

This document is important and requires your immediate attention. It should be read in conjunction with the Offer and Circular. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, accountant, lawyer or other professional advisor.

Neither this document nor the Offer or Circular constitute an offer or a solicitation to any person in any jurisdiction in which any such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as deemed necessary to extend the Offer to Shareholders in any such jurisdiction.

Neither this document nor the Offer or Circular has been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is unlawful.

June 28, 2016

NOTICE OF VARIATION AND EXTENSION

by

CALLIDUS CAPITAL CORPORATION

OFFER TO PURCHASE FOR CASH UP TO CDN\$50 MILLION OF ITS COMMON SHARES AT A PURCHASE PRICE OF CDN\$14 PER COMMON SHARE

Callidus Capital Corporation (the “**Offeror**” or “**Callidus**”), hereby gives notice that it is amending and extending its offer dated April 22, 2016 (as extended on May 30, 2016) (the “**Offer**”) to purchase, upon the terms and subject to the conditions set out in the Offer, up to Cdn\$50 million of its common shares (the “**Shares**”) at a price per Share (the “**Purchase Price**”) of Cdn\$14, for a maximum of 3,571,428 Shares. The Offer is being amended to: (i) increase the Purchase Price to 15.50 per Share; (ii) increase the maximum size of the Offer to Cdn\$55,357,134; and (iii) extend the expiry time of the Offer to 5:00 p.m. (Toronto time) on July 27, 2016 (the “**Expiry Time**”).

On May 27, 2016, the Offeror took up and cancelled 1,118,740 Shares. On June 27, 2016, the Offeror took up and cancelled an additional 162 Shares. Callidus will pay an additional \$1.50 per Share (the amount of the increase over the previous Purchase Price) to all Shareholders who have previously tendered their Shares, including those that have already been taken up by Callidus.

The Offer has been amended to (i) increase the Purchase Price to 15.50 per Share; (ii) increase the maximum size of the Offer to Cdn\$55,357,134; and (iii) extend the Offer such that it is now open for acceptance until 5:00 p.m. (Toronto time) on July 27, 2016.

All other terms of the Offer remain the same.

This Notice of Extension should be read in conjunction with the Offer and the accompanying take-over bid circular dated April 22, 2016 (together, the “**Circular**”), the Notice of Extension dated May 30, 2016 (the “**Notice of Extension**”) and the letter of transmittal (the “**Letter of Transmittal**”) and notice of guaranteed delivery (the “**Notice of Guaranteed Delivery**”) that accompanied the Offer and Circular, all of the provisions of which are incorporated herein by reference (subject to the amendments thereto contained in this Notice of Variation and Extension). Unless the context requires otherwise, capitalized terms used in this Notice of Variation and Extension and not defined herein that are defined in the Offer and Circular have the respective meanings ascribed thereto in the Offer and Circular.

Shareholders who have validly deposited and not withdrawn their Shares need take no further action to accept the Offer and receive the Offer price of Cdn\$15.50 per Share. Shareholders who wish to accept the Offer must properly complete and execute the Letter of Transmittal, or a manually-signed facsimile thereof, and deposit it, at or prior to the Expiry Time, together with certificates representing their Shares and all other required documents, at the office of Computershare Trust Company of Canada (the “**Depositary**”) identified in the Letter of Transmittal, in accordance with the rules and instructions in the Letter of Transmittal. Alternatively, Shareholders may accept the Offer by following the procedure (i) for book-entry transfer of Shares described in section 4 of the Offer, “Procedure for Depositing Shares — Book-Entry Transfer”; or (ii) for guaranteed delivery described in section 4 of the Offer, “Procedure for Depositing Shares — Procedure for Guaranteed Delivery” using the accompanying Notice of Guaranteed Delivery. The Letter of Transmittal and

Notice of Guaranteed Delivery that accompanied the Offer and Circular are deemed to be amended to reflect the terms and conditions of this Notice of Variation and Extension.

Persons whose Shares are held in an account with an investment dealer, stockbroker, bank, trust company or other nominee should contact their representative if they wish to accept the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders should instruct their brokers or other nominees promptly if they wish to tender their Shares.

Shareholders will not be obligated to pay any fee or commission if they accept the Offer by depositing their Shares directly with the Depository.

Additional copies of this document, the Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery may be obtained without charge on request from the Depository at its address shown on the last page of this document. Copies of this document and related materials may also be found on SEDAR under the Offeror's profile at www.sedar.com.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror or the Depository.

See section 11 of the Circular, "Certain Canadian Federal Income Tax Considerations", for a summary of the principal Canadian federal income tax considerations generally applicable to Shareholders. Shareholders are urged to consult their own tax advisors in order to determine the particular tax consequences to them of a sale of Shares under the Offer.

CURRENCY

Unless otherwise indicated, all "Cdn\$" or "\$" references herein and in the Offer and Circular are to the lawful currency of Canada.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain information herein and in the Offer and accompanying Circular, including, without limitation, the statements and information contained in the Offer to Purchase under the Sections entitled "The Offer", "Purchase Price", "Number of Shares, Odd Lots and Pro-Ration", "Acceptance for Payment and Payment for Deposited Shares" and "Extension and Variation of the Offer" and in the Circular under the Sections entitled "Callidus Capital Corporation", "Background to the Offer", "Price Range of Shares; Dividends; Previous Sales and Purchases of Shares - Trading of Shares", "Ownership of Callidus Securities; Transactions in Callidus Securities – Acceptance of the Offer", "Ownership of Callidus Securities; Transactions in Callidus Securities – Effect of Offer on Voting Interests", "Material Changes in the Affairs of Callidus and Other Material Facts", "Certain Canadian Federal Income Tax Considerations" and "Fees and Expenses", may contain statements that, to the extent they are not statements of historical fact, constitute forward-looking information and forward-looking statements which reflect the current view of Callidus with respect to the Corporation's objectives, plans, goals, strategies, future growth, results of operations, financial and operating performance and business prospects and opportunities. Wherever used, the words "may", "will", "anticipate", "intend", "expect", "estimate", "plan", "believe" and similar expressions identify forward-looking statements and forward-looking information. Forward-looking statements and forward-looking information should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

NOTICE OF VARIATION AND EXTENSION

This Notice of Variation and Extension amends, varies and supplements the Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery pursuant to which the Offeror is offering to purchase up to \$55,357,134 of its Shares upon and subject to the terms and conditions set out in this Notice of Variation and Extension, the Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery, each as may be amended, varied or supplemented from time to time.

Except as otherwise set out in this Notice of Variation and Extension, the information, terms and conditions previously set out in the Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery continue to be applicable in all respects and this Notice of Variation and Extension should be read in conjunction with the Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery, all of the provisions of which are incorporated herein by reference, subject to the amendments thereto contained in this Notice of Variation and Extension.

June 28, 2016

TO: THE HOLDERS OF CALLIDUS SHARES

1. Recent Developments

On May 27, 2016, the Offeror confirmed that all of the conditions to the Offer had been satisfied and that it was irrevocably taking up the 1,118,740 Shares deposited under the Offer on May 27, 2016. Accordingly, on May 27, 2016, the Offeror gave written notice to the Depositary in accordance with the Depositary Agreement dated April 20, 2016 between them, to the effect that: (i) the Offeror was taking-up the Shares deposited under the Offer on May 27, 2016; and (ii) the Offeror will pay for such Shares on June 1, 2016, that is, three business days later. On May 27, 2016, the Offeror announced that it was extending the Expiry Time of the Offer until 5:00 p.m. (Toronto time) on June 27, 2016.

On June 27, 2016, the Offeror gave written notice to the Depositary to the effect that: (i) the Offeror was taking-up the additional Shares deposited under the Offer on June 27, 2016; (ii) the Offeror was increasing the Purchase Price payable under the Offer to \$15.50; (iii) the Offeror would pay \$1.50 per Share (the amount of the increase over the previous Purchase Price) to all Shareholders who have previously tendered their Shares, including those that have already been taken up by Callidus; and (iv) the Offeror will pay the Purchase Price for all Shares taken up on June 30, 2016.

As a result, the Offeror and its affiliates now collectively own, control or hold, directly or indirectly, an aggregate of 32,742,398 Shares, representing 65.1% of the issued and outstanding Shares.

2. Variation of the Offer

On June 20, 2016, the Offeror issued a press release announcing that the Offer was being amended to: (i) increase the Purchase Price to 15.50 per Share; (ii) increase the maximum size of the Offer to Cdn\$55,357,134; and (iii) extend the expiry time of the Offer to 5:00 p.m. (Toronto time) on July 27, 2016.

By notice to the Depositary given on June 27, 2016, the Offeror: (i) increased the Purchase Price to \$15.50; (ii) increased the size of the Offer to a maximum of Cdn\$55,357,134; and (iii) extended the time for acceptance of the Offer until 5:00 p.m. (Toronto time) on July 27, 2016. Accordingly, the definitions of “Expiry Date”, “Offer” and “Purchase Price” in the Circular are deleted in their entirety and replaced with the following respective definitions:

“**Expiry Date**” means July 27, 2016 or such later date or dates as may be fixed by the Offeror from time to time as provided in Section 8 of the Offer to Purchase entitled “Extension and Variation of the Offer”, in which event the term “**Expiry Date**” refers to the date on which the Offer, as so extended by Offeror, will expire.

“**Offer**” means the offer by Callidus hereunder to purchase from Shareholders for cash up to Cdn\$55,357,134 in the aggregate of its Shares, on and subject to the terms and conditions set forth in the Offer and Circular and the accompanying Letter of Transmittal and Notice of Guaranteed Delivery, at a Purchase Price of Cdn\$15.50 per Share.

“**Purchase Price**” means Cdn\$15.50 per Share, being the price per Share that Callidus will pay for Shares validly deposited pursuant to the Offer and not withdrawn.

In addition, all references to May 27, 2016 in the Offer, Circular, Letter of Transmittal and Notice of Guaranteed Delivery, as amended (to the extent that they relate to the Expiry Date) are amended to refer to July 27, 2016.

The Offer is now open for acceptance until 5:00 p.m. (Toronto time) on July 27, 2016, or such later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 8 of the Offer to Purchase entitled “Extension and Variation of the Offer”.

Other than as described in this Notice of Variation and Extension, the other terms of the Offer remain unchanged.

3. Manner of Acceptance

Shares may be deposited under the Offer in accordance with the provisions set out in Section 4 of the Offer, “Procedure for Depositing Shares”.

4. Take-Up and Payment for Deposited Shares

The Offeror has taken up 1,118,902 Shares under the Offer. Any Shares deposited under the Offer after 5:00 p.m. (Toronto time) on June 27, 2016 but prior to the Expiry Time (5:00 p.m. (Toronto time) on July 27, 2016) will be taken up and paid for by the Offeror not later than ten days after the deposit of the Shares. See Section 7 of the Offer, “Acceptance for Payment and Payment for Deposited Shares”.

5. Withdrawal of Deposited Shares

Shareholders have the right to withdraw Shares deposited under the Offer in the circumstances and in the manner set out in Section 5 of the Offer, “Withdrawal Rights”.

6. Amendments and Variations to Offer Documents

The Offer, Circular, Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery shall be read together with this Notice of Variation and Extension in order to give effect to the variation and extension of the Offer and the amendments to the Offer, Circular, Letter of Transmittal and Notice of Guaranteed Delivery set out herein.

7. Statutory Rights

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

8. Directors’ Approval

The contents of the Notice of Extension have been approved, and the sending of the Notice of Extension to the Shareholders has been authorized, by the Boards of Directors of the Offeror.

CERTIFICATE

The foregoing, together with the Offer and Circular dated April 22, 2016 and the Notice of Extension dated May 30, 2016, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: June 28, 2016

(Signed) "Newton Glassman"

NEWTON GLASSMAN
Chief Executive Officer and Executive
Chairman

(Signed) "Dan Nohdomi"

DAN NOHDOMI
Vice President and Chief Financial Officer

On behalf of the Board of Directors

(Signed) "Jim Riley"

JIM RILEY
Director

(Signed) "Tibor Donath"

TIBOR DONATH
Director

The Letter of Transmittal, the Notice of Guaranteed Delivery, certificates representing Shares and any other required documents should be sent or delivered by each depositing Shareholder or the Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee to the Depository at its Toronto, Ontario office address below:

The Depository for the Offer is:



Computershare Trust Company of Canada

By regular Mail

Computershare Trust Company of Canada
P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario
M5C 3H2

Attention: Corporate Actions

By Hand, Courier or Registered Mail:

Computershare Trust Company of Canada
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1

Attention: Corporate Actions

Toll Free: 1-800-564-6253

E-mail: corporateactions@computershare.com

Any questions or requests for assistance may be directed to the Depository at the address and telephone number set forth above. Additional copies of the Notice of Extension, Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depository. Manually executed photocopies of the Letter of Transmittal and the Notice of Guaranteed Delivery will be accepted. Shareholders may also contact their investment dealer, stock broker, commercial bank, trust company or other nominee for assistance concerning the Offer.