

**Bluegate Reports Third Quarter 2006 Financials:
First Nine Months of 2006 Revenue Increased 16%
Over Pro Forma Revenue for the First Nine Months of 2005**

HOUSTON, TX – November 10, 2006 – Bluegate Corp. (OTCBB: BGAT), provider of the Nations only *Medical Grade Network*® today released its third quarter results.

Consolidated revenue of \$2,695,032 for the nine months ending September 30, 2006 increased 16% over the pro forma revenues of \$2,317,277 for the comparable 2005 period.

On September 15, 2005, Bluegate acquired substantially all of the assets of Trilliant Corp. The revenues reported above represent pro forma combined revenues of Bluegate and Trilliant assuming the acquisition occurred on January 1, 2005. Other than the pro forma revenue amount referred to above, the amounts contained in the remainder of this press release represent the results of the Trilliant acquisition from the date of acquisition, September 15, 2005.

"We are pleased with the results for our first nine months of 2006," stated Manfred Sternberg, Bluegate CEO. "During the third quarter we made significant progress in proving out our business model which allows hospitals and physician's to achieve "clinical integration" through the use of our *Medical Grade Network*®.

"Bluegate built the *Medical Grade Network*® to meet the needs of major hospitals who want to connect physicians to their computer networks in a secure environment", Mr. Sternberg continued. "Our relationship with Memorial Hermann Health Network Providers, one of the Nations largest Independent Physician Groups has served as a business model in Houston, Texas that can now be scaled nationally".

Bluegate is currently in discussions with other hospitals groups across the country that are interested in deploying Bluegate's *Medical Grade Network*®

Third Quarter Results

During the three months ended September 30, 2006, revenue was \$944,537 versus \$665,775 for the three month period ended September 30, 2005. This represents an increase of 42% or \$278,762 and is primarily attributable to the acquisition of the assets of Trilliant Corporation as well as the ongoing operations of Bluegate's *Medical Grade Network*®

The cost of services for the three months ended September 30, 2006 was \$408,596 compared to \$242,676 for the three months ended September 30, 2005. The increase in cost of services of \$165,920 is due to higher interconnect fees and costs associated with the expansion of the operations of Bluegate's *Medical Grade Network*®.

The gross margin for the three months ended September 30, 2006 was \$535,941 compared to \$423,099 for the three months ended September 30, 2005. The gross margin as a percentage of sales decreased to 57% for the three months ended September 30, 2006 from 64% for the three months ended September 30, 2005 due to higher interconnect fees and costs associated with the expansion of our Bluegate's *Medical Grade Network*®.

We incurred selling, general and administrative expenses (SG&A) of \$1,933,343 for the three months ended September 30, 2006 compared to \$1,185,689 for the three months ended September 30, 2005. The increase in SG&A of \$747,654 is primarily attributable to the expansion of our sales and marketing efforts and recording stock option and warrant related expenses as a result of our adoption of SFAS No. 123R in 2006.

We incurred a net loss of \$1,656,469 for the three months ended September 30, 2006 compared to a net loss of \$822,723 for the three months ended September 30, 2005. The increase of \$833,746 is due primarily to an increase in stock option and warrant related expenses as a result of our adoption of SFAS No. 123R during the first quarter of 2006.

NINE MONTHS ENDED SEPTEMBER 30, 2006 AS COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2005

During the nine months ended September 30, 2006, our revenue was \$2,695,032 versus \$1,541,542 for the nine month period ended September 30, 2005. This represents an increase of \$1,153,490 and primarily attributable to our acquisition of the assets of Trilliant Corporation and our efforts to market Bluegate's *Medical Grade Network*®, our core business.

Our cost of services for the nine months ended September 30, 2006 was \$1,175,487 compared to \$664,407 for the nine months ended September 30, 2005. The increase in cost of services of \$511,080 is due to interconnect fees and costs associated with the expansion of our Bluegate's *Medical Grade Network*®.

Our gross margin for the nine months ended September 30, 2006 was \$1,519,545 compared to \$877,135 for the nine months ended September 30, 2005. Our gross margin as a percentage of sales of 56% for the nine months ended September 30, 2006 did not change from 56% for the nine months ended September 30, 2005.

We incurred selling, general and administrative expenses of \$4,829,654 for the nine months ended September 30, 2006 compared to \$3,237,415 for the nine months ended September 30, 2005. The increase in SG&A of \$1,592,239 is primarily attributable to the expansion of our sales and marketing efforts and recording stock option and warrant related expenses as a result of our adoption of SFAS No. 123R in 2006.

We incurred a net loss of \$4,042,842 for the nine months ended September 30, 2006 compared to a net loss of \$3,378,784 for the nine months ended September 30, 2005, or an overall increase of \$664,058. After taking into effect a non-cash charge to income of \$892,882 in 2005 upon the conversion of notes payable to common stock, Bluegate's net loss increased by \$1,556,940. The increase is primarily attributable to recording stock option and warrant related expenses due to the company's adoption of SFAS No. 123R on January 1, 2006, the issuance of common stock and warrants to extend the company's obligations pursuant to registration rights and the issuance of warrants for the extension of the debt payment relating to the convertibles notes payable.

Bluegate's 10-QSB filing for third quarter 2006 can be accessed in its entirety at www.sec.gov or www.bluegate.com.

About Bluegate

Bluegate Corp. is an industry leader of outsourced health care IT solutions, *Medical Grade Network*® and remote management services. It provides IT consulting through its professional services division and HIPAA-compliant, turnkey managed security services and interoperability solutions across its *Medical Grade Network*® to hospitals, physicians, other health care facilities, RHIOs, HCOs and third-party solution providers. Bluegate is publicly traded on the over the counter bulletin board under the ticker symbol BGAT. For information, visit www.bluegate.com or call 713-686-1100.

About Memorial Hermann Health Network Providers

Founded in 1982, Memorial Hermann Health Network Providers is the largest independent physician organization of its kind in Texas, with leadership strength unsurpassed in today's health care industry. We invest in our physicians and take pride in our network. MHHNP provides its member physicians the resources necessary to run an efficient practice, so they can focus on what really matters...*patient care*.

Employers throughout Texas turn to MHHNP to help manage their benefit costs. Whether it's an entire suite of medical and occupational benefit services, including full administration through our Third Party Administration service line, or benefit plan design and consultation, our team of experts is here for you. With our aggressive approach to medical management, our network of highly qualified providers, and our experience, we continue to achieve significant cost savings for our clients, far exceeding national benchmarks. Further information is available at www.MHHNP.org or by calling 713-448-6464.

Safe Harbor

This press release may contain "forward-looking statements." All statements, other than statements of fact, included in this release and without limitation statements regarding potential future plans and objectives of the Company, are forward-looking statements that involve risks and uncertainties. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements.

For Bluegate

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