



**SYNERGY
EQUITIES GROUP LIMITED**

registered office
Level 1
Westcentre
1260 Hay Street
West Perth WA 6005
AUSTRALIA

mailing address
Private Box 1288
West Perth WA 6872
AUSTRALIA

telephone - national 08 9415 2212
- international +61 8 9415 2212
facsimile - national 08 9415 2221
- international +61 8 9415 2221
email - info@synergylimited.com
visit us at - www.synergylimited.com

MHP:mj: ASX070118

18 January 2007

BY FACSIMILE: (08) 9221 2020
No of pages: (2)

ASX Limited
Level 8
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ATTN: MR BEN DONOVAN
ADVISER, ISSUERS (PERTH)

Dear Ben

PRICE AND VOLUME QUERY

SYNERGY EQUITIES GROUP LIMITED ("the Company")

I refer your facsimile received by the Company earlier today and respond to each of your questions using the same numbering as your facsimile:

- 1) No. However, in accordance with the following extract from the Company's Letter to Shareholders announced to ASX on 25 Sep 06:

"As a Board we have unanimously resolved to continue with the approach of making smaller placements minimising dilution to existing shareholders whilst we strive for the financial performance results that will lead to a re-rating of the value of your Company's securities and accordingly a much more favourable price at which to allot shares."

the Company has today completed a small share placement of 30,000,000 Fully Paid Ordinary Shares at an issue price of 1 cent per share to sophisticated and private investors, raising a total of AUD\$300,000. The placement represents 3.7% of the Company's enlarged share capital and will rank pari passu in all respects with the existing ordinary shares.

The capital raised pursuant to the placement will be used to fund the corporate and administrative activities of the Company, as well as provide working capital for the sales & marketing and ongoing development of the Company's suite of Internet technology products.

- 2) not applicable;

- 3) in the three months leading up to Christmas 2006 the Company's management had a number of discussions with existing and potential investors on the Eastern Seaboard. Whilst none of those discussions involved any information not in the public arena, the Company notes that a significant amount of buying in SYG shares since Christmas has been by Eastern States investors.

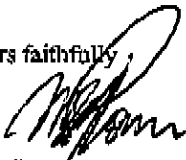
The Company also notes the comment by Gary Lebas (Adviser, Hogan and Partners) that appeared in the Business News section of The Sunday Times on 14 January 2007, titled "Hot Stocks" (page 66), an extract of which appears below:

*"Speculative
Synergy Equities (SYG)*

Prospects for Internet technology service provider SYG appear to be turning the corner. Through a wholly owned subsidiary, it is preparing to roll out its "Data-inCrypt" SMX" secure email service, Data-inCrypt" allows users to send and receive secure emails, as well as to store critical data offsite. Initial targets are the legal, stockbroking and medical sectors. Significant cash flow is expected to be generated."; and

- 4) the Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully,



Mark Popkarn
Executive Director / CFO
SYNERGY EQUITIES GROUP LIMITED



FAXED
18 January 2007



ASX Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 (08) 9224 0025
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

Mr Mark Popham
Company Secretary
Synergy Equities Group Limited
Level 1 Westcentre
1260 Hay Street
WEST PERTH WA 6005

By Facsimile: (08) 9415 2221

Dear Mark

Synergy Equities Group Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$0.009 on 8 January 2007 to \$0.017 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 4.30pm WST today.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

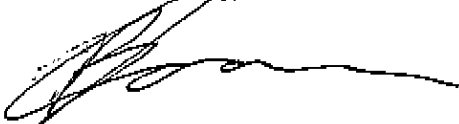
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Ben Donovan
Adviser, Issuers (Perth)

Direct Line: (08) 9224 0025