

NEWS FOR IMMEDIATE RELEASE:

Diversinet Reports Third Quarter 2006 Financial Results

*Strategic Licensing Agreement Signed In Quarter
Cash Used In Operations Drops From \$726,000 In Q2 To \$427,000 In Q3*

TORONTO, Canada, November 7, 2006 – Diversinet Corp. (OTCBB: DVNTF), a leading provider of mobile-enabled personal authentication and security solutions, today announced financial results for third quarter of 2006. During the quarter Diversinet's revenues increased, net loss was reduced, and cash used in operations was reduced over the same quarter last year. Diversinet continued its strategic focus on building a distribution network for consumer authentication and related value-added applications by signing a strategic licensing agreement with a leading global identity authentication and protection company serving several million consumers.

Revenues for the quarter were \$432,000, up 67 percent compared to \$258,000 in the third quarter of 2005. Revenues for the nine months ended September 30, 2006 were \$1,381,000, up 47 percent from \$942,000 in 2005. Diversinet's strategic licensing agreement signed during the quarter includes an initial license component of \$100,000. While this \$100,000 portion of the overall contract has been included in 'deferred revenue' on the balance sheet we expect to be able to bring it into revenue over the coming quarters. Cash used in continuing operations for the quarter was \$427,000 compared to \$650,000 in 2005 and \$726,000 in Q2 2006. Cash used in continuing operations for the nine months ended September 30, 2006 was \$1,559,000 compared to \$2,100,000 in 2005. All dollar amounts are in U.S. dollars.

The net loss for the third quarter of 2006 was \$932,000, or \$0.03 per share, compared to a net loss of \$3,323,000 or \$0.17 per share in the third quarter of 2005. Included in the third quarter net loss are stock-based compensation, depreciation and amortization of \$383,000 (\$2,589,000 in Q3 2005 including goodwill and customer asset impairment charges). The net loss for the nine months ended September 30, 2006 was \$2,401,000, or \$0.08 per share, compared to a net loss of \$6,080,000 or \$0.31 per share for the comparable period in 2005. Included in the nine-month net loss are stock-based compensation, depreciation and amortization of \$938,000 (\$3,522,000 in 2005 including goodwill and customer asset impairment charges). Cash and cash equivalents at September 30, 2006 were \$4,790,000 compared to \$1,356,000 at December 31, 2005.

Third quarter 2006 company, customer and solution highlights include:

- Diversinet made significant progress on the development of additional applications extending the functionality of the MobiSecure system and the MobiSecure soft token product for new consumer solutions in the financial services and healthcare sectors. The company is engaged in several proof-of-concept development agreements with major clients in these sectors for secure, wireless delivery of confidential personal information to a personal mobile phone, enabling innovative new customer services to be offered.
- Diversinet was granted a new patent for its method of establishing secure communications in a digital network by using pseudonymic digital identifiers to secure the identity of users and servers; this is the fourth patent awarded to the company. This method ensures greater security and efficiency for consumer authentication products. The company plans to use this patent in future MobiSecure products and for future IP licensing.

- As previously disclosed in the second quarter release, on July 26, 2006, Diversinet completed an equity financing through the sale and issue of 1,538,463 units by way of private placement at \$0.65 per unit for gross proceeds of \$1,000,001. This financing was in addition to the \$4.0 million financing completed in the second quarter. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant is exercisable to purchase one common share at a price of \$1.00, for a period of up to two years until July 26, 2008. The proceeds will be used for operations including product packaging, product marketing and sales.

"We are pleased to report another quarter of improved revenue, reduced losses, and a stronger financial picture as we continue on our path to profitability" said Nagy Moustafa, CEO of Diversinet. "We continue to build out our distribution network with the addition of a strategic licensing agreement with a leading global identity authentication and protection company serving several million consumers, and through our new agreements and development work with major financial services and health sector clients. Over the coming quarters we will be focusing on the sales and marketing of our existing and new products."

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The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by the company) contains statements that are forward-looking, such as statements relating to anticipated future revenues of the company and success of current product offerings. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the company. For a description of additional risks and uncertainties, please refer to the company's filings with the Securities and Exchange Commission.

Diversinet Corp.
CONSOLIDATED BALANCE SHEETS
[in United States dollars]

	September 30	December 31
	2006	2005
	\$	\$
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	4,789,871	1,355,562
Accounts receivable	204,582	66,039
Other receivables	1,973	1,266
Unbilled contract revenues	100,000	-
Prepaid expenses	52,636	117,245
Total current assets	5,149,062	1,540,112
Capital assets, net	413,824	473,010
Total assets	5,562,886	2,013,122
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	213,881	153,100
Accrued liabilities	196,594	226,679
Deferred revenue	127,550	79,000
Total current liabilities	538,025	458,779
Shareholders' equity		
Share capital	58,313,530	54,347,652
Cumulative translation adjustment	(1,520,721)	(1,520,721)
Share purchase warrants	3,700,179	2,500,977
Contributed surplus	3,227,647	2,521,422
Deficit	(58,695,774)	(56,294,987)
Total shareholders' equity	5,024,861	1,554,343
Total liabilities and shareholders' equity	5,562,886	2,013,122

Diversinet Corp.**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**

[in United States dollars]

(Unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
REVENUE	431,521	258,148	1,381,369	942,073
Cost of sales	245,196	88,722	990,755	550,460
Gross margin	186,325	169,426	390,614	391,613
EXPENSES				
Research and development	342,671	350,782	515,479	931,936
Sales and marketing	111,820	267,406	511,436	936,368
General and administrative	654,614	535,784	1,687,270	1,797,807
Depreciation and amortization	42,759	140,214	121,531	491,909
Goodwill impairment charge (note 1)	-	1,894,690	-	1,894,690
Customer asset impairment charge (note 1)	-	330,768	-	330,768
	1,151,864	3,519,644	2,835,716	6,383,478
Loss before the following	(965,539)	(3,350,218)	(2,445,102)	(5,991,865)
Foreign exchange loss (gain)	(4,436)	27,477	3,174	8,950
Interest expense (income)	(29,230)	(6,804)	(47,489)	(19,469)
Loss from continuing operations	(931,873)	(3,370,891)	(2,400,787)	(5,981,346)
Income (loss) from discontinued operations (note 2)	-	48,216	-	(98,553)
Loss for the period	(931,873)	(3,322,675)	(2,400,787)	(6,079,899)
Deficit, beginning of period	(57,763,901)	(51,942,715)	(56,294,987)	(49,185,491)
Loss for the period	(931,873)	(3,322,675)	(2,400,787)	(6,079,899)
Deficit, end of period	(58,695,774)	(55,265,390)	(58,695,774)	(55,265,390)
Loss per share				
Basic and diluted loss per share from continuing operations	(0.03)	(0.17)	(0.08)	(0.31)
Basic and diluted loss per share	(0.03)	(0.17)	(0.08)	(0.31)
Weighted average common shares outstanding	32,717,313	19,525,767	28,630,938	19,318,729

Diversinet Corp.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In United States dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss from continuing operations	(931,873)	(3,370,891)	(2,400,787)	(5,981,346)
Add (deduct) items not requiring an outlay of cash:				
Depreciation and amortization	42,759	140,214	121,532	491,909
Goodwill impairment charge (note 1)	-	1,894,690	-	1,894,690
Customer asset impairment charge (note 1)	-	330,768	-	330,768
Stock-based compensation expense	339,942	223,355	816,068	804,188
Changes in non-cash working capital items related to operations:				
Accounts receivable and other receivables	(127,252)	75,496	(139,250)	160,309
Prepaid expenses	22,134	86,860	64,609	123,562
Unbilled contract revenues	149,905	-	(100,000)	-
Accounts payable and accrued liabilities	(28,794)	14,991	30,696	90,062
Deferred revenue	106,550	(45,000)	48,550	(13,843)
Cash used in continuing operations	(426,629)	(649,517)	(1,558,582)	(2,099,701)
Cash provided by (used in) discontinued operations	-	(2,023)	-	177,013
Cash used in operations	(426,629)	(651,540)	(1,558,582)	(1,922,688)
FINANCING ACTIVITIES				
Issue of common shares, common purchase options, warrants for cash, net of costs	1,061,287	1,896,374	5,055,236	1,840,683
Notes payable	-	-	-	(4,611)
Cash provided by financing activities	1,061,287	1,896,374	5,055,236	1,836,072
INVESTING ACTIVITIES				
Decrease in short-term investments	-	905,932	-	2,000,000
Net addition of capital assets	(57,704)	(27,171)	(62,346)	(66,991)
Cash provided by (used in) investing activities	(57,704)	878,761	(62,346)	1,933,009
Net increase in cash and cash equivalents during the period	576,954	2,123,595	3,434,309	1,846,393
Cash and cash equivalents, beginning of the period	4,212,917	446,296	1,355,562	723,498
Cash and cash equivalents, end of the period	4,789,871	2,569,891	4,789,871	2,569,891