



Zaio Releases First Quarter Financial Results

Revenues continue to increase over prior year

CALGARY, AB, May 13, 2008 -- Zaio Corporation (TSX-V: ZAO) announced today their first quarter financial results. Revenue in the first quarter of 2008 increased to CDN\$5.9 million (US\$5.9 million) compared to CDN\$5.7 million (US\$5.8 million) in the fourth quarter of 2007 and compared to CDN\$143,000 (US\$122,000) in the first quarter of 2007. Net loss in the first quarter of 2008 was CDN\$1.6 million (US\$1.6 million) compared to a loss of CDN\$2.3 million (US\$2.3 million) in the fourth quarter of 2007.

The first quarter also marked the signing of several key agreements with new customers for appraisal products and property photos. Additionally, Zaio launched a company-wide initiative known as 'Go Live 2008', designed to accelerate the last phase necessary to begin the process of bringing automated Z-products to market by year end 2008. "Our 'Go Live 2008' project is designed to provide a seamless way to transition our customers from traditional appraisal services to our automated Z-products," stated Thomas Inserra, Zaio CEO.

2008 First Quarter Financial Review

The Company generated revenue of \$5.9 million in the first quarter of 2008, compared to revenue of \$143,000 in the first quarter of 2007. Prior to the five acquisitions made over the last 12 months, revenue was primarily derived from the licensing of the Company's valuation software to property appraisers in cities across the United States. This quarter, licensing revenue represented 23% of total revenue. The license fee is recorded as deferred revenue until licensees have been supplied with photographs and property data for their Zones, thereby allowing them to proceed with the valuation process. During the first quarter, Zaio continued to deliver fully integrated Zones back to Zone Appraisers allowing them to complete their valuation work. This begins the last step in the process of making Z-products available to customers for purchase of Zaio's valuation products in addition to the traditional products already available. An additional 178 Zones were returned to Zone Appraisers bringing the total to date to 590 and the Company was able to recognize \$1.4 million in Zone sales revenue this quarter some of which had previously been deferred.

The five acquisitions made by the Company during the past year added multiple new revenue streams from the sale of traditional valuation products. These products contributed \$4.6 million or 77% of the Company's revenue for the quarter.

Cost of Sales

Cost of sales associated with revenue from traditional valuation products was \$3.1 million resulting in a gross margin of 33% for the quarter. After accounting for revenue from the sale of appraisal Zones, the Company's overall gross margin was 48% for the quarter.

Selling, General and Administrative Expense

Selling, General and Administrative expense was approximately \$3.4 million for the first quarter compared to \$898,000 in the same quarter of 2007, primarily resulting from the five acquisitions made over the last 12 months. All costs related to the sale of Zones are included in selling expenses. Volatility in the Company's stock price over the last year triggered a significant increase in the amount of stock compensation expense recorded for the quarter. This non-cash item amounted to \$618,000 in the first quarter of 2008 compared to \$150,000 in the prior year's quarter and is not included in the total of selling, general and administrative expense.

Net Earnings

The net loss for the first quarter was approximately \$1.6 million or \$0.028 per share compared to a net loss of \$914,000 or \$0.028 per share for the same period in 2007.

Financial Condition and Liquidity

At March 31, 2008, Zaio had total assets of \$40.1 million. The Company's cash balance at March 31, 2008 was \$6.6 million, excluding \$3.6 million held as investments. While the Company's working capital was negative at \$1.0 million, it had positive working capital of \$4.7 million after excluding deferred revenue amounts which will continue to be transferred to the earnings statement over the remainder of this year as certain conditions described earlier are met. The Company also has amounts owing to it on the sale of Appraisal Zones of approximately \$3.2 million which do not appear on the balance sheet. The Company expects to convert the majority of this balance into cash by the end of this year. The Company also expects to access the majority of the balance of its \$3.6 million in investments if required for operational purposes or to take advantage of any strategic opportunities that may arise. At March 31, 2008, the Company continues to hold no long term debt.

Outlook

During the first quarter of 2008, a total of 193 Zone licenses were sold to property appraisers across the country bringing the total to date to 1,719. All Zones in Utah and the District of Columbia have now been sold as well as nearly all Zones in the state of Nevada. The Company also continued the important transition, which began in the third quarter of 2007, of turning over fully completed Zones back to Zone Appraisers allowing them to conclude the valuation process.

The Company is focused on working with Zone owners during 2008 to ensure that Zones sold in 2007 become available to lenders for valuation products during the year. Continuous improvements in our technology will ensure this process becomes as efficient and economical as possible.

The last mortgage crisis in the early 1990's resulted in a massive effort by lenders to revalue their portfolios and created significant revenue streams for appraisers across the country. A similar effort is expected and will include an even larger asset base considering the growth of publicly traded mortgage backed securities in the past ten years. Zaio has the capability to

proactively value property nationwide through its premiere group of qualified appraisers making it more efficient for lenders and others involved.

Recent developments this year in the U.S. mortgage lending industry's regulatory environment have reinforced support for the Company's business model. Zaio's focus on restoring appraiser independence and improving market research and quality, are well aligned with market needs. Zaio is believed to be among the largest independent providers of appraisal services not owned by a lender or title insurance company.

Management continues to explore opportunities to align with potential strategic partners in the valuation industry and will consider further acquisitions that allow us to penetrate our various markets.

Earnings Conference Call

We invite you to attend our first quarter conference call on Wednesday, May 14, at 4:00pm EST by dialing (800) 814-4859.

To listen to the live Webcast of this event, please enter:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2283160> in your web browser.

About Zaio

Zaio is a technology and database company. The Zaio network of appraisers currently serves 500 lenders with a variety of nationwide appraisal services. Zaio maintains a secure database of 140 million properties and its affiliated appraisers are now site verifying property data, photos and appraisals of virtually every property in America. Zaio's network of local appraiser experts appraise entire cities, one building at a time using a proprietary "GeoScore™" rating system. Zaio trades under the symbol "ZAO" with additional information available under the symbol "ZAOFF".

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For investors who would like to be added to Zaio's investor distribution list or receive a copy of the 2007 Annual Report, please contact Donald E. Kelly at dkelly@zaio.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.