X2M CONNECT LIMITED

ABN: 48 637 951 154

ENTITLEMENT OFFER

$2.0m non-renounceable 1 for 7 Entitlement Offer
of approximately 50.02 m New Shares at an issue price of $0.04 per New Share

CLOSING DATE: 5.00 PM AEST ON 11 SEPTEMBER 2024

This Letter of Offer is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This Letter of Offer requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please contact your professional adviser.

The Letter of Offer is provided for information purposes and is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Letter of Offer does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

The New Shares offered under this Letter of Offer have not been registered under the US Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US Person, except pursuant to applicable exceptions from registration.

If you do not lodge an Entitlement and Acceptance Form together with payment by 5pm (Melbourne time) on 11 September 2024, you will not be issued New Shares in X2M Connect Limited.

Important Information
The Corporations Act allows listed companies to make a pro-rata entitlement offer of securities to existing Shareholders without a disclosure document in certain circumstances. The Offer to which this Letter of Offer relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Orders. Accordingly, the Offer is made without disclosure under Part 6D.2 of the Corporations Act and this Letter of Offer is not required to be lodged or registered with ASIC. This Letter of Offer is provided for information purposes and is not, and does not purport to be, a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Letter of Offer does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all of the information which a prospective investor may require to make an investment decision.

This Letter of Offer is dated 19 August 2024. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

Not investment advice
You should read this Letter of Offer in its entirety and refer to the releases made by X2M Connect Limited (X2M or the Company) to ASX before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in Section 6 and consider these risk factors in light of your personal circumstances, including financial and taxation issues. The information provided in this Letter of Offer is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. X2M is not licensed to provide financial product advice in respect of the New Shares. You should conduct your own independent review, investigation and analysis of the New Shares which are the subject of the Offer. If you are in any doubt as to how to deal with this Offer or have any questions, you should contact your professional adviser without delay. You should obtain any professional advice you require to evaluate the merits and risks of an investment in X2M before making any investment decision.

Overseas Shareholders
This Letter of Offer does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Letter of Offer has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country. In particular, the New Shares have not been and will not be, registered under the US Securities Act and may not be offered, sold or delivered within the US or to or for the account or benefit of any US Person, except pursuant to applicable exceptions from registration. In addition, hedging transactions with respect to the New Shares may not be conducted unless in accordance with the US Securities Act.

The distribution of this Letter of Offer and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Letter of Offer and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

Return of a duly completed Entitlement and Acceptance Form will be taken by X2M to constitute a representation that there has been no breach of laws in connection with your ability to participate in the Offer.

No Entitlement trading
Entitlements are non-renounceable and will not be tradeable on ASX or be otherwise transferable. In addition, you cannot, in most circumstances, withdraw your application for New Shares once it has been lodged.

No representations other than as set out in this Letter of Offer
No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Letter of Offer. Any information or representation in connection with the Offer not contained in this Letter of Offer is not, and may not be relied upon as having been authorised by X2M or any of its officers.

Defined terms
Defined terms and abbreviations used in this Letter of Offer are explained in Section 8.

KEY DATES

Activity	Date
Announcement of Offer Lodgement of Appendix 3B with ASX Lodgement of Offer Letter with ASX Letter to option holders sent	19 August 24
Ex date	21 August 24
Record Date for the Offer	22 August 24
Offer Document despatched to Shareholders Company announces the despatch has completed Opening Date for Offer	27 August 24
Last day to extend Offer closing date	6 September 24
Closing Date of the Offer	11 September 24
Announcement of results of Offer	17 September 24
Lodge Appendix 2A for Securities issued under the Offer	17 September 24
Quotation of Shares issued under the Offer	18 September 2024
Expected despatch of holding statements	19 September 2024

These dates are subject to change and are indicative only. X2M reserves the right to amend this timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date.

SECTION 1. KEY INFORMATION

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Letter of Offer.

1.1 Offer

This Letter of Offer contains an Offer of New Shares under a non-renounceable Entitlement Offer. Under the Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 7 Shares held as at the Record Date, at an issue price of $0.04 each. Your entitlement is set out in the Entitlement and Acceptance Form.

Shares have traded in the following range for the last 6 months:

High	$0.052
Low	$0.030

The Closing Date and time for acceptances and payments is 5.00pm AEST on 11 September 2024. Only recipients of a personalised Entitlement and Acceptance Form can participate in the Offer.

You may also apply for Additional Shares as set out on the Entitlement and Acceptance Form. Additional Shares will be allotted from any Shortfall at the sole and absolute discretion of the Directors. In the event that there are applications for Additional Shares in excess of the Shortfall, the directors intend to issue Additional Shares to Eligible Shareholders pro-rated amongst other Eligible Shareholders, or not issue Additional Shares. You may therefore receive all, some or none of the Additional Shares for which you apply.

The Directors also reserve the right to place any Shortfall within 3 months of the date of this Letter of Offer.

Further details of the Offer are set out in full in Section 2.

1.2 What you need to do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You can subscribe for all, or part, of the Entitlement to New Shares specified in the Entitlement and Acceptance Form. If you accept your Entitlement in full you may also apply for Additional New Shares over and above your Entitlement. See Section 3 for detailed instructions on what you need to do.

1.3 Purposes of the Offer and use of proceeds

The key purpose of the Offer is to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations. There is no minimum amount to be subscribed for and if less than $2.0 million is raised the Directors may scale back proposed use of funds.

The purposes of the Offer are discussed more fully in Section 4.

1.4 Effects of the Offer on the capital of X2M

There are 350,131,282Shares on issue as at the date of this Letter of Offer. After the issue of approximately 50.02m New Shares under the Offer there will be up to approximately 400.15m Shares on issue.

A more detailed description of the effects of the Offer is contained in Section 4.

1.5 Financial impact of the Offer

A summary of the financial impact on the Company of the Offer is contained in Section 5.

1.6 Risk factors

An investment in X2M involves general risks associated with an investment in the share market. The price of New Shares may rise or fall.

There are also a number of risk factors, both specific to X2M and of a general nature, which may affect the future operating and financial performance of X2M and the value of an investment in it. There is a limited discussion of risk in Section 6. Before deciding to invest in X2M, prospective investors should consider all risk factors carefully.

1.7 Underwriting

The Offer is not underwritten.

SECTION 2. DETAILS OF THE OFFER

2.1 The Offer

X2M is making a non-renounceable Entitlement Offer offering Eligible Shareholders 1 New Share for every 7 Shares held at the Record Date. The issue price of $0.04 per New Share is payable in full on application.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements have been rounded up to the nearest whole New Share, and the amount payable has been rounded up to the nearest whole cent. Eligible Shareholders may accept their Entitlement, in whole or in part, by making payment via BPAY or electronic funds transfer (EFT) using the details on their Entitlement and Acceptance Form, so that it is received prior to the Closing Date.

You may also apply for Additional Shares as set out on the Entitlement and Acceptance Form.

Additional Shares will be allotted from any Shortfall at the sole and absolute discretion of the Directors. In the event that there are applications for additional shares in excess of the Shortfall, the directors intend to issue additional shares pro rated according to their Shareholdings.

The Directors also reserve the right to place any Shortfall within 3 months of the date of this Letter of Offer.

The Offer will open for receipt of acceptances on 27 August 2024.

The Closing Date and time for acceptances and payments is 5.00pm AEST on 11 September 2024, subject to the Directors varying the Closing Date at their discretion in accordance with the Corporations Act and Listing Rules.

2.2 Who is entitled to participate in the Offer

Every Eligible Shareholder who is registered as the holder of Shares at 5.00pm AEST on the Record Date is entitled to participate in the Offer.

2.3 Renounceability

This Offer is non-renounceable. This means that your Right to subscribe for New Shares under this Letter of Offer is not transferable. Any Rights not taken up by an Eligible Shareholder may be placed by the Company or lapse.

2.4 Issue of New Shares

X2M expects that the New Shares will be issued by no later than 17 September 2024 and holding statements will be despatched on 19 September 2024.

Issues of New Shares under this Letter of Offer will only be made after permission for their quotation on ASX has been granted.

2.5 Refund of subscription monies

Subscription money will be held in a subscription trust account until the New Shares are issued. This account will be established and kept by X2M. Any subscription money received for more than your final allocation of Shares will be refunded. No interest will be paid on any Subscription Money received or refunded. Once you submit and Entitlement and Acceptance Form it cannot be withdrawn and no refunds of subscription money will occur other than as set out above or required by law.

2.6 Excluded Shareholders

X2M has decided that it is unreasonable to make the Offer to Shareholders who are not Eligible Shareholders (**Excluded Shareholders**), having regard to the number of Shareholders in such places, and the substantial costs of complying with the legal and regulatory requirements in all of those jurisdictions. This Letter of Offer and any accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Eligible Shareholders holding Shares on behalf of Excluded Shareholders are responsible for ensuring that subscribing for the New Shares under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Where the Letter of Offer has been dispatched to Excluded Shareholders, and where that country's Applicable Securities Law prohibits or restricts in any way, the making of the offers contemplated by the Letter of Offer, the Letter of Offer and the accompanying Entitlement and Acceptance Form are provided for information purposes only.

In particular, for holders in New Zealand, this document is not a prospectus, has not been lodged with any Regulatory Authority and is not approved or recognised by any Regulatory Authority. It does not constitute an offer to the public and may not be used as such. New Shares are issued to you on the basis that you are an existing Shareholder of the Company and are able to receive and accept the Offer without contravening any Applicable Securities Law. Completion of an Entitlement and Acceptance Form by you is a representation to the Company that this is the case. You may be prohibited from on-selling the New Shares issued to you and you should take advice on these issues before accepting the Offer.

SECTION 3. WHAT YOU NEED TO DO

If you have any questions about your Entitlement to New Shares, please contact:

- Automic Group
  GPO Box 5193
  Sydney NSW 2001.
- Automic Investor Services Number 1300 288 664 (within Australia) +61 2 9698 5414 (international)
- corporate.actions@automic.com.au
- Your stockbroker or professional adviser

3.1 Lapse of Rights

If you decide not to accept all or part of your Entitlement to New Shares, or fail to do so by the Closing Date, your Rights will lapse with no benefit to you. Any Shortfall may be placed by the Directors within three months of the Closing Date.

3.2 How to take up all or part of your Entitlement

Entitlement and Acceptance Forms must be accompanied by payment in full. Payments must be received by 5.00pm AEST on 11 September 2024. Payments will only be accepted in Australian currency.

You may participate in the Offer as follows:

(a) if you wish to accept your full Entitlement:

(i) complete the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and

(ii) by completing a BPAY® or EFT payment in Australian currency, for the amount indicated on and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Letter of Offer.

(b) if you wish to apply for additional shares after accepting your full Entitlement in accordance with Section 4.9(a), then:

(i) fill in the number of additional Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and

(ii) complete a BPAY® or EFT payment in Australian currency for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Letter of Offer; or

(c) if you only wish to accept part of your Entitlement:

(i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY® or EFT); and

(ii) complete a by BPAY® or EFT payment in Australian currency, for the appropriate Application Monies and in accordance with the instructions referred to on the Entitlement and Acceptance Form and in this Letter of Offer; or

(d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

(e) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

(i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
(ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

(f) Payment by EFT

For payment by EFT, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. Please note that should you choose to pay by EFT:

(i) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
(ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® or EFT payment is received by the share registry by no later than 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is $1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

3.3 Implications of an acceptance

Paying any Application Monies by BPAY® or EFT will be taken to constitute a representation by you that:

(a) you have received a copy of this Letter of Offer and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
(b) you acknowledge that once an Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

SECTION 4. PURPOSE AND EFFECTS OF THE OFFER

4.1 Purposes of the Offer and use of proceeds

The key purpose of the Offer is to fund scaling up business development in Australia, market entry into the Middle East and India, renewable energy platform customisation, customer support and ongoing operations.

An estimate of use of the capital raising funds is as follows:

Uses of Funds	Amount* (A$M)
Market entry into the United Arab Emirates and Greater Middle East including platform enhancements	0.3
India and other new market development	0.2
Scaling up in Australia	0.6
Customer and Product Support Enhancements	0.3
Platform Enhancements for renewable energy and smart communities	0.3
Ongoing operations	0.25
Costs of the Offer	0.05
Total	**2.0**

**Amounts are necessarily estimates only and may vary. There is no minimum amount to be raised under the Offer. The Company may also use funds raised for other purposes should economic circumstances or business conditions vary.*

You should read the announcements made to ASX by the Company concerning its operations and this Letter of Offer in full before making any investment decision.

4.2 Capital structure

This table shows the number of issued New Shares at the date of the Offer and the potential total number of issued Shares at the close of the Offer.

Ordinary New Shares	*Number*
Issued Shares at the date of the Letter of Offer	350,131,282
New Shares offered under this Letter of Offer *	50,018,755
Total maximum issued Shares on close of the Offer	400,150,037

 # This figure includes all shares, including those held by Excluded Shareholders
** This figure, and the total number of issued Shares on the close of the Offer are necessarily approximate as the number of Shares issued will depend on the number of eligible Applications and individual Shareholdings will be rounded up when calculating entitlements.*

The above table assumes no options or convertible notes are exercised to participate in the Offer. There are currently the following options and convertible notes on issue :

Exercise price and expiry date	Number
$0.25 expiring 13/09/24	1,646,154
$0.3125 expiring 13/9/24	1,646,154
$0.3575 expiring 13/9/25	4,827,690
$0.3575 expiring 13/9/25	360,339
$0.50 expiring 27/06/27	1,359,264
$0.3575 expiring 13/9/25	2,389,897
$0.3575 expiring 13/9/25	7,169,691
$0.25 expiring 15/7/25	7,058,462

$0.25 expiring 15/7/25	2,352,821
$0.50 expiring 2 YRS from vesting	2,058,286
$0.1375 expiring 02/09/2027	5,785,510
$0.14 expiring 29/08/2027	986,822
$0.14 expiring 17/03/2028	1,518,028
LTI PERFORMANCE RIGHTS expiring 31/12/2024	835,000
LTI PERFORMANCE RIGHTS expiring 31/12/2025	5,029,940
Listed X2MO $0.16 expiring 31/08/24	23,350,397
$0.34 expiring 17/03/2028	961,180
$0.0975 expiring 30/06/2026	6,790,812
$0.04 expiring 26/10/2026	11,000,000
$0.045 expiring 31/10/2024 or 30/11/2024	10,888,888
LTI PERFORMANCE RIGHTS expiring 31/12/2026	12,196,217
RM OPTIONS $0.067 EXP 23/01/2029	19,268,041
Total Options	**129,555,673**
Convertible notes maturing 30/06/2025	$1,700,000
Converting loan facility converting into maximum number of shares	37,500,000

4.3 Effect of the Offer on the Control of X2M

It is not possible to predict with accuracy the full impact of the Offer on the control of X2M. There are various possible outcomes that may arise and these, in large part, will depend on the extent to which Eligible Shareholders take up their entitlements under the Offer and apply for Additional Shares, and the ability of the Directors to place Shortfall Shares.

If all Eligible Shareholders take up their full entitlements, then each Eligible Shareholder's percentage ownership interest (and voting power) in X2M will increase slightly (given the number of Shares held by ineligible Shareholders).

If an Eligible Shareholder does not take up all of their entitlement, their percentage ownership interest (and voting power) in X2M will be diluted.

The proportional interests of Excluded Shareholders will be diluted because such Shareholders are not entitled to take up New Shares under the Offer.

SECTION 5. FINANCIAL INFORMATION

5.1 Financial position

X2M's cash reserves will increase by up to approximately $2.0 million (before costs) following the Entitlement Offer, being the gross proceeds of the Entitlement Offer.

5.2 Tax considerations

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Letter of Offer.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Letter of Offer.

SECTION 6. RISK FACTORS

There are risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks that may materially affect the performance of X2M and the value of the New Shares. Many of these risks are outside the control of X2M and cannot be mitigated in any way, although prudent management may partly minimise some of these risks.

This section identifies the areas the Board regards as the major risks specific to an investment in X2M.

6.1 Company specific

(a) Going concern risk

The X2M Group consolidated financial statements for the FY24 Half Year period were audited by Grant Thornton. An unqualified audit and review opinion (as the case may be) was issued for that period but included an emphasis of matter on material uncertainty around going concern.

Notwithstanding the 'going concern' qualification included in the report for this period, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current operational commitments and short-term working capital requirements. In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(b) Product quality risks

The Company is dependent on the effective performance, reliability and availability of its technology platforms, hardware, software, third party data centres and communication systems. Therefore, there is a risk that the infrastructure and technology solutions supplied by the Company to customers may not be functional, may be faulty, or not meet customers' expectations. This may lead to the Company being required to repair or improve its products after sale and or installation, which may diminish operating margins or lead to losses.

For those systems which the Company retains an ownership in and operates on behalf of the customer under long term agreements, or which the Company maintains under long term maintenance agreements, the Company may be made responsible if such systems are not functional or faulty. The Company may face claims from customers if its products do not meet standards that were contractually agreed upon.

(c) Disruption of key business processes risk

The Company's business model relies on the execution of several critical business processes, particularly to support servicing of customers and to process transactions on their behalf. Key business processes could be disrupted by events outside of the Company's control such as system infrastructure disruption, system failures, service outages, corruption of information technology network or information systems as a result of computer viruses, bugs, worms or cyber attacks, as well as natural disasters, fire, power outages or other events outside the control of the Company, and that measures implemented by the Company to protect against such events are ineffective.

(d) Contract non-renewal risk and key customers

The Company's contracts with customers are generally long term contracts of several years. Further the nature of the Company's business means it contracts with relatively few but large customers. There is a risk that when these large customers reach the end of their service contracts, they will not renew the term of their contract which may materially impact the Company's expected revenue.

(e) Cyber security and protections

Given the nature of the Company's Software as a Service business, the Company collects and holds some personal information about its customers and their end customers in Japan, South Korea and Taiwan. Notwithstanding that the Company has currently adopted a number of policies and procedures regarding information security protection, the Company's systems, or those of its third party providers, may fail, or be subject to disruption as a result of external threats or system errors. Cyber attacks could also compromise or breach the safeguards implemented by the Company to maintain confidentiality in such information.

(f) Additional requirements for capital

The Company is targeting to grow revenue at a greater rate than expenses. However, there is a risk that expenses cannot be contained to the expected level and will exceed management expectations. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(g) Personal information collation risk

The Company collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company in the utility management industry. While the Company has in place strict policies and procedures when collecting data, if the Company's systems or data is compromised for any reason there is a risk that the Company may become involved in legal action due to breaching data confidentiality agreements.

6.2 Industry specific

(a) Infrastructure and technology failure

The Company relies on its infrastructure and technology to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including human error, power loss, equipment failure, improper maintenance including by landlords and security breaches. Service interruptions, regardless of their cause, may cause contractual and other losses to the Company.

(b) Technology risk

The Company's market involves rapidly evolving products and technological change. The Company cannot guarantee that it will be able to engage in research and development at the requisite levels. The Company cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products, services and technologies developed by others may render the Company's products and services obsolete or non-competitive.

(c) Regulatory risk

The Company is subject to continuing regulation, including quality regulations applicable to the manufacture and operation of its devices and privacy regulations concerning personal identifying data. Whilst the Company currently meets the regulations applicable to its products and services, there can be no guarantee that the regulatory environment in which the Company operates may not change in the future which may impact on the Company's existing approvals and products. There is a risk that the Company may inadvertently breach a regulation despite the controls implemented to prevent this. There is a risk that a breach of or change in regulations may have a material impact on the Company's activities.

6.3 General risks

(a) Operational risks

While the Company implements measures and procedures to manage operational risk, the Company's profitability will continue to be subject to a variety of strategic and business decisions (including any future operational risks arising from inadequate or failed internal processes, people and systems, or external events) including:

- fraud and other dishonest activities;

- workplace safety;
- compliance and regulatory risk;
- business continuity and crisis management;
- key person and personnel risk;
- information systems integrity; and
- outsourcing risk.

(b) Economic
General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and expansion activities, as well as on its ability to fund those activities.

(c) Market conditions
Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.4 Speculative investment
The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Letter of Offer.

Therefore, the Securities to be issued pursuant to this Letter of Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.
Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Letter of Offer.

SECTION 7. ADDITIONAL INFORMATION

7.1 Privacy notification

By accepting the Offer, each Eligible Shareholder acknowledges that they have received and read this Letter of Offer.

As a Shareholder, X2M and the Share Registry have already collected certain personal information from you. If you apply for New Shares, X2M and the Share Registry may update that personal information or collect additional personal information. Such information will be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. By accepting the Offer, you agree that X2M and the Share Registry may disclose your personal information for purposes related to your Shareholding to its agents, contractors and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Share Registry for ongoing administration of the register;
- printers and mailing houses for the purposes of preparation and distribution of Shareholder statements and for handling of mail; and
- ASX and other regulatory authorities.

The Corporations Act requires X2M to include information about each Shareholder (including name, address and details of the Shares held) in its public register. The information contained in X2M's public register is also used to facilitate payments and corporate communications (including X2M's financial results, annual reports and other information that X2M wishes to communicate to its security holders) and compliance by X2M with legal and regulatory requirements.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) X2M and the Share Registry. You can request access to your personal information by contacting X2M through the Share Registry as follows:

Automic Group
GPO Box 5193,
Sydney NSW 2001.

Investor Services Number 1300 288 664 (within Australia) +61 2 9698 5414 (international).

A fee may be charged for access to your personal information.

7.2 Costs of the Offer

The total estimated costs of the Offer, including processing fees, legal fees, fees for other advisers, Letter of Offer design, printing, postage and other miscellaneous expenses, will be approximately $45,000.

SECTION 8. DEFINED TERMS

Additional Shares means additional shares that Eligible Shareholders may apply for above their entitlement, as set out in the Entitlement and Acceptance form.
Applicable Securities Law means any laws, statutes, securities code or legislation in force in a particular jurisdiction.
ASIC means the Australian Securities and Investments Commission.
ASX means the Australian Securities Exchange Limited.
X2M or **Company** means X2M Connect Limited ACN 073 914 191.
Board means the board of Directors.
Closing Date means the last date for accepting an offer for New Shares, being 5.00pm AEST on 11 September 2024.
Corporations Act means the *Corporations Act 2001 (Cth).*
Directors means the directors of X2M.
Eligible Shareholders means all Shareholders with registered addresses in Australia, New Zealand, or other jurisdictions where holders are eligible under all securities law to receive the Offer and **Eligible Shareholder** means any one of those Shareholders.
Entitlement means the entitlement to subscribe for New Shares offered to a holder of Rights.
Entitlement and Acceptance Form means the form accompanying this Letter of Offer, which is particularised for the relevant Eligible Shareholder.
Excluded Shareholder means a Shareholder who is not an Eligible Shareholder.
Letter of Offer means this letter under which the Offer is being made.
Listing Rules means the official listing rules of ASX.
New Share means a Share to be issued pursuant to this Letter of Offer.

Offer means the offer made under this Letter of Offer of 1 New Share for every 7 Shares held by an Eligible Shareholder on the Record Date.
Record Date means 7.00pm AEST on 22 August 2024.
Regulatory Authority means any governmental authority regulating securities and corporate law in a particular jurisdiction.
Right means the right to subscribe for 1 New Share for every 7 Shares held by an Eligible Shareholder on the Record Date and **Rights** has a corresponding meaning.
Share means a fully paid ordinary Share in the capital of X2M and **Shares** has a corresponding meaning.
Shareholders means the registered holders of Shares as at the Record Date.
Share Registry means Automic Group Pty Ltd.
Shortfall means any shortfall in Shares under the Offer once all valid applications from Eligible Shareholders have been received.

X2M CONNECT

X2M Connect Limited | ACN 637 951 154

All Registry Communication to:

AUTOMIC

GPO Box 5193, Sydney NSW 2001
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
corporate.actions@automicgroup.com.au
www.automicgroup.com.au

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

Holder Number:
[HolderNumberMasked]

Shares held as at the Record Date at 7.00pm (AEST) on 22 August 2024
[CumBalance]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSES 5:00PM (AEST) 11 SEPTMEBER 2024 (WHICH MAY CHANGE WITHOUT NOTICE)

On 19 August 2024, X2M Connect Limited (**the Company**) announced a non-renounceable pro-rata issue of 1 New Share for every 7 Shares held by those Shareholders registered at the Record Date at an issue price of $0.04 per Share to raise up to $2.0 million (based on the number of Shares on issue as at the date of this Letter of Offer) (**Entitlement Offer**).

The Letter of Offer dated 19 August 2024 contains information about the Entitlement Offer and you should carefully read the Letter of Offer before applying for Shares. This Entitlement and Acceptance Form should be read in conjunction with the Letter of Offer. If you do not understand the information provided in the Letter of Offer or you are in doubt as to how you should deal with it, you should seek professional advice. Other than as defined in this Entitlement and Acceptance form, capitalised terms have the same meaning as defined in the Letter of Offer.

1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

	Payment Amount A$ ($0.04 per New Share)	Number of New Shares Applied
Full Entitlement	[EntPayable]	[Entitlement]
Partial Entitlement	☐☐☐,☐☐☐,☐☐☐.☐☐	☐☐☐☐☐☐☐☐☐☐☐☐☐☐

2 APPLICATION FOR ADDITIONAL SHARES

As an Eligible Shareholder, you are invited to apply for Additional Shares**,** providing you have taken up your <u>full</u> Entitlement.

	Payment Amount A$ ($0.04 per Additional Share)	Number of Additional Shares Applied
Shortfall Application	☐☐☐,☐☐☐,☐☐☐.☐☐	☐☐☐☐☐☐☐☐☐☐☐☐☐☐

3 PAYMENT - YOU CAN PAY BY BPAY® OR ELECTRONIC FUNDS TRANSFER (EFT)

Payments must be made by BPAY® or by EFT and may not be made by cheque or money order. You do not need to return this Entitlement and Acceptance Form.

Option A - BPAY®

Biller Code: [BPayBillerCd]

Ref No: [BPayCRN]

Please ensure you use the BPAY® details stated above as they are unique for each Offer.

Note: You do not need to return this form. Your BPAY® reference number or unique reference number will process your payment for your application for New Securities electronically.

Option B – Electronic Funds Transfer (EFT)

The unique reference number which has been assigned to your Application is: [HolderId]-[CorporateActionID]-[CompanyASXCode]

Funds are to be deposited in AUD currency directly to following bank account:

Account name: Automic Pty Ltd
Account BSB: [CreditAccountBsb]
Account number: [CreditAccountNumber]
Swift Code: WPACAU2S

IMPORTANT: You must quote your unique reference number as your payment reference/description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and Shares subsequently not issued.

4 ELECT TO RECEIVE COMMUNICATIONS ELECTRONICALLY

If you have received this Entitlement and Acceptance Form by post, you have not provided your email address or elected to receive all communications electronically.

We encourage you to elect to receive shareholder communications electronically to:

- Help the Company reduce its printing and mailing costs
- Receive investor communications faster and more securely
- Help the environment through the need for less paper.

SCAN THE QR CODE TO VISIT [HTTPS://INVESTOR.AUTOMIC.COM.AU](https://investor.automic.com.au) AND UPDATE YOUR COMMUNICATION PREFERENCE

INSTRUCTIONS FOR COMPLETION OF THIS ENTITLEMENT AND ACCEPTANCE FORM

The right to participate in the Offer is optional and is offered exclusively to all Shareholders who are registered as holders of fully paid ordinary Shares in the capital of the Company on the Record Date with a registered address in Australia and New Zealand (**Eligible Shareholders**).

ACCEPTANCE OF OFFER

By making a BPAY® or EFT payment:

- you represent and warrant that you have read and understood the Letter of Offer and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form and
- you provide authorisation to be registered as the holder of securities acquired by you and agree to be bound by the Constitution of the Company.

1 Acceptance of Full or Partial Entitlement for Shares

If you wish to accept your full Entitlement:

- make payment by BPAY® or EFT for your full Entitlement by following the instructions on this Entitlement and Acceptance Form.

If you only wish to accept part of your entitlement:

- calculate the payment amount for the portion of your Entitlement that you wish to take up in accordance with the partial entitlement section of this Entitlement and Acceptance Form and
- make payment by BPAY® or EFT for that portion of your Entitlement by following the instructions on this Entitlement and Acceptance Form.

2 Applying for Additional Shares

If you accept your full entitlement and wish to apply for Additional Shares in excess of your entitlement:

- make payment by BPAY® or EFT of the total payment amount for your full entitlement AND your participation in the Shortfall Offer by following the instructions on this Entitlement and Acceptance Form.

Your application for Additional Shares may not be successful (wholly or partially). The decision in relation to the number of Additional Shares in excess of your Entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

3 Payment

By making a payment via BPAY® or EFT, you agree that it is your responsibility to ensure that funds are submitted correctly and received by the Share Registry by the closing date and time. Payment must be received by the Share Registry by 5:00pm (AEST) on the closing date.

By making payment of application monies, you certify that you wish to apply for Shares under the Entitlement Offer as indicated on this Entitlement and Acceptance Form and acknowledge that your acceptance is irrevocable and unconditional.

It is your responsibility to ensure your CRN or unique Payment Reference is quoted, as per the instructions in Section 3. If you fail to quote your CRN or unique Payment Reference correctly, Automic may be unable to allocate or refund your payment. If you need assistance, please contact Automic.

Payment by BPAY®: You can make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number on this Form. Multiple acceptances must be paid separately.

Payment by EFT: You can make a payment via Electronic Funds Transfer (EFT). Multiple acceptances must be paid separately. Please use your unique reference on this Form. This will ensure your payment is processed correctly to your application electronically.

Applicants should be aware of Automic's financial institution's cut off-time, their own financial institution's cut-off time and associated fees with processing a funds transfer. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time, including taking into account any delay that may occur as a result of payments being made after 5:00pm (Sydney time) and/or on a day that is not a business day (payment must be made to be processed overnight). You do not need to return this Form if you have made payment via BPAY® or EFT. Your CRN or unique Payment Reference will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid.

4 Elect to receive communications electronically

As a valued shareholder, the Company encourages shareholders to elect to receive their shareholder communications electronically. This will ensure you receive all future important shareholder communications in a faster and more secure way and reduce the environmental footprint of printing and mailing.

If you require further information about the Offer, please contact Automic line on 1300 288 664 or +61 2 9698 5414 between 8:30am and 7:00pm (Sydney time), Monday to Friday or email corporate.actions@automicgroup.com.au.

19 August 2024

Letter to Option holders

X2M Connect Limited (“X2M” or “the Company”) (Australia ASX: X2M) is pleased to announce a pro rata non-renounceable rights issue to Eligible Shareholders on the basis of one New Share for every seven Shares held on the Record Date at $0.04 per New Share to raise up to $2.0 million before costs (Rights Issue).

You are an Option holder in the Company and accordingly under the terms of the Options notice is given of the above.

The Rights Issue is being made under an Offer Letter (Offer Document) which was lodged with ASX on 19 August 2024 and is available on the ASX website. The Company will send the Offer Document to all eligible shareholders on 27 August 2024.

In order to participate in the Rights Issue as an Option holder you must:

- Have exercised your Options prior to the Record Date, being 5.00pm AWST on 22 August 2024; and
- Be an Eligible Shareholder as defined in the Offer Document.

Please refer to the announcement of the Rights Issue to ASX on 19 August 2024 for further information, as well as the Offer Document. You should read this in full before making any investment decision, and if in doubt, consult your professional adviser.

If you want to exercise your Options you should ensure that you apply to do so by the record date to enable your application to be processed. Please contact our share registry, Automic on 1300 288 664 or +61 2 9698 5414 for further information and an application form.

Yours faithfully

Oliver Carton
Company Secretary: