | 2,692,023 | 3,811,955 |
| SHAREHOLDERS' EQUITY | | |
| Common shares | 9,633,687 | 117,880,660 |
| Contributed surplus | 847,422 | 752,872 |
| Deficit | (1,079,469) | (107,552,025) |
| Cumulative translation adjustment | (2,213,665) | (2,115,157) |
| | 7,187,975 | 8,966,350 |
| | \$ 9,879,998 | \$ 12,778,305 |

BURNTSAND INC.
Consolidated Statements of Operations

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
| | 2005 (unaudited) | 2004 (unaudited) | 2005 (unaudited) | 2004 (unaudited) |
| REVENUE | | | | |
| Services | \$ 4,313,392 | \$ 4,437,334 | \$ 13,270,878 | \$ 18,273,027 |
| License, maintenance and network infrastructure | 436,088 | 855,680 | 2,027,195 | 4,557,041 |
| Other revenue | 112,547 | 121,011 | 356,525 | 414,880 |
| | 4,862,027 | 5,414,025 | 15,654,598 | 23,244,948 |
| COSTS | | | | |
| Cost of services | 2,902,153 | 3,733,920 | 9,215,807 | 13,214,805 |
| Cost of license, maintenance and network infrastructure | 317,652 | 714,215 | 1,659,933 | 3,675,555 |
| Cost of other revenue | 110,103 | 120,803 | 327,460 | 303,130 |
| | 3,329,908 | 4,568,938 | 11,203,200 | 17,193,490 |
| GROSS PROFIT | 1,532,119 | 845,087 | 4,451,398 | 6,051,458 |
| EXPENSES | | | | |
| Sales and marketing | 328,047 | 556,937 | 1,241,514 | 2,080,185 |
| General and administrative | 607,082 | 842,344 | 2,211,493 | 2,551,758 |
| Other expenses | 751,531 | 618,964 | 2,352,002 | 2,720,015 |
| | 1,686,660 | 2,018,245 | 5,805,009 | 7,351,958 |
| Loss before restructuring, amortization, interest and income taxes | (154,541) | (1,173,158) | (1,353,611) | (1,300,500) |
| Restructuring recovery | - | 340,756 | - | 803,808 |
| Amortization of capital assets | (147,955) | (211,302) | (474,810) | (717,936) |
| Amortization of intangibles | (11,914) | (16,572) | (40,920) | (57,639) |
| Interest and investment income | 26,788 | 23,606 | 66,181 | 76,815 |
| Interest expense | (243) | (5,063) | (956) | (11,396) |
| LOSS BEFORE INCOME TAXES | (287,865) | (1,041,733) | (1,804,116) | (1,206,848) |
| Income taxes | - | 335,422 | - | 335,422 |
| NET LOSS FOR THE PERIOD | \$ (287,865) | \$ (706,311) | \$ (1,804,116) | \$ (871,426) |
| Loss, basic and diluted, per share | \$ (0.00) | \$ (0.01) | \$ (0.02) | \$ (0.01) |
| Weighted average number of common shares used to calculate per share amounts, basic and diluted | 72,982,778 | 72,978,228 | 72,979,761 | 72,967,223 |

BURNTSAND INC.
Consolidated Statements of Shareholders' Equity

| | Common Shares | | Contributed Surplus | Deficit | Cumulative Translation Adjustment | Total Shareholders' Equity Restated (Note 2) |
|---|---------------|----------------|------------------------|------------------|---|--|
| | Number | Amount | | | | |
| Balance at December 31, 2003 | 72,942,189 | \$ 117,511,227 | \$ 819,803 | \$ (105,317,263) | \$ (1,792,175) | \$ 11,221,592 |
| Adjustment for change in accounting for stock based compensation | - | - | 295,012 | (295,012) | - | - |
| Balance at December 31, 2003 (restated) | 72,942,189 | \$ 117,511,227 | \$ 1,114,815 | \$ (105,612,275) | \$ (1,792,175) | \$ 11,221,592 |
| Shares issued on exercise of stock options | 36,039 | 369,433 | (368,107) | - | - | 1,326 |
| Stock-based compensation | - | - | 71,168 | - | - | 71,168 |
| Cancellation of unvested options | - | - | (144,074) | - | - | (144,074) |
| Revaluation of share purchase loans | - | - | 79,070 | (79,070) | - | - |
| Translation adjustment | - | - | - | - | (322,982) | (322,982) |
| Net loss for the year | - | - | - | (1,860,680) | - | (1,860,680) |
| Balance at December 31, 2004 | 72,978,228 | \$ 117,880,660 | \$ 752,872 | \$ (107,552,025) | \$ (2,115,157) | \$ 8,966,350 |
| Shares issued on exercise of stock options | 5,657 | 29,699 | (29,560) | - | - | 139 |
| Stock-based compensation | - | - | 124,110 | - | - | 124,110 |
| Translation adjustment | - | - | - | - | (98,508) | (98,508) |
| Reduction of stated capital | - | (108,276,672) | - | 108,276,672 | - | - |
| Net loss for the period | - | - | - | (1,804,116) | - | (1,804,116) |
| Balance at September 30, 2005 | 72,983,885 | \$ 9,633,687 | \$ 847,422 | \$ (1,079,469) | \$ (2,213,665) | \$ 7,187,975 |

BURNTSAND INC.
Consolidated Statements of Cash Flows

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
| | 2005 (unaudited) | 2004 (unaudited) | 2005 (unaudited) | 2004 (unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net loss for the period | \$ (287,865) | \$ (706,311) | \$ (1,804,116) | \$ (871,426) |
| Items not affecting cash: | | | | |
| Amortization of capital assets and intangibles | 159,869 | 227,874 | 515,730 | 775,575 |
| Non-cash portion of restructuring charges | - | (340,756) | - | (803,808) |
| Stock-based compensation | 42,032 | 43,524 | 124,110 | 27,980 |
| | (85,964) | (775,669) | (1,164,276) | (871,679) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 557,832 | 902,044 | 1,090,240 | 2,903,088 |
| Prepaid expenses | 21,647 | 250,436 | 175,534 | 744,939 |
| Accounts payable and accrued liabilities | (257,155) | (747,010) | (329,380) | (1,645,398) |
| Deferred revenue | (224,696) | (306,198) | (349,527) | (648,325) |
| Accrued restructuring charge | (96,290) | (326,027) | (410,870) | (2,807,187) |
| | (84,626) | (1,002,424) | (988,279) | (2,324,562) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Short term investments | 684,058 | (834,105) | 1,126,631 | (889,648) |
| Purchase of capital assets, net of related accounts payable | (23,570) | (69,572) | (116,287) | (331,119) |
| | 660,488 | (903,677) | 1,010,344 | (1,220,767) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments on capital lease obligations | (1,493) | (10,950) | (10,519) | (111,852) |
| Issue of common shares | 139 | - | 139 | 1,326 |
| | (1,354) | (10,950) | (10,380) | (110,526) |
| NET CASH OUTFLOW | 574,508 | (1,917,051) | 11,685 | (3,655,855) |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH | (90,113) | (58,397) | (41,942) | 54,081 |
| CASH (EXCLUDING SHORT TERM INVESTMENTS), BEGINNING OF PERIOD | 2,076,374 | 3,998,792 | 2,591,026 | 5,625,118 |
| CASH (EXCLUDING SHORT TERM INVESTMENTS), END OF PERIOD | \$ 2,560,769 | \$ 2,023,344 | \$ 2,560,769 | \$ 2,023,344 |