

Resale Limitations of “Restricted Securities”

The following is an excerpt from Item 9 of Digitiliti, Inc.’s (the “Company”) Form 10 Registration Statement, as last amended by a filing with the Securities and Exchange Commission (the “SEC”) on August 13, 2008. The entire Form 10 Registration Statement can be accessed at www.sec.gov in the SEC’s Edgar archives. If you have any questions about the applicability of the following to your shares of common stock of the Company or the possibility of a public sale of your shares of the Company under any of the following requirements, please contact your own legal counsel to discuss these matters; or the Company’s legal counsel, Leonard W. Burningham, Esq. Mr. Burningham’s contact information is as follows:

Leonard W. Burningham, Esq.
 455 East 500 South, Suite 205
 Salt Lake City, Utah 84111
 Phone: 801-363-7411
 Fax: 801-355-7126
 Email: lwb@burninglaw.com

Mr. Burningham is willing to consider rendering legal opinions regarding the resale of shares of the Company’s common stock that are “restricted securities” in limited circumstances, provided the shares have been owned at least one year (all former Storage Elements, Inc. [“Storage”] shareholders’ holding period commenced on or before August 17, 2008, which was the effective date of the acquisition of Storage by the Company by merger). In the case of convertible securities, the convertible securities must have been owned at least one year. For a description of the limited circumstances under which Mr. Burningham may consider rendering legal opinions, see the heading “Broker Agreement and Customer’s Resale Agreement” below.

Excerpt from Form 10

Rule 144

The following is a summary of the current requirements of Rule 144:

	Affiliate or Person Selling on Behalf of an Affiliate	Non-Affiliate (and has not been an Affiliate During the Prior Three Months)
Restricted Securities of Reporting Issuers	<p><u>During six-month holding period</u> – no resales under Rule 144 Permitted.</p> <p><u>After Six-month holding period</u> – may resell in accordance with all Rule 144 requirements including:</p> <ul style="list-style-type: none"> • Current public information, • Volume limitations, • Manner of sale requirements for equity securities, and • Filing of Form 144. 	<p><u>During six- month holding period</u> – no resales under Rule 144 permitted.</p> <p><u>After six-month holding period but before one year</u> – unlimited public resales under Rule 144 except that the current public information requirement still applies.</p> <p><u>After one-year holding period</u> – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.</p>

<p>Restricted Securities of Non-Reporting Issuers</p>	<p><u>During one-year holding period</u> – no resales under Rule 144 permitted.</p> <p><u>After one-year holding period</u> – may resell in accordance with all Rule 144 requirements including:</p> <ul style="list-style-type: none"> • Current public information, • Volume limitations, • Manner of sale requirements for equity securities, and • Filing of Form 144. 	<p><u>During one-year holding period</u> – no resales under Rule 144 permitted.</p> <p><u>After one-year holding period</u> – unlimited public resales under Rule 144; need not comply with any other Rule 144 requirements.</p>
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Shell Companies

The following is an excerpt from Rule 144(i) regarding resales of securities of shell companies:

“(i) Unavailability to securities of issuers with no or nominal operations and no or nominal non-cash assets.

(1) This section is not available for the resale of securities initially issued by an issuer defined below:

(i) An issuer, other than a business combination related shell company, as defined in §230.405, or an asset-backed issuer, as defined in Item 1101(b) of Regulation AB (§229.1101(b) of this chapter), that has:

(A) No or nominal operations; and

(B) Either:

(1) No or nominal assets;

(2) Assets consisting solely of cash and cash equivalents; or

(3) Assets consisting of any amount of cash and cash equivalents and nominal other assets; or

(ii) An issuer that has been at any time previously an issuer described in paragraph (i)(1)(i).

(2) Notwithstanding paragraph (i)(1), if the issuer of the securities previously had been an issuer described in paragraph (i)(1)(i) but has ceased to be an issuer described in paragraph (i)(1)(i); is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act; has filed all reports and other materials required to be filed by section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports (§249.308 of this chapter); and has filed current “Form 10 information” with the Commission reflecting its status as an entity that is no longer an issuer described in paragraph (i)(1)(i), then those securities may be sold subject to the requirements of this section after one year has elapsed from the date that the issuer filed “Form 10 information” with the Commission.

(3) The term “Form 10 information” means the information that is required by Form 10 or Form 20-F (§249.220f of this chapter), as applicable to the issuer of the securities, to register under the Exchange Act each class of securities being sold under this rule. The issuer may provide the Form 10 information in any filing of the issuer with the Commission. The Form 10 information is deemed filed when the initial filing is made with the Commission.”

Securities of a shell company cannot be publicly sold under Rule 144 in the absence of compliance with this subparagraph.

Section 4(1) of the Securities Act

Since we are a former shell company as defined in subparagraph (i) of Rule 144, our shares of common stock that were issued while or after we became a shell company cannot be publicly resold under Rule 144 until we comply with the requirements outlined above under the heading “Shell Companies.” Until those requirements have been satisfied, any resales of our shares of common stock must be made in compliance with the provisions of the exemption from registration under the Securities Act provided in Section 4(1) thereof, applicable to persons other than “an issuer, underwriter or a dealer.” That will require that such shares of common stock be sold in “routine trading transactions,” which would include compliance with substantially all of the requirements of Rule 144, including the availability of “current public information” about us as required by subparagraph c(2) of Rule 144, regardless of its availability; and such resales may be limited to our non-affiliates. It has been the position of the Securities and Exchange Commission that the Section 4(1) exemption is not available for the resale of any securities of an issuer that is or was a shell company, by directors, executive officers, promoters or founders or their transferees. See NASD Regulation, Inc., CCH Federal Securities Law Reporter, 1990-2000 Decisions, Paragraph No. 77,681, the so-called “Worm-Wulff Letter.” The current position of the Securities and Exchange Commission that is contained in Securities Act Release No. 33-8899, effective February 15, 2008, and that codified the position of the Securities and Exchange Commission set forth in the Worm-Wulff Letter and revised Rule 144 as outlined above, is that Rule 144 now defines what resales can be made under Section 4(1) of the Securities Act, and with limited exceptions, which are set forth in footnote 172 of that Release, shares of shell companies must be sold in compliance with Rule 144(i) that is quoted above.

End of Excerpt from Form 10

Broker Agreement and Customer's Resale Agreement (Blank)

**BROKER AGREEMENT AND CUSTOMER'S RESALE AGREEMENT REGARDING THE RESALE OF
RESTRICTED SECURITIES**

Broker Agreement

Digitiliti, Inc.
266 East 7th Street, 4th Floor
St. Paul, MN 55101

Interwest Transfer Co.
P. O. Box 17136
1981 East Murray-Holladay Rd.
Salt Lake City, Utah 84117

Leonard W. Burningham, Esq.
455 East 500 South, Suite 205
Salt Lake City, Utah 84111

Re: Resale of _____ shares of common stock of Digitiliti, Inc., a Delaware corporation (the "Company"), owned by _____ (the "Customer") and represented by Stock Certificate Nos. _____ in the aggregate amount of _____ shares, which are "restricted securities" as defined in Rule 144 of the Securities and Exchange Commission (the "SEC"), in reliance on the legal opinion of Leonard W. Burningham, Esq. that is accompanied by this instrument and a cover letter of such attorney (the "Legal Opinion"), and which resale shall comprise of shares amounting no more than 1% of the total outstanding shares of the Company listed in the most recent report of the Company that has been filed with the SEC

Dear Ladies and Gentlemen:

The undersigned broker (the "Broker") hereby acknowledges receipt of the above referenced stock certificate(s) and the shares of common stock of the Company represented thereby that are owned by the Customer.

In consideration of transferring these shares into a stock certificate or certificates free and clear of any legend or other notation that would in any way restrict or interfere with their resale in accordance with the strict guidelines of the Legal Opinion that the Company, its transfer agent and the Broker have relied upon and to allow the Broker to effect a public sale of the shares on behalf of the Customer in accordance with the Legal Opinion and as a condition thereof, the Broker agrees:

- (i) That all sales of the shares or any other shares of the Customer in the Company on deposit in the accounts of the Customer at the Broker and covered by the Legal Opinion will be made in "broker's transactions" only as that term is defined in Rule 144 of the SEC;
- (ii) To ensure that resales will be made in "brokers' transactions," there will be no DTC transfers of any of the shares of the Customer in the Company, except following a customary sale that may involve "brokers' transactions" to another broker;
- (iii) That if any of these shares of the Company are ordered out by the Customer for delivery prior to sale by the Broker, that instructions will be given to the Company's transfer agent by the Broker to reissue the stock certificates for the Customer into a stock certificate or certificates that will bear the appropriate Rule 144 restrictions indicating that the unsold shares are "restricted securities";

- (iv) The Broker will not engage in an investment strategy based upon selling the shares of the Company “short” while the Customer’s shares of the Company remain unsold or on deposit in the Customer’s account at the Broker, and if other transactions by the Broker in the shares of the Company result in a “short” position, the Broker will not cover that “short” position with the Customer’s shares, except as allowed under Rule 144;
- (v) No sales of the Customer’s shares will be made by the Broker unless the Company has the “Current Public Information” then currently publicly available as defined in subparagraphs (c)(1) (“Reporting Issuers”) or (2) (“Non-Reporting Issuers”) of Rule 144, as applicable, as outlined in the Legal Opinion;
- (vi) Unless advised otherwise in a subsequent Legal Opinion covering the Customer’s shares, until May 13, 2009, a date that is one year from the filing date of the Form 10 Registration Statement of the Company that contains the “Form 10 Information” defined in Rule 144(i) (the “Resale Restricted Period”), to sell for the Customer no more than 1% of the outstanding securities of the Company during any three month period, and to sell in **one day** no more than the greater of (1) 5% of the total shares of the Company publicly traded on any nationally recognized medium of a stature of no less significance than the Pink OTC Markets, Inc. (the “Pink Sheets”) over the previous 10 trading days, or (2) 3,000 shares, on a **non-cumulative basis**, meaning that if the amount of shares allowed to be sold hereunder is not sold on one day, that the unsold amount cannot be cumulated and sold on a subsequent day or days with the sale of other shares that are allowed to be sold hereunder;
- (vii) The Broker is relying on the representations of the Customer outlined in the Customer’s Resale Agreement below;
- (viii) The Broker acknowledges that its failure, in good faith, to conduct the resales of the Customer’s shares in accordance with the foregoing requirements and those contained in the Legal Opinion will result in it being unable to rely on the Legal Opinion for resales of the Customer’s shares without registration under the Securities Act of 1933, as amended (the “Securities Act”), and may subject the Broker to liability for damages as a result thereof; and
- (ix) The Broker agrees to provide you with reasonable documentation on your request to verify compliance with the foregoing, based upon the consent of the Customer given below in the Customer’s Resale Agreement.

Very truly yours,

 Broker

 Address

 City, State, Zip

Date: _____

By _____

Its _____

Its _____

Customer's Resale Agreement

Digitiliti, Inc.
266 East 7th Street, 4th Floor
St. Paul, MN 55101

Interwest Transfer Co.
P. O. Box 17136
1981 East Murray-Holladay Rd.
Salt Lake City, Utah 84117

Leonard W. Burningham, Esq.
455 East 500 South, Suite 205
Salt Lake City, Utah 84111

Re: Resale of _____ shares of common stock of Digitiliti, Inc., a Delaware corporation (the "Company"), owned by _____ (the "Customer") and represented by Stock Certificate Nos. _____ in the aggregate amount of _____ shares, which are "restricted securities" as defined in Rule 144 of the Securities and Exchange Commission (the "SEC"), in reliance on the legal opinion of Leonard W. Burningham, Esq. that is accompanied by this instrument and a cover letter of such attorney (the "Legal Opinion"), and which resale shall comprise of shares amounting no more than 1% of the total outstanding shares of the Company listed in the most recent report of the Company that has been filed with the SEC

Dear Ladies and Gentlemen:

In consideration of transferring these shares into a stock certificate or certificates free and clear of any legend or other notation that would in any way restrict or interfere with their resale by the undersigned (the "Customer") in accordance with the strict guidelines of the Legal Opinion that you, the Customer's broker (the "Broker") and the Customer have relied upon and to allow the Customer to effect a public sale of the shares through the Broker in accordance with the Legal Opinion and as a condition thereof, the Customer agrees:

- (i) To effect all sales of the Customer's shares covered by the Legal Opinion in accordance with the "brokers' transactions" and "manner of sale" requirements of Rule 144, meaning, among other conditions, that the Customer will pay only the usual and customary brokerage commission or discount in connection with any such sale and will not solicit or arrange for the solicitation of orders to buy any of the Customer's shares;
- (ii) Unless advised otherwise in a subsequent Legal Opinion covering the Customer's shares, until May 13, 2009, a date that is one year from the date of the Form 10 Registration Statement of the Company that contains the "Form 10 Information" defined in Rule 144(i) (the "Resale Restricted Period"), to sell no more than 1% of the outstanding securities of the Company during any three month period, and to sell in **one day** no more than the greater of (1) 5% of the total shares of the Company publicly traded on any nationally recognized medium of a stature no less than the Pink OTC Markets, Inc. (the "Pink Sheets") over the previous 10 trading days, or (2) 3,000 shares, on a **non-cumulative basis**, meaning that if the amount of shares allowed to be sold hereunder is not sold on one day, that the unsold amount cannot be cumulated and sold on a subsequent day or days with the sale of others shares that are allowed to be sold hereunder;
- (iii) To not engage in an investment strategy based upon selling the shares of the Company "short" while the Customer's shares remain unsold, and to not "short" the Company's shares while these shares remain unsold;

- (iv) Not to sell any of these shares unless the Company has the “Current Public Information” then currently publicly available as defined in subparagraphs (c)(1) (“Reporting Issuers”) or (2) (“Non-Reporting Issuers”) of Rule 144, as applicable, as outlined in the Legal Opinion;
- (v) The Customer acknowledges that the Customer’s failure, in good faith, to conduct the resales of the Customer’s shares in accordance with the foregoing requirements and those contained in the Legal Opinion, will result in the Customer being unable to rely on the Legal Opinion for resales of the Customer’s shares without registration under the Securities Act of 1933, as amended (the “Securities Act”), and may subject the Customer to liability for damages as a result thereof;
- (vi) The Customer agrees to provide you with reasonable documentation on your request to verify compliance with the foregoing and authorizes the Broker to provide reasonable documentation to verify compliance with the terms and provisions hereof; and
- (vii) The Customer is acting for the Customer’s own account in the resale of any of the Customer’s shares, as outlined in the Legal Opinion and as represented by the above referenced stock certificate or certificates or any stock certificate into which the Customer’s shares covered by the Legal Opinion are transferred and not in concert with any other person whatsoever.

Very truly yours,

Customer Name

Address

City, State, Zip

Date: _____

By _____

Its _____

(If Applicable)