

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.

November 1, 2016

NOTICE OF VARIATION AND EXTENSION

by

CALLIDUS CAPITAL CORPORATION

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, June 28, 2016, July 28, 2016, August 31, 2016 and October 3, 2016) (the “**Offer**”) to purchase, initially, 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 was previously amended to increase the Purchase Price to \$16.50 resulting in a maximum offering size of Cdn\$58,928,562. The Offer is being amended to: (i) increase the maximum size of the Offer to Cdn\$83,678,562, being a maximum of 5,071,428 Shares at the current Purchase Price of \$16.50; and (ii) extend the expiry time of the Offer to 5:00 p.m. (Toronto time) on November 30, 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. On July 27, 2016 the Offeror took up and cancelled an additional 9 Shares. On August 30, 2016, the Offeror took up and cancelled an additional 781,643 Shares. On September 30, 2016, the Offeror took up and cancelled an additional 782,546 Shares. On October 31, 2016, the Offeror took up and cancelled an additional 157,844 Shares.

The Offer has been amended to (i) increase the maximum size of the Offer to Cdn\$83,678,562, being a maximum of 5,071,428 Shares at the current Purchase Price of \$16.50; and (ii) extend the Offer such that it is now open for acceptance until 5:00 p.m. (Toronto time) on November 30, 2016.

All other terms of the Offer remain the same.

This Notice of Variation and 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 “**May Notice of Extension**”), the Notice of Variation and Extension dated June 28, 2016 (the “**June Notice of Variation and Extension**”), the Notice of Variation and Extension dated July 28, 2016 (the “**July Notice of Variation and Extension**”), the Notice of Variation and Extension dated August 31, 2016 (the “**August Notice of Variation and Extension**”), the Notice of Extension dated October 3, 2016 (the “**October 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.

In connection with the Offer, National Bank Financial Inc. (“**National Bank Financial**”) was previously engaged by the Board to provide a liquidity opinion, in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Given the increase in the maximum size of the Offer, National Bank Financial was engaged by the Board to provide an updated liquidity opinion (the “**Updated Liquidity Opinion**”). A copy of the Updated Liquidity Opinion is attached hereto as Schedule A. The Updated Liquidity Opinion is to the effect that, based on and subject to the assumptions and limitations stated in the Updated Liquidity Opinion, there was a liquid market for the Shares as of October 31, 2016 and that it is reasonable for the Board to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

The Offer is exempt from the formal valuation requirements of MI 61-101 because: (i) a liquid market exists; and (ii) it is reasonable to conclude, in light of the Updated Liquidity Opinion, that following completion of the Offer, there will be a market for Shareholders who do not tender to the Offer that is not materially less liquid than the market that existed at the time the Offer was made. The Board previously determined to have the a formal valuation prepared in order to assist Shareholders in considering the Offer given the substantial difference between the original Purchase Price of Cdn\$14 per Share and the fair market value range set forth in the formal valuation. The Board has not requested that an updated formal valuation be prepared in conjunction with this Notice of Variation and Extension of the Offer.

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\$16.50 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 “**Depository**”) 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, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October 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, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October Notice of Extension, Letter of Transmittal and Notice of Guaranteed Delivery pursuant to which the Offeror is offering to purchase up to \$83,678,562 of its Shares upon and subject to the terms and conditions set out in this Notice of Variation and Extension, the Offer, Circular, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October 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, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October 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, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October 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.

November 1, 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.

On July 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 July 27, 2016; (ii) the Offeror was increasing the Purchase Price payable under the Offer to \$16.10; (iii) the Offeror would pay \$0.60 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 July 29, 2016.

On August 30, 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 August 30, 2016; (ii) the Offeror was increasing the Purchase Price payable under the Offer to \$16.50; (iii) the Offeror would pay \$0.40 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 September 2, 2016.

On October 28, 2016, National Bank Financial was engaged by the Board to provide the Updated Liquidity Opinion. The Updated Liquidity Opinion was provided to the Board on October 31, 2016 and is to the effect that, based on and subject to the assumptions and limitations stated in the Updated Liquidity Opinion, there was a liquid market for the Shares as of October 31, 2016 and that it is reasonable for the Board to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

On October 31, 2016, the Offeror gave written notice to the Depository to the effect that: (i) the Offeror was taking-up the additional Shares deposited under the Offer on October 31, 2016; (ii) the Offeror was increasing the maximum size of the Offering to \$83,678,562; and (iii) the Offeror will pay the Purchase Price for all Shares taken up by November 2, 2016.

As a result, the Offeror and its affiliates now collectively own, control or hold, directly or indirectly, an aggregate of 33,430,915 Shares, representing approximately 67% of the issued and outstanding Shares.

2. Variation of the Offer

On October 31, 2016, the Offeror issued a press release announcing that the Offer was being amended to: (i) increase the maximum size of the Offer to Cdn\$83,678,562; and (ii) extend the expiry time of the Offer to 5:00 p.m. (Toronto time) on November 30, 2016.

By notice to the Depository given on October 31, 2016, the Offeror: (i) increased the size of the Offer to a maximum of Cdn\$83,678,562; and (ii) extended the time for acceptance of the Offer until 5:00 p.m. (Toronto time) on November 30, 2016. Accordingly, the definitions of “Expiry Date” and “Offer” in the Circular are deleted in their entirety and replaced with the following respective definitions:

“**Expiry Date**” means November 30, 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\$83,678,562 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\$16.50 per Share.

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 November 30, 2016.

The Offer is now open for acceptance until 5:00 p.m. (Toronto time) on November 30, 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 2,840,944 Shares under the Offer. Any Shares deposited under the Offer after 5:00 p.m. (Toronto time) on October 31, 2016 but prior to the Expiry Time (5:00 p.m. (Toronto time) on November 30, 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, May Notice of Extension, June Notice of Variation and Extension, July Notice of Variation and Extension, August Notice of Variation and Extension, October 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 Variation and Extension have been approved, and the sending of the Notice of Variation and 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, the Notice of Extension dated May 30, 2016, the Notice of Variation and Extension dated June 28, 2016, the Notice of Variation and Extension dated July 28, 2016, the Notice of Variation and Extension dated August 31, 2016 and the Notice of Extension dated October 3, 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: November 1, 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

CONSENT OF NATIONAL BANK FINANCIAL INC.

TO: The Board of Directors of Callidus Capital Corporation

We refer to the liquidity opinion dated October 31, 2016 which we prepared for the Board of Directors of Callidus Capital Corporation in connection with the offer to purchase made by Callidus Capital Corporation to the holders of common shares. We hereby consent to the filing of the liquidity opinion with the applicable securities regulatory authorities and the inclusion of our name and our liquidity opinion dated October 31, 2016 in Callidus Capital Corporation's notice of variation and extension dated November 1, 2016.

DATED: November 1, 2016

(Signed) NATIONAL BANK FINANCIAL INC.

SCHEDULE A
LIQUIDITY OPINION



October 31, 2016

The Board of Directors of Callidus Capital Corporation
4620 - 181 Bay Street, P.O. Box 792
Bay Wellington Tower, Brookfield Place
Toronto, Ontario, M5J 2T3
Canada

To the Board of Directors:

LIQUIDITY OPINION OF NATIONAL BANK FINANCIAL INC.

National Bank Financial Inc. (“NBF”, “we” or “us”) understands that Callidus Capital Corporation (“Callidus,” the “Offeror” or the “Company”) intends to amend and extend its offer dated April 22, 2016 (as extended on May 30, 2016, June 28, 2016, July 28, 2016, August 31, 2016 and October 3, 2016) (the “Offer”) to purchase, upon the terms and subject to the conditions set out in the Offer, up to C\$50 million of its common shares (the “Shares”) at a price per Share (the “Purchase Price”) of C\$14, for a maximum of 3,571,428 Shares. The Offer was previously amended to increase the Purchase Price to \$16.50 resulting in a maximum offering size of C\$58,928,562. The Offer is being amended to: (i) increase the maximum size of the Offer by an additional 1,500,000 Shares to C\$83,678,562, being a maximum of 5,071,428 Shares at the current Purchase Price of \$16.50; and (ii) extend the expiry time of the Offer to 5:00 p.m. (Toronto time) on November 30, 2016 (the “Expiry Time”). NBF understands that as of October 31, 2016 the Company has taken up and cancelled 2,840,944 Shares in total under the Offer. NBF also understands that the Catalyst Capital Group Inc. (“CCGI”), the manager of various funds who own in the aggregate approximately 7% of the Shares (the “Catalyst Funds”), has advised Callidus that such funds do not intend to deposit their Shares for repurchase under the Offer. As at October 27, 2016, there were 49,600,630 Shares issued and outstanding.

In addition, we understand that the terms and conditions of the Offer will be set forth in a notice of variation and extension to be mailed by Callidus to its shareholders (which together with the previously issued Issuer Bid Circular dated April 22, 2016 (as extended on May 30, 2016, June 28, 2016, July 28, 2016, August 31, 2016 and October 3, 2016) and related Letter of Transmittal, constitute the Offer) and that the Offer will be mailed to shareholders on or about November 1, 2016.

NBF's Engagement

Given the increase in the maximum size of the Offer, the Company engaged NBF in an agreement dated as of October 28, 2016 to prepare and deliver a written opinion (the "Updated Liquidity Opinion") to the Board of Directors of the Company (the "Board") as to i) whether a liquid market for the Shares exists as of the date hereof and ii) whether it is reasonable for the Board to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. This Updated Liquidity Opinion is being delivered to assist the Board in making its determination that the Offer qualifies for the "liquid market" exemption from the valuation requirements of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101").

NBF will receive a fee from the Company for its services that include providing the Updated Liquidity Opinion. Such fee is payable regardless of the conclusions reached in the Updated Liquidity Opinion or whether or not the Offer is successful. The Company has agreed to reimburse NBF for its reasonable out-of-pocket expenses and to indemnify NBF for certain liabilities arising out of NBF's engagement in connection with the Offer.

NBF, in the ordinary course of our business, may actively trade securities of the Company and its affiliates for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, NBF conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Company, its affiliated entities or the Offer.

Independence of NBF

None of NBF, National Bank of Canada ("National Bank") or any of their affiliated entities (as such term is defined for purposes of MI 61-101):

- i. is an associated or affiliated entity or issuer insider (as such terms are defined for the purposes of MI 61-101) of the Company its respective associates or affiliates;
- ii. is an advisor to Callidus or any of its respective associates or affiliates in connection with the Offer;
- iii. is a manager or co-manager of a soliciting dealer group formed in respect of the Offer (or a member of such a group performing services beyond the customary soliciting dealer's functions or receives more than the per security or per securityholder fees payable to the other members of the group);
- iv. has a financial incentive in respect of the conclusions reached in the Updated Liquidity Opinion or on completion of the Offer;
- v. has a material financial interest in the completion of the Offer;

- vi. during the 24 months before NBF was first contacted by the Company in respect of the Offer, had a material involvement in an evaluation, appraisal or review of the financial condition of the Company or any of its affiliated entities, acted as a lead or co-lead underwriter of a distribution of securities of the Company or any of its affiliated entities or had a material financial interest in transactions involving the Company or any of its affiliated entities except as described herein; or
- vii. is a lead or co-lead lender or manager of a lending syndicate in respect of the Offer or a lender of a material amount of indebtedness to the Company or any of its affiliated entities.

In 2014, NBF participated in the Company's initial public offering of common shares, but did not act as lead or co-lead underwriter in respect of such offering. National Bank has been a co-lender to Catalyst Fund Limited Partnership V, an investment fund managed by CCGI, since 2015.

NBF acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company and from time to time, may have executed or may execute transactions for such entities and their respective associates and affiliates and clients from whom it received or may receive compensation. NBF, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company and its associates and affiliates and the Offer.

In addition, in the ordinary course of its business, NBF or its controlling shareholder, National Bank, may have extended or may extend loans, or may have provided or may provide other financial services, to the Company, CCGI, the Catalyst Funds or their respective associates or affiliates. Except as expressed herein, there are no understandings, agreements or commitments between NBF or National Bank, on the one hand, and the Company, CCGI, the Catalyst Funds or their respective associates or affiliates on the other hand with respect to any future business dealings.

On April 22, 2016 NBF provided a) a liquidity opinion in respect of the Offer; and b) a formal valuation in connection with the Offer and received a fee from the Company in respect of the provision of these services. Such fee was payable regardless of the conclusions reached in such liquidity opinion or formal valuation, or whether or not the Offer would be successful. Both documents accompanied the issuer bid circular dated April 22, 2016 circulated to Shareholders. NBF has not prepared an updated valuation in conjunction with the notice of variation and extension of the Offer and the preparation of this Updated Liquidity Opinion.

Credentials of NBF

NBF is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Updated Liquidity Opinion expressed herein represents the opinion of NBF and the form and content hereof has been reviewed and approved for release by a group of managing directors of NBF, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Scope of Review

In preparing our Updated Liquidity Opinion, we have reviewed and relied upon or carried out (without attempting to verify independently the completeness or accuracy thereof), among other things, the following:

- i. the draft press release to be published by the Company in conjunction with the extension of the Offer;
- ii. the daily trading activity, volumes, and price history of the Shares on the Toronto Stock Exchange (the “TSX”);
- iii. the trading activity and volumes of shares of other companies listed and traded on the TSX;
- iv. the distribution of ownership of the Shares to the extent publicly disclosed;
- v. the number of Shares proposed to be purchased under the Offer relative to i) the number of outstanding Shares less ii) the number of Shares owned by related parties of the Company and Shares or blocks thereof that are known by us to be not freely tradeable;
- vi. the customary difference (i.e. the “spread”) between bid and ask prices in trading activity of the Shares;
- vii. other public information with respect to Callidus;
- viii. discussions with senior management of Callidus;
- ix. discussions with senior management of CCGI with respect to its intention under the Offer;
- x. the parameters set out in MI 61-101 that quantify the basis on which a liquid market is deemed to exist in respect of a class of securities;
- xi. precedent issuer bids that we considered relevant; and
- xii. such other information as we considered necessary or appropriate in the circumstances.

We have conducted such additional analyses and investigations as we considered to be appropriate in the circumstances for the purpose of arriving at the Updated Liquidity Opinion contained herein as at date hereof.

Assumptions and Limitations

This Updated Liquidity Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof, and conditions affecting the Company and the Shares as at the date hereof. In formulating our Updated Liquidity Opinion, we have made several other assumptions, the most material assumption being that there will be no significant change in the holdings of the Shares, other than as a result of purchases by the Company under the Offer.

NBF has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, senior management of the Company and their consultants and advisors (collectively, the “Information”). The Updated Liquidity Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgement and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

This Updated Liquidity Opinion does not constitute a formal valuation of the Company or any of its securities or assets and the Updated Liquidity Opinion should not be construed as such. The Updated Liquidity Opinion does not constitute an opinion concerning the fairness, from a financial point of view, of the consideration offered to the shareholders pursuant to the Offer.

The Updated Liquidity Opinion has been provided to the Board for its use only in determining the availability of an exemption from the formal valuation requirements of MI 61-101 (pursuant to paragraph 3.4 (b) thereof) and may not be relied upon for any other purpose or by any other person without the prior written consent of NBF. This is not an opinion referred to in paragraph (b) of subsection 1.2(1) of MI 61-101. The Updated Liquidity Opinion is given as of the date hereof and NBF disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Updated Liquidity Opinion which may come or be brought to the attention of NBF after the date hereof. Without limiting the foregoing, if, after the date hereof, we learn of any material change in any fact or matter affecting the Updated Liquidity Opinion, NBF reserves the right to change, modify or withdraw the Updated Liquidity Opinion.

NBF believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Updated Liquidity Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. NBF expresses no opinion with respect to future trading prices of the Shares and makes no recommendation to shareholders with respect to tendering their Shares to the Offer.

For purposes of this Updated Liquidity Opinion, the phrase “liquid market” has the meaning ascribed thereto in MI 61-101.

Conclusion

Based upon and subject to the foregoing, it is our opinion as at the date hereof that:

- (i) a liquid market for the Shares exists as of the date hereof; and
- (ii) it is reasonable for the Board to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for the holders the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

Yours very truly,

A handwritten signature in black ink that reads "National Bank Financial Inc." in a cursive, slightly slanted script.

NATIONAL BANK FINANCIAL INC.

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 Depositary at its Toronto, Ontario office address below:

The Depositary 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 Depositary at the address and telephone number set forth above. Additional copies of this Notice of Variation and Extension, the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depositary. 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.