



Zaio Releases Second Quarter 2007 Financial Results

Revenues up Substantially Over Last Year

CALGARY, AB, August 20, 2007 -- Zaio Corporation (TSX-V: ZAO) announced today their financial results for the three months and six months ended June 30, 2007. Revenue in the second quarter increased to CDN\$1.7 million (US\$1.5 million) compared to CDN\$25,000 (US\$22,000) in the second quarter of 2006 bringing the total revenue for the first six months of the year to \$1.8 million (US\$1.6 million) compared to \$62,000 (US\$54,000) for the first six months of 2006. Net income was a loss of CDN\$2.8 million (US\$2.6 million) compared to a loss of CDN\$172,000 (US\$154,000) in the second quarter of 2006 and \$3.8 (US\$3.3 million) for the first six months of 2007 compared to \$377,000 (US\$331,000) for same period in the prior year.

During the second quarter, the Company closed an agreement to acquire the net assets of Realink Corporation, a privately held company with offices in Tempe, Arizona which operates two divisions that provide services to the appraisal and mortgage banking industries. The Company's second quarter results reflect the operations of the acquisition from April 2, 2007 onwards and the Company's second quarter revenue also reflects the addition of multiple new revenue streams from the sale of other valuation products.

"This acquisition has provided the Company with the necessary infrastructure to support an acceleration of our growth and achievement of Zaio's five year plan." said Thomas Inserra, CEO of Zaio Corporation. "During the second quarter, Zaio earned revenue of \$1.7 million, of which \$1.5 million was Valuation services supplied to customers by Zaio's Realink division. In addition, Zaio issued 320 Zone licenses to Certified Appraisers bringing the total for the first six months to 562, just shy of 1,100 since the Company first began selling the licenses" said Thomas Inserra, CEO of Zaio Corporation. "In addition to continued strong appraisal zone sales, we have also been active with our efforts to photograph America, having taken photos of 7.6 million homes. We are now taking photos at the rate of over 60,000 photos per day," he added.

During the quarter, the Company also closed an oversubscribed underwritten private placement pursuant to which the Company issued 4,000,000 common shares at a price of CDN\$3.00 per share, resulting in gross proceeds of CDN\$12,000,000. The shares were placed with several institutional investors in Canada and the United States.

Second Quarter 2007 Financial Review

The Company generated revenue of CDN\$1.7 million for the second quarter of 2007, over revenue of CDN\$25,000 in the second quarter of 2006. The new revenue streams added as a result of the Realink acquisition added \$1.5 million or 88% of this revenue. The remaining \$0.2 million in revenue is primarily derived from the licensing of the Company's valuation software to property appraisers in cities across the United States where Zaio is currently active. The license fee per zone has increased to US\$9,800 from US\$9,000 due to continued demand during the first six months of the year.

The license fee includes a US\$500 administration fee payable upon signing and a discount is available for multiple zone purchases. Only this administration portion is recognized as revenue at the time of the sale. The balance of the fee is included in revenue once the licensees have been supplied with photographs and property data for their zones, thereby allowing them to proceed with the appraisal valuation process. Until this time the amount is recorded as deferred revenue on the balance sheet. The Company does not record the deferred portion of the revenue until the funds are actually received.

During the second quarter a total of CDN\$2.0 million in appraisal zone sales was deferred bringing the total amount deferred to date to CDN\$5.8 million. If proceeds received during the quarter from the sale of appraisal zones were included in revenue, the Company would have recorded revenue of CDN\$4.0 million for the second quarter and net loss of CDN\$541,000 or \$0.015 per share.

Selling, General and Administration Expenses

Selling, General and Administrative expense was just over CDN\$2.0 million for the three months ended June 30, 2007 compared to CDN\$158,000 for the same period in 2006. The Company has grown from 12 employees to over 80 employees since this time last year resulting in higher salary and compensation costs, a new office base in Tempe, AZ and the incurrence of higher travel and meeting expenses which have resulted in the sale of new appraisal zones. The significant increase the Company's stock price in the last six months triggered an equally large increase in the amount of stock compensation expense recorded for the quarter as options were issued to all new employees. This non-cash item amounted to CDN\$1.2 million and is not included in the total of selling, general and administrative expense.

Net Earnings

The net loss for the three months ended June 30, 2007 was CDN\$2.8 million or \$0.076 per share compared to a net loss of CDN\$172,000 or \$0.006 per share for the same period in 2006.

Financial Condition and Liquidity

At June 30, 2007, Zaio had total assets of CDN\$23.9 million. The Company's cash balance was just under CDN\$13.0 million or 54% of total assets. The Company has no long-term debt.

Working capital, excluding deferred revenue, was CDN\$12.5 million. Deferred revenue amounts will be transferred to the earnings statement as certain conditions described earlier are met.

Cash received from the sale of appraisal zones totaled over CDN\$2.2 million in the second quarter of 2007.

Outlook

On July 16, 2007, the Company's wholly-owned subsidiary Zaio Inc. closed a previously announced transaction to acquire the assets of Kirchmeyer & Associates and Real Info Inc., both based in Buffalo, New York. Kirchmeyer is a national appraisal Company

providing appraisal services throughout the United States. They focus on service and technology solutions that reduce cycle time and costs associated with evaluating property risks. Real Info has a proven track record as the most comprehensive business-to-business real estate information and valuation provider. Its valuation services enable clients to streamline the appraisal process with cost-effective, accurate and time saving solutions. On July 30, 2007, the Company announced an agreement to acquire the assets of Virtual Imaging Corp (VIC), based in Chicago, Illinois. The closing of this transaction is imminent. VIC was established in 1980 and is the nation's largest supplier of photos and virtual tour services to Realtors and MLS boards. This acquisition will allow Zaio to substantially increase its rate of photography and accelerate its current 5 year plan. The Company's next quarterly results will include the operating results from both Zaio Corporation and from the newly acquired assets of these companies (from the respective dates of acquisition) now held in the Company's wholly-owned subsidiary, Zaio Inc.

These strategic acquisitions have provided significantly more resources necessary to support an acceleration of our growth. In fact, as a result, Zaio now has the current ability to deliver a full range of valuation services in all 50 states to the mortgage backed securities and lending markets. In addition, these acquisitions will allow Zaio to substantially increase its rate of photography and has immediately provided relationships with over 400 institutional clients ordering a wide range of valuation services on behalf of thousands of customers. Also, Zaio and its affiliated appraisers and photographers are now simultaneously deployed and implementing these new automated solutions in more than 200 USA cities across America. Zaio is quickly adding photos, site verified property data, and valuations to its National Appraisal Repository so these markets can objectively and "instantly" value real estate. Zaio's database currently consists of 140 million property records, and 7.6 million photos growing at the rate of over 60,000 homes per day.

During the first six months of 2007, a total of 562 Zone licenses were sold to property appraisers across the country and the rate of photography rose on a weekly basis. By the end of the second quarter we reached our stated goal of selling at least 100 appraisal Zones per month and are well on our way to collecting 100,000 photographs per day and. In July the Company began handing fully completed Zones back to Zone appraisers allowing them to conclude the valuation process and start the earnings and revenue share process.

At the same time, management is continually exploring opportunities to align with other strategic partners in the valuation industry and will consider further acquisitions that allow us to penetrate our various markets sooner.

Zaio will be sponsoring the first annual "Appraisal Congress" in Washington, DC during November to call attention to the nation's growing mortgage fraud and predatory lending crisis, and to invite leaders in government and business to develop innovative solutions to these critically important problems.

Interested parties can listen to the Q2 conference call by dialing in to 800-733-7571 at 3:00pm ET today.

About Zaio

Zaio is the only known company in the world that develops and maintains a site-verified database of photos, valuations and property information of virtually every property in entire cities, using a proprietary "GeoScore" property rating system. Zaio and its network of premiere, local appraiser experts photograph and appraise entire cities, one building at a time from the street.

Zaio is a public corporation that trades under the symbol "ZAO" on the TS-V Exchange in Canada. Additional information is available for US investors under the symbol "ZAOFF".

For more company information, visit www.zaio.com or please contact:

Thomas J. Inserra, President and CEO

(480) 575-5111

Rodney D. Mitton, CFO

(403) 802-2033

For investors who would like to be added to Zaio's investor distribution list or receive a 2006 annual report, please contact Collum Hunter at chunter@christensenir.com.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release. This press release contains forward-looking statements which may include financial and business prospects, as well as statements regarding the Company's future plans, objectives or economic performance and financial outlooks. Such statements are subject to risk factors associated with the real estate industry, and the overall economy in both Canada and the United States. The Company believes that the expectations reflected in this press release are reasonable, but actual results may be affected by a variety of variables and may be materially different from the results or events predicted in the forward-looking statements. Readers are therefore cautioned not to place undue reliance on these forward-looking statements.

In evaluating forward-looking statements readers should consider the risk factors which could cause actual results or events to differ materially from those indicated by such forward-looking statements. These forward-looking statements are made as of the date hereof, and unless otherwise required by applicable securities laws, the Company does not intend nor does it undertake any obligation to update or revise any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.