

August 22, 2007



## **GelStat Updates Shareholders With Recent Progress and Posts Un-Audited Financial Statements for 2005, 2006 and for the First Six Months of 2007**

ST. PAUL, MN -- (MARKET WIRE) -- 08/22/07 -- GelStat Corporation (PINKSHEETS: GSAC), a consumer healthcare company primarily focused on the development and marketing of over-the-counter (OTC) products for the safe and effective treatment of pain and inflammation, today updates shareholders on recent accomplishments and posts its un-audited financial results for the years ending 2005 and 2006 as well as for the first six months of 2007.

Tom DeSantis, the Company's Business Development Consultant, stated, "We made a commitment to the shareholders to increase transparency. Today, we are living up to this commitment. Furthermore, we are pleased to announce that we have completed Phase I of our initial restructuring and are focusing on increasing revenue and striving for profitability."

Since the new management team took the helm in January of 2007, the following significant milestones have been achieved:

- All inventory has been moved from Illinois to Florida, considerably reducing the Company's monthly carrying cost.
- Legal and accounting fees have been minimized.
- Office space has been consolidated and expenses have been reduced significantly.
- A robust technology platform has been implemented seamlessly integrating ordering, shipping, accounting, inventory control and customer relations, while drastically reducing operating expenses.

The aforementioned efforts have minimized the Company's monthly burn rate as posted in the just released un-audited financial results. Average monthly operating expenses were \$320,000 in 2005, \$95,445 in 2006 and \$38,800 for the first six months of 2007. For detailed information click the following link to access recent financial reports.

[www.gelstat.com/reports](http://www.gelstat.com/reports)

James LaFlame, GelStat's Chairman of the Board and CEO, stated, "While we have a lot of work still to do, the reduced expenses have given the Company a new lease on life. Furthermore, the 800,000 units of GelStat(TM) Migraine currently in inventory should

provide a significant portion of cash flows in the future."

Efforts to turn that inventory into cash began in August of 2007 with an ad placed in Women's Day magazine [www.gelstat.com/wd](http://www.gelstat.com/wd) that reached 250,000 subscribers in the magazine's New England region. Additional advertising programs are currently in the works including an infomercial and cost per acquisition Internet campaign. Management is also hopeful that international opportunities will come to fruition in the near future.

## ABOUT GELSTAT CORPORATION

GelStat Corporation is dedicated to providing safe and effective over-the-counter (OTC) treatments for pain and inflammation. GelStat's first product, GelStat Migraine, is sold nationwide through retail chain stores, independent retailers and pharmacies, and direct to consumer channels. GelStat Migraine is a sublingually (under the tongue) administered OTC medication for acute relief from the pain and associated symptoms of migraine. Over 90 percent of the 30 million Americans with migraine use OTC headache remedies, generally aspirin or other non-steroidal anti-inflammatory drugs. Americans spend \$2.6 billion each year on 600 million units of such products, although they are believed to be effective for only about 25 percent of those with moderate to severe migraine.

The Company also has a suite of additional, effective healthcare products that address large consumer markets. GelStat(TM) Arthritis is the second available product to utilize GelStat's patent-pending formulation and is provided as a daily use, sublingual dissolving tablet. The Center for Disease Control estimates that, in its many forms, arthritis affects up to 70 million Americans. The Company has also developed "GelStat(TM) Sinus" and "GelStat(TM) Sleep," and believes that each of these products performs well and is effective for its intended use. The National Institute of Allergy and Infectious Disease estimates that 37 million Americans are affected by sinusitis every year, with at least 20 million more suffering from allergies. Approximately 70 million Americans are reported to be "problem sleepers."

For more information, visit [www.gelstat.com](http://www.gelstat.com)

## Safe Harbor Statement Under the Private Securities Litigation Act of 1995

With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. The actual future results of GelStat could differ significantly from those statements. Factors that could cause actual results to differ materially include risks and uncertainties such as the inability to finance the company's operations or expansion, inability to hire and retain qualified personnel, changes in the general economic climate, including rising interest rate and unanticipated events such as terrorist activities. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms, or other comparable terminology. These statements are only predictions. Although we believe that the expectations reflected in the forward-looking statements are reasonable, such statements should not be regarded as a representation by the Company, or any other person, that such forward-looking statements will be achieved. We undertake no duty to update any of the forward-looking statements, whether as a result of new

information, future events or otherwise. In light of the foregoing, readers are cautioned not to place undue reliance on such forward-looking statements. For further risk factors, please review our SEC filings.

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