



01 April 2009

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The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via Electronic Lodgement

DESPATCH OF PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE PROSPECTUS

Synergy Equities Group Limited advises that it has today despatched its current rights issue Prospectus with Entitlement & Acceptance Form to eligible Australian and New Zealand shareholders. Please find attached a copy of the letter to Shareholders accompanying the Prospectus.

Shareholders are reminded that the rights issue is scheduled to close on Wednesday, 29 April 2009.

Yours faithfully

Ronald Moir
Managing Director
SYNERGY EQUITIES GROUP LIMITED

attach: – letter to Australian & New Zealand Shareholders (2 pages)



COPY

01 April 2009

Dear Shareholder

LETTER TO AUSTRALIAN & NEW ZEALAND SHAREHOLDERS

PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE PROSPECTUS

Enclosed with this letter is Synergy Equities Group Limited's ("the Company") current pro-rata non-renounceable rights issue Prospectus offering eligible Shareholders the opportunity to participate in an issue of options on the basis of four (4) New Options for every five (5) shares held at an issue price of \$0.001 (0.1 cents) each. The New Options will have an exercise price of \$0.01 (1 cent) and will expire on 06 May 2013. The rights issue is non-renounceable and entitlements under the rights issue will not be able to be traded. The Company has applied to ASX for official quotation by ASX of the New Options offered by this Prospectus.

The purpose of the issue is to raise approximately \$798,949 for your Company. After deducting associated costs, funds from the Offer will be applied to the Company's SMX secure registered email ("SMX") sales & marketing plan that includes the Common Criteria certification of SMX as well as working capital. The Common Criteria certification of SMX will immediately raise it alongside products from the likes of Microsoft, Cisco, Oracle, Sun and Citrix and can be marketed as meeting Government policy requirements in the 26 Common Criteria Recognition Arrangement (CCRA) participating nations (which include Australia, New Zealand, Singapore, Malaysia, South Korea, and Japan).

The purpose of this letter is to encourage you to participate in the rights issue and insodoing provide very important support for the Company.

some of the arguments in favour of your participation are:

- 1) the Company (through its wholly owned subsidiary Data-inCrypt® Pty Ltd) formed a strategic alliance with DataMotion, Inc. (www.datamotion.com, formerly known as CertifiedMail.com, Inc) in January 2008 and as a result, has the exclusive licensing rights for ten years to one of the world's leading secure email platforms for Australia, New Zealand, Singapore, Malaysia, Hong Kong, Taiwan and South Korea (Far East / Asia Pacific region);
- 2) the Company has established beyond any doubt that email security is becoming one of the biggest single agenda item in Government agencies (the Company's primary target market) and corporate organisations (the Company's secondary target market) across the nation;
- 3) the SMX software platform (being DataMotion) is some 18 to 24 months ahead of its competition when taking into account its advanced features, flexibility, scalability and ease of use;
- 4) this attractive opportunity has been deliberately structured to provide a benefit to those eligible Shareholders who decide to support the Company at this very important time;
- 5) this issue provides Shareholders with the opportunity to invest at a low entry price to participate in future upside in the Company's performance. This issue is being offered to eligible Shareholders in preference to other investors; and
- 6) the Company is debt free.

Common Criteria certification

Once SMX is certified under the Common Criteria, Government agencies and corporate organisations with similarly high-security requirements (e.g. engineering firms, security companies, financial institutions) throughout the 26 CCRA participating nations will be immediately assured that SMX offers an appropriate level of security and protection for their information networks without needing to conduct their own tests.

The certification of SMX will provide it with instant credibility in what the Company considers to be its primary target market of Government agencies and corporate organisations with similarly high-security requirements throughout the Asia Pacific region. In Australia, Federal Government departments are required to buy Common Criteria certified products whenever possible, as outlined in the Defence Signals Directorate's Australian Government Information and Communications Technology Manual.

Privacy Act 1988 (Cth)

The forthcoming overhaul of the Privacy Act will impact into all Australian organisations, be they small or large, private or Government. Whilst the Company's primary and secondary SMX target markets already have an undeniable need for SMX (the secondary target market being those organisations the Company is already dealing with, i.e. leading private and top 100 listed companies), the changes to the Privacy Act will have the greatest impact on the Company's tertiary SMX target market, being SME's (small-to-medium enterprises) and the lower-end of the corporate market, where technology-related privacy issues (and ultimately SMX) will come to the fore.

Sales & Marketing

The potential sales value of SMX evaluations currently being undertaken by Australian corporate organisations is in excess of AU\$650,000 (ex GST). Additional SMX evaluations carrying potential sales value of AU\$250,000 (ex GST) are scheduled to commence during the second quarter of calendar year 2009.

Sales and marketing activities during the second half of calendar year 2009 and first half of calendar year 2010 are expected to generate a significant number of new evaluations, carrying further potential sales value of \$600,000-700,000 (ex GST).

Your Company's goal

The Directors are firmly committed to SMX secure registered email and remain confident that the Company's goal will be achieved by becoming a market leader in secure email throughout the Far East / Asia Pacific region. SMX is the product which your Board believes will enable the Company to achieve cash-flow neutrality and a maiden profit.

To that end, the Company retains an experienced team of world-class business professionals and technical specialists to drive SMX forward. Once the Company has achieved a foothold with SMX in Australia, it intends to commence its move into the Asia Pacific region, through the establishment of joint venture partners via the part sale of licensing rights in Singapore, Malaysia, Hong Kong, Taiwan, South Korea and New Zealand.

The full details of the rights issue are presented in the Prospectus as well as in the letter sent to you on 19 March 2009, I encourage you to read both of these carefully. Should you have any queries, please contact me on (08) 9415 2212 (from within Australia) or +61 8 9415 2212 (from outside Australia).

Signed on behalf of the Board of Synergy Equities Group Limited



Ronald Moir
Managing Director
SYNERGY EQUITIES GROUP LIMITED