



## **Bluegate Announces Completion of \$500,000 Private Placement**

Houston, TX - November 7, 2005 (BUSINESSWIRE)– Bluegate Corp. (OTCBB: BGAT), a provider of HIPAA-compliant medical grade networks, outsourced healthcare IT services and managed security solutions, today announced that it has completed a private placement of \$500,000 in convertible promissory notes with detachable warrants to 19 accredited investors. The conversion price of the promissory notes is \$0.75 per share. Repayment will be within five days of receipt of funds by Bluegate of any subsequent offering, raising gross proceeds to Bluegate of at least \$1 million or 180 days after the date of the note. As part of the transaction, the Company issued to the investors warrants to purchase an aggregate of 666,667 additional shares of its common stock at an exercise price of \$1.00 per share. The Company also issued warrants to purchase 160,000 shares of common stock to the placement agent for the offering. After commissions and expenses, the net proceeds to the Company were approximately \$426,000. Westminster Securities Corporation acted as placement agent for the private placement.

Manfred Sternberg, CEO of Bluegate, stated, “We are very pleased with the results of the offering as it demonstrates a strong vote of confidence by these investors in our growth strategy. The placement of \$500,000 provides Bluegate with the capital to accelerate our growth into new geographic markets and replicate the success we demonstrated in Houston, where we have built a base of over 1,100 physician customers using Bluegate’s products and services. Geographic expansion is part of our three-tier strategy for growth, which also includes expanding our Houston physician customer base and working with our strategic partners to offer additional value-added products to our physician customers via our secure, medical grade VPN.”

The securities sold in this private placement have not yet been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States in the absence of an effective registration statement or exemption from registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state.

### About Bluegate

Bluegate Corp. provides specialized HIPAA-compliant IT outsourcing and managed security and interoperability solutions for hospitals and physicians. This enables the healthcare industry to have secure, HIPAA-compliant data communication between hospitals, medical facilities and physician practices today, which ultimately enhances the

quality of patient care while reducing healthcare costs long term. Bluegate also provides affordable access to third-party vendors that offer compatible medical-focused content and applications over the Bluegate infrastructure to improve practice efficiency and service. Bluegate extends healthcare focused IT best practices to the edge of the healthcare network ensuring every physician and facility they touch is as secure as the hospital itself. Bluegate is publicly traded on the over the counter bulletin board under the ticker BGAT. For information, visit [www.bluegate.com](http://www.bluegate.com) or call 713-686-1100

#### 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.

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