

CALLIDUS CAPITAL CORPORATION

BOARD MANDATE

To each of the directors of Callidus Capital Corporation (the “**Corporation**”).

1. GENERAL

The fundamental responsibility of the board of directors (the “**Board**”) is to supervise the management of the business and affairs of the Corporation.

The Board has adopted this Mandate, which reflects the Corporation’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Corporation.

The Board believes that sound corporate governance practices are essential to the well-being of the Corporation and the promotion and protection of its shareholders’ interests. The Board oversees the functioning of the Corporation’s governance system, in part through the work of the Nominating and Governance Committee.

The Board promotes fair reporting, including financial reporting, to shareholders of the Corporation and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that the Corporation is best served by a board of directors that functions independently of management and is informed and engaged.

The Nominating and Governance Committee will review this mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of the Corporation’s needs and legal and regulatory developments.

2. COMPOSITION AND OPERATION OF THE BOARD

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its chairman, nominating candidates for election to the board, constituting committees of the full Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

3. RESPONSIBILITIES

The Board’s fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders such as employees, customers and communities may have in the Corporation. In broad terms, the stewardship of the Corporation

involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

4. DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

4.1 Legal Requirements

- A. The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- B. The Board has the statutory responsibility to:
 - i. manage the business and affairs of the Corporation;
 - ii. act honestly and in good faith with a view to the best interests of the Corporation;
 - iii. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances;
 - iv. act in accordance with its obligations contained in the OBCA and the regulations thereto, the articles and by-laws of the Corporation, securities laws and regulations, and other relevant legislation and regulations; and
 - v. comply with applicable gaming regulations and legislation.
- C. The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
 - i. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - ii. the filling of a vacancy among the directors;
 - iii. the issuance of securities;
 - iv. the declaration of dividends;
 - v. the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - vi. the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;

- vii. the approval of management proxy circulars; and
- viii. the approval of any take-over bid circular or directors' circular.

4.2 Independence

The Board shall have the responsibility to:

- A. implement appropriate structures and procedures to permit the Board to function independently of management;
- B. implement a system which enables an individual director to engage an outside advisor at the reasonable expense of the Corporation in appropriate circumstances; and
- C. provide an orientation and education program for newly appointed members of the Board.

4.3 Strategy Determination

The Board shall:

- A. adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business; and
- B. annually review operating and financial performance results relative to established strategy, budgets and objectives.

4.4 Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to confirm that systems are in place to effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

4.5 Appointment, Training and Monitoring of Senior Management

The Board shall:

- A. appoint the Chief Executive Officer (“CEO”) and such other senior officers as it determines to be appropriate;
- B. approve (upon recommendations from the Compensation Committee) the compensation of the CEO and other senior officers;
- C. monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;

- D. ensure that a process is established that adequately provides for succession planning, including the appointment, training and monitoring of the CEO and other senior officers; and
- E. establish limits of authority delegated to management.

4.6 Reporting and Communication

The Board has the responsibility to:

- A. verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- B. verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- C. verify that the financial results are reported fairly and in accordance with generally accepted accounting standards (including International Financial Reporting Standards as applicable);
- D. verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- E. report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

4.7 Monitoring and Acting

The Board has the responsibility to:

- A. review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
- B. verify that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- C. approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- D. recommend to shareholders the appointment of the Corporation's external auditor, pursuant to the recommendation of the Audit & Risk Committee, and set the external auditor's compensation.
- E. monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;

- F. take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant; and
- G. verify that the Corporation has implemented adequate internal controls and information systems which ensure the effective discharge of its responsibilities.

4.8 Other Activities

The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, the OBCA and any other governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. The Board may perform any other activities consistent with this mandate, the by-laws of the Corporation, the OBCA and any other governing laws as the Board determines necessary or appropriate.