

CALLIDUS CAPITAL CORPORATION

MAJORITY VOTING POLICY

On April 23, 2014, the Corporation adopted a majority voting policy (the “**Majority Voting Policy**”) which provides for majority voting in director elections at any meeting of the Corporation’s Shareholders other than at “contested meetings.” For the purposes of the policy a “contested meeting” means a meeting at which the number of directors nominated for election is greater than the number of seats available on the board.

Pursuant to the Majority Voting Policy, the forms of proxy circulated in connection with a meeting of the Corporation’s Shareholders at which an uncontested election of directors is to be conducted will provide the Shareholders with the ability to vote in favour of, or to withhold from voting, separately for each director nominee. The chair of the Board will ensure that the number of votes in favour of or withheld from voting or each director nominee is recorded and promptly made public after the meeting. If the number of proxy votes withheld for a particular director nominee is greater than the votes in favour of such nominee, such director nominee will be required to immediately submit his/her resignation to the chair of the Board following the applicable Shareholders’ meeting, effective upon acceptance by the Board. The Board will refer the resignation to the Compensation Committee.

Following receipt of a resignation submitted pursuant to this policy, the Compensation Committee will consider whether or not to accept the resignation and will recommend to the Board whether or not to accept it. With the exception of special circumstances that would warrant the continued service of the applicable director on the Board, the Compensation Committee will be expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the Compensation Committee will consider all factors deemed relevant by members of the Compensation Committee including, without limitation, the stated reasons, if any, why the Shareholders withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director’s contributions to the Corporation and the Corporation’s governance guidelines.

Within ninety days following the applicable Shareholders’ meeting, the Board will make its decision, on the Committee’s recommendation. In considering the Compensation Committee’s recommendation, the Board will consider the factors considered by the Compensation Committee and such additional information and factors that the Board considers to be relevant. Following the Board’s decision on the resignation, the Board will promptly issue a news release of its decision whether to accept the applicable director’s resignation including a full statement of the reasons for rejecting the resignation, if applicable, a copy of which must be provided to the TSX. If a resignation is accepted, it will be effective upon acceptance by the Board. Subject to any corporate law restrictions, the Board may leave the vacancy unfilled or appoint a new director to fill the vacancy.

A director who tenders his/her resignation pursuant to this majority voting policy will not be permitted to participate in any meetings of the Board or the Compensation Committee at which his/her resignation is to be considered. However, if each member of the Committee received a greater number of proxy votes withheld than the votes for each member in the same election, or a sufficient number of the Committee members, such that the Compensation Committee no longer has a quorum, then the remaining members of the Compensation Committee, if any, will not consider the resignation(s) and the Board will consider whether or not to accept the resignation(s) without a recommendation from the Compensation Committee.

In the event that a sufficient number of the Board members received a greater number of proxy votes withheld than votes for such members in the same election, such that the Board no longer has a quorum, then such directors receiving a majority withheld vote will not be permitted to vote in any meeting of the Board at which his/her resignation is considered, however he/she will be counted for the purpose of determining whether the Board has quorum.

In the event that any director, who received a greater number of proxy votes withheld than votes in favour of such Director’s election, does not tender his or her resignation in accordance with this majority voting policy, he or she will not be re-nominated by the Board.