



Sitestar To Sell Software Development Division

For Immediate Release

LYNCHBURG, Va./EWorldWire/Aug. 23, 2004 --- Sitestar Corporation (OTCBB: SYTE) announced today that they have signed a Letter of Intent to sell the assets of Sitestar Applied Technologies, the software development division of Sitestar. Thomas Albanese, the current manager of the SAT division, will purchase the SAT assets. SAT software products are a blend of data-driven web and PC-based applications that are customized to meet the individual customer's specifications. They are primarily business-to-business applications dealing with sales force automation and related products with applications primarily in the furniture industry. The new company will do business as Servatus Development, LLC.

The deal consists of Albanese surrendering approximately 1.2 million shares of Sitestar stock and Sitestar receiving a share in the gross revenues over a period of four years. Sitestar will continue to develop content for websites and do web programming services that were sometimes shared between the two divisions. Sitestar will also keep the rights to the crisis management system that is currently still under development and Albanese will enter into a non-compete agreement. Servatus will rent office space and network services from Sitestar. The transaction is expected to close on August 31.

According to Frank R. Erhartic Jr., president and CEO of Sitestar Corporation, "This transaction will allow us to focus on our core Internet business and will allow us to continue to garner financial benefits from SAT for a number of years. We anticipate a positive impact on earnings by structuring the agreement the way we have, and it is in our mutual interests to see Servatus succeed."

Albanese added, "We are excited to be heading in a new direction with renewed customer focus and determination to succeed. Our plan is to strengthen our leadership position in the furniture industry by devoting more internal resources to research and development, marketing, and customer service. SAT has new products in the pipeline that we look forward to launching by year's end. For now, we will continue to service existing customers and look forward to adding new customers as we expand. This is a win-win transaction for all parties, but most importantly, for SAT customers."

About Sitestar Corporation

Sitestar Corporation is a mid-Atlantic Internet Service Provider and computer services company offering a broad range of services to business and residential customers. Sitestar's main customer base is primarily in the Va. and N.C. markets but the company 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>), 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>).

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, Sitestar's ability to expand its customer base, make strategic acquisitions, general market conditions, and competition and pricing. Although Sitestar believes 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.

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KEYWORDS: Virginia, Lynchburg, technology, investment, Internet, Sitestar, web, hosting, shareholder, meeting

SOURCE: Sitestar Corporation