



Sitestar Settles Dispute With Convertible Debenture Holders

For Immediate Release

LYNCHBURG, Va./EWorldWire/Feb. 23, 2004 --- Sitestar Corporation (OTCBB: SYTE), an Internet Service Provider (ISP) and computer services company, today announced it has reached an agreement with AJW Partners, LLC and New Millennium Capital Partners II, LLC (the "Convertible Debenture Holders") regarding their Convertible Debentures. The exact terms of the agreement will be disclosed in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission.

Frank R. Erhartic, Jr., President of Sitestar Corporation, commented, "The dispute arose over how a significant payment was treated. We maintained that with that payment we owed a certain amount to the Convertible Debenture Holders. They claimed we owed significantly more. We settled on a reasonable compromise."

Terms of the agreement include a cash payment of \$100,000 plus \$80,000 worth of common stock. The Convertible Debenture Holders agree to receive a limited amount of the stock from their Escrow Agent each month with limits on how much of it can be sold. In exchange, Sitestar agrees to guarantee a certain average price for the stock that is sold and will gross up the balance, if any, the following year. The legal action pending in this matter will be dismissed by the Convertible Debenture Holders.

"We are glad to get this issue behind us and see this as a positive step forward. This agreement pays off and extinguishes the Convertible Debentures. The Convertible Debentures should no longer be a liability to the Company," said Erhartic.

Forward looking statements

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, our ability to expand our customer base, make strategic acquisitions, general market conditions, and competition and pricing. Although we believe the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements contained in the report will prove to be accurate.

About Sitestar Corporation

Sitestar Corporation is a mid-Atlantic Internet Service Provider (ISP) and computer services company offering a broad range of services to business and residential customers. Sitestar's main customer base is primarily in the Virginia and North Carolina markets but also sells most of its services nationwide. Sitestar's wholly owned subsidiaries provide narrow and broadband Internet access, Web-hosting and design services, computer sales and repair and other technology-related solutions to its residential and business customers.

Sitestar's wholly owned subsidiaries include Sitestar.net (<http://www.sitestar.net>), Sitestar Applied Technologies (<http://www.sitestarapplied.net>), SurfWithUs.Net (<http://www.surfwithus.net>), Lynchburg.net (<http://www.lynchburg.net>), Advanced Internet Services (<http://www.advi.net>), Computers by Design (<http://www.computersbydesign.com>) and CBD Toner Recharge (<http://www.recharge.net>).

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<http://www.recharge.net>, <http://www.advi.net>

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