

LOAN NOTE HOLDER WARRANT TERMS AND CONDITIONS

1. Definitions

In these terms:

Business Days means a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney;

Exercise Notice means a notice in the form of the schedule or in such other form as may be approved by the Issuer;

Immediately Available Funds means, unless the parties agree otherwise, bank cheque or an electronic means of transfer of cleared funds into a bank account nominated by the Issuer;

Issuer means Calix Limited ACN 117 372 540 of Level 1, 9 Bridge Street, Pymble NSW 2073;

Security Interest means:

- (a) any third party rights or interests including a mortgage, bill of sale, charge, lien, pledge, trust, encumbrance, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements or any arrangement having a similar effect; or
- (b) a PPSA Security Interest,

and includes any agreement to create any of them or allow any of them to exist;

Shares means a fully paid ordinary share in the capital of the Issuer;

Subscription Price means \$0.50 per Warrant Share;

Warrant means the option to subscribe for Shares on the terms contained in this document;

Warrant Period has the meaning given to it in paragraph 2.3;

Warrant Shares means Shares to be issued by the Issuer to a Warrantholder as a result of exercise of a Warrant by the Warrantholder;

Warrantholder means the person named as a warrantholder in the Warrant Certificate.

2. Exercise of Warrant

2.1 Exercise

- (a) A Warrantholder may exercise a Warrant at any time during the Warrant Period by delivering to the Issuer a duly executed Exercise Notice.
- (b) An Exercise Notice is irrevocable upon delivery to the Issuer.

2.2 Time of exercise

A Warrant is taken to have been exercised at the time (**Exercise Date**) when the Exercise Notice in respect of the Warrant is deemed to have been received by the Issuer.

The Issuer's notice details:

Address:	Calix Limited, Level 1, 9 Bridge Street, Pymble NSW 2073
Attention:	Darren Charles
Email:	dcharles@calix.com.au

2.3 Warrant period

A Warrant may be exercised by a Warrantholder at any time up until 31 October 2019 (**Warrant Period**).

2.4 Lapse of Warrant

All unexercised Warrants will immediately lapse and will cease to be exercisable by the Warrantholders, and the Issuer will cease to have any obligations in respect of all unexercised Warrants, on and from 5.00 pm on 31 October 2019.

2.5 Participation

Warrants do not provide Warrantholders with a right to participate in new issues offered to shareholders or other security holders. The Issuer will ensure that the record date for any such offers allows sufficient time for Warrantholders to exercise their Warrants and so that they may participate in any such offers.

3. Issue of Warrant Shares

3.1 Payment of the Purchase Price

A Warrantholder must pay, or procure the payment of, the Subscription Price for any Warrant Shares in Immediately Available Funds to the Issuer within 5 Business Days after the Exercise Date for any of its Warrants.

3.2 Issue of Warrant Shares

The Issuer must within 5 Business Days after receipt of the Subscription Price for any Warrant Shares:

- (a) Issue those Warrant Shares to the relevant Warrantholder free of Security Interests or other rights or interests of third parties by entering the issue of those Warrant Shares in the Issuer's share register; and
- (b) Deliver to the relevant Warrantholder share certificates for those Warrant Shares.

3.3 Quotation

If the Issuer's Shares are quoted on the Australia Stock Exchange or any other recognised securities exchange, the Issuer will apply for official quotation of the Warrant Shares within 5 Business Days of their issue.

3.4 Escrow

Warrantheolders acknowledge and agree that where the Issuer's Shares are quoted on the Australian Securities Exchange or any other recognised securities exchange, some or all of the Warrant Shares issued on the exercise of a Warrant may be subject to a mandatory escrow arrangement. Warrantheolders will do all things necessary to comply with any such escrow arrangement including, but not limited to, entering into escrow arrangements or other agreements in respect of Warrant Shares issued on exercise of the Warrants.

4. Reorganisation of Capital

- 4.1** Subject to the ASX Listing Rules (where the securities in the Issuer are quoted on the Australian Securities Exchange), if at any time:
- (a) Shares are consolidated, the number of Warrants immediately prior to such consolidation shall be consolidated in the same ratio as the ordinary capital of the Issuer and the Subscription Price shall be amended in inverse proportion to that ratio;
 - (b) Shares are subdivided, the number of Warrants must be subdivided in the same ratio as the ordinary capital of the Issuer and the Subscription Price shall be amended in inverse proportion of that ratio;
 - (c) if the Issuer reduces its share capital by a pro-rata return to holders of part of the share capital in respect to each Share, the number of Warrants shall remain the same but the Subscription Price will be reduced by the same amount of share capital returned in respect of each share;
 - (d) the Issuer reduces its share capital by a cancellation of capital that is either lost or not represented by available assets where no securities are cancelled, the number of Warrants and the Subscription Price will remain unchanged;
 - (e) the Issuer cancels its capital proportionately, the number of Warrants must be reduced in the same ratio as the ordinary capital and the Subscription Price for the Warrants must be amended in inverse proportion of that ratio; and
 - (f) there is any other reorganisation, the number of Warrants, the Subscription Price, or both, must be reorganised so the holders of Shares will not receive a benefit that Warrant Holders do not receive, provided that on exercise of the Warrants all entitlements shall be to the nearest whole number and fractions shall be disregarded, and in all other respects, the terms for exercise of the Warrants shall remain unchanged as a consequence of any reconstruction or reorganisation.
- 4.2** Any fractional entitlement to Warrant Shares on exercise of Warrants after a reorganisation shall be rounded down to the nearest whole Warrant Share.
- 4.3** While the Shares are listed or quoted on the Australian Securities Exchange, the Listing Rules may require the Company to make further adjustments to the terms of the Warrants in the event of any reorganisation, in addition to, or instead of, the provisions of clause 9A.1 of this deed poll, to the extent necessary to comply with the Listing Rules.

5. Transfer of Warrants

Warrants may only be transferred:

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- (a) to any ultimate beneficial holder of the Warrant (if any); or
- (b) otherwise with the prior written consent of the Issuer.

Schedule – Exercise Notice

To: The Directors
Calix Limited
Level 1, 9 Bridge Street, Pymble NSW 2073

Dear Directors,

Warrant Deed – Exercise Notice

We refer to the Warrant Certificate issued by Calix Limited ACN 117 372 540 (**Calix**) to **[insert Warrantholder]** (**Warrantholder**) dated **[insert date]**. Capitalised terms used but not defined in this notice have the meaning given to them in the terms of the Warrant.

We hereby:

- (a) exercise the Warrant;
- (b) acknowledge that this notice constitutes an Exercise Notice under the terms of the Warrant is irrevocable; and
- (c) undertake and covenant in favour of Calix to pay the Subscription Price in accordance with the terms of the Warrant.

Signed for and on behalf of

by:

Signature of authorised representative

Name of authorised representative (print)