

Digitiliti, Inc. Announces Acquisition of Storage Elements, Inc.

ST. PAUL, MN -- (BUSINESS WIRE) – August 16, 2007 – **Digitiliti, Inc.** (the “Company” - Pink Sheets: DIGI), announced today that it has completed its acquisition of **Storage Elements, Inc.** (“Storage Elements”), its principal shareholder.

In a merger of Cyclone Acquisition Corp., a Minnesota corporation and a wholly-owned subsidiary of the Company, with and into Storage Elements, all outstanding common stock of Storage Elements will be exchanged on a one for one basis for common stock of the Company that are “restricted securities” as defined in Rule 144 of the Securities and Exchange Commission; and all outstanding convertible securities like options, warrants or convertible notes of Storage Elements will remain outstanding, but will be assumed by the Company, and common stock of the Company will be issued on exercise or conversion of these convertible securities, all as “restricted securities.”

The transaction was approved by stockholders at a meeting held August 16, 2007, at the Company’s new administrative offices in St. Paul, Minnesota.

About Storage Elements: Storage Elements, founded on October 3, 2003, focuses on providing cost effective data protection solutions to enterprises and organizations of all sizes. The product solution set is comprised of Mythos, an internally developed Storage Management Solution, and digitiliti, a web based on demand backup service that backs up mission critical data for companies of any size.

About Digitiliti: Prior to the acquisition of Storage Elements, the Company had no business operations, assets or liabilities. On April 5, 2006, it became a holding company under the Section 251(G) of the Delaware General Corporation Law following a merger of Themescapes, Inc., a Delaware corporation (formerly known as “Scotty’s Original Brew”), with and into Bulldog Merger, Inc., a Delaware corporation, under which the holders of Themescapes common stock were issued one share of the Company’s common stock which was then known as Cyclone Holdings, Inc.

Forward Looking Statements:

This release contains forward-looking statements. Actual results may differ from those projected due to a number of risks and uncertainties, including, but not limited to the possibility that some or all of the pending matters and transactions considered by the Company may not proceed as contemplated. These statements are made based upon current expectations that are subject to risk and uncertainty. The Company does not undertake to update forward-looking statements in this news release to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information. Assumptions and other information that could cause results to differ from those set forth in the forward-looking information can be found at www.pinksheets.com.

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