

ALBERTA SECURITIES COMMISSION
VARIATION OF CEASE TRADE ORDER

Zaio Corporation

Background

Zaio Corporation (the **Filer**) has made an application to the Executive Director of the Alberta Securities Commission (the **Executive Director**) for an order to vary a cease trade order dated May 7, 2009 (the **Cease Trade Order**).

Pursuant to subsection 17(2) of the *Securities Act* (Alberta) (the **Act**), the Executive Director has made an Authorization Order dated April 23, 2008 (the **Authorization**), which includes authorizing the undersigned to revoke or vary certain orders issued under section 33.1 of the Act.

Representations

The Filer has represented to the undersigned that:

1. The Filer is a corporation incorporated under the laws of the Province of Alberta. The head office of the Filer is located in Calgary, Alberta.
2. The Filer is a reporting issuer in Alberta and British Columbia.
3. The Filer's authorized capital consists of an unlimited number of common shares, of which 59,403,000 common shares are issued and outstanding on an undiluted basis.
4. The common shares of the Filer are listed on the TSX Venture Exchange but have been suspended from trading in connection with the Cease Trade Order. The Filer's common shares have also been traded in the U.S. over-the-counter market under the trading symbol ZAOFF. Except with respect to the foregoing, the Filer's common shares are not listed or quoted on any other exchange or market in Canada or elsewhere.
5. The Cease Trade Order was issued due to the failure of the Filer to file its audited annual financial statements (the **Financial Statements**), related management discussion and analysis (**MD&A**) and certification of annual filings for the year ended December 31, 2008 (collectively, the **Annual Filings**) as required by securities legislation.
6. The delay in filing the Financial Statements arose due to complexities associated with the winding-up of the Filer's U.S. subsidiary through the year-end and the related verification of valuation for amounts appearing in the Financial Statements at year-end.
7. The Filer is also subject to a cease trade order issued by the British Columbia Securities Commission on May 11, 2009, for failure to file the Annual Filings.

8. The Filer wishes to conduct a private placement (the **Private Placement**) to raise proceeds by issuing from treasury up to 11,000,000 common shares at \$0.08 per common share and up to 3,850,750 warrants. The Private Placement will be completed pursuant to the accredited investor exemption under section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*.
9. The Filer advises that there will be seven to twelve investors for the Private Placement.
10. The proceeds of the Private Placement will be used to pay: (i) the auditor's fees for preparation of the audited financial statements; (ii) legal and other advisors fees incurred to date; (iii) severance payments owing to former employees; (iv) fees and expenses including late filing fees for the filing of the Financial Statements; (v) anticipated fees and expenses related to the application for a full revocation of the cease trade order; (vi) current accounts payable; and (vii) general corporate overhead.
11. The Filer will obtain and provide to the relevant securities regulatory authorities signed and dated acknowledgements from all participants in the proposed trades, which clearly state that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order.
12. The Filer will provide a copy of the Cease Trade Order and partial revocation order to all participants in the proposed trades.
13. Subsequent to an application for a partial revocation order, the Filer intends to apply for a full revocation order and reasonably anticipates having sufficient resources after the proposed transaction to bring its continuous disclosure and fees up to date.
14. Adequate public disclosure has been made of the business and affairs of the Filer to protect the interests of current and future investors in the Filer.
15. The Filer's SEDAR and SEDI profiles are up to date.

Decision

The undersigned, being of the opinion that it would not be prejudicial to the public interest to do so, orders under the Authorization that the Cease Trade Order is varied to permit the Filer to conduct the Private Placement.

2 June 2009

"original signed by"

Jonathan Taylor

Manager, CD Compliance & Market Analysis