



Sitestar Sells Software Development Division

For Immediate Release

LYNCHBURG, Va./EWorldWire/Sep. 1, 2004 --- Sitestar Corporation (OTCBB: SYTE) announced today that they have signed a Definitive Agreement, selling the assets of Sitestar Applied Technologies, the software development division of Sitestar. Thomas Albanese, the former manager of the SAT division, purchased the SAT assets. The new company will be doing business as Servatus Development, LLC.

The deal consists of Albanese surrendering 1,460,796 shares of Sitestar stock and Sitestar receiving a share in the gross revenues over a period of four years. In addition to sharing Servatus's collected revenues, Sitestar will provide office space, occupancy costs and Internet services for one year. Sitestar will work closely with Servatus on programming and related services and will maintain the rights to the crisis management system that is currently under development.

According to Frank R. Erhartic Jr., president and CEO of Sitestar Corporation, "We anticipate a positive impact on earnings by structuring the agreement the way we have, and we will experience positive cash flows from this as a result. In addition, we are free to concentrate our focus on building quality Internet services to our customers. All shares of stock surrendered will be cancelled."

Albanese added, "We are excited to be heading in a new direction with plans to strengthen our leadership position in the furniture industry. Servatus has new products under development to introduce which we look forward to launching by year-end. We will continue to provide superior services to our existing customers and look forward to the addition of new customers as we expand. This is a win-win transaction for all parties, but most importantly, for our 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, the company's ability to expand its customer base, make strategic acquisitions, general market conditions, and competition and pricing. Although the company 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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