

The Catalyst Capital Group Inc.

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Toronto, Ontario M5J 2T3

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March 29, 2018

Callidus Capital Corporation
181 Bay Street
Bay Wellington Tower
Brookfield Place
Suite 4620, P.O. Box 792
Toronto, Ontario
M5J 2T3

Dear Sirs,

**Re: Loan to Callidus Capital Corporation from the Catalyst Funds with respect to the
 Loan Guarantee**

Certain investment funds managed by The Catalyst Capital Group Inc. (the “**Catalyst Funds**”) have guaranteed (the “**Guarantee**”) the repayment of amounts owing under certain loans extended by Callidus Capital Corporation (“**Callidus**”) pursuant to a participation agreement dated as of April 23, 2014 between, among others, the Catalyst Funds and Callidus, as amended, and a participation interest assignment agreement made as of December 31, 2014, between Catalyst Fund Limited Partnership IV and Callidus.

The loans to which the Guarantee relates are referred to in this letter agreement as the “**Guaranteed Loans**” and are listed on Schedule “A” hereto. Callidus shall deliver to the Catalyst Funds a revised version of Schedule “A” at the beginning of each month or in the event there is a change in the principal amount of the Guaranteed Loans of greater than 10% from the amount set out on the most recently delivered Schedule “A”. Subject to the Catalyst Funds’ agreement thereto, such revised Schedule “A” shall become Schedule “A” for the purposes hereof.

Callidus has requested that the Catalyst Funds advance amounts to Callidus to be used for general operating purposes. The Catalyst Funds agree to provide such advances on the following terms and conditions:

1. ***The Loan.*** The Catalyst Funds agree to make advances to Callidus (the “**Loan**”) in the maximum amount equal to the face value of the Guaranteed Loans as set out on Schedule “A”. The parties acknowledge that the amount of USD \$30,000,000 has been advanced to Callidus and is outstanding as of the date hereof, which amount forms part of the Loan.

All amounts obtained under the Loan will be used by Callidus for general operating purposes.

2. ***Mechanics for Requesting Additional Advances.*** Any request for a further advance shall be by email to [REDACTED] at least 2 business days before the requested date for the advance to be made.

3. ***Repayment.*** All amounts owing under the Loan will be due and payable on the earlier of (i) the Maturity Date (as such term is defined for the purposes of the subordinated loan agreement dated as of November 24, 2014 between Callidus, CCGI and the lenders thereunder, as amended (the “**Bridge Loan Agreement**”)); and (ii) the date on which the amounts owing under the Bridge Loan Agreement are declared due and payable in accordance with the terms thereof.

In the event that Callidus makes a demand for payment under the Guarantee, any amounts owing by Callidus hereunder may be set-off against the amount due payable by the Catalyst Funds at the Catalyst Funds’ option.

4. ***Interest.*** The Loan shall not bear interest before the date on which it is due and payable. Thereafter, the Loan will bear interest at a rate equal to the rate of interest payable on amounts outstanding after a Default under the Bridge Loan Agreement. Such interest shall accrue daily in arrears. For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under the letter agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction the denominator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the numerator of which is the number of days comprising such other basis than a full calendar year.

5. ***Evidence of Indebtedness.*** CCGI’s accounts and records will constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of Callidus to the Catalyst Funds pursuant to this letter agreement. Callidus agrees to execute a promissory note or such other instruments evidencing the debt incurred under this letter agreement upon request.

6. ***Subordination.*** CCGI acknowledges and agrees that the indebtedness under the Loan shall be subordinated and rank junior in right of payment and otherwise, and be subject to the indebtedness of Callidus to the lenders under the Senior Loan Documents (as such term is defined in the Bridge Loan Agreement), but shall however rank senior in right of payment and otherwise to all other present and future debt of Callidus to the extent permitted by applicable law. No amounts will be payable hereunder unless such payment is permitted under the Senior Loan Documents.

7. ***Security.***

- (a) As general, continuing and collateral security for the payment and performance of its obligations hereunder, Callidus hereby grants to CCGI, as agent for the Catalyst Funds, for and on behalf of and for the benefit of itself and each of the Catalyst Funds, a security interest in each of the Guaranteed Loans. Callidus acknowledges that value has been given, it has rights in the Guaranteed Loans and the parties have not agreed to postpone the time for the attachment of security interests created by this letter agreement. The parties further acknowledge that the security interest is intended to attach to any loan that becomes a Guaranteed Loan after the date hereof.
- (b) The security interest created by this paragraph 7 will become immediately enforceable on the date that is two (2) Business Days after the date on which the Loan is due and payable if such amounts have not been repaid by that time.
- (c) All amounts payable under the Guaranteed Loans, including repayments of principal and interest, which must be delivered to CCGI upon the security hereby constituted becoming enforceable in accordance with this Section 7 will, prior to their delivery to CCGI, be held in trust by Callidus for CCGI, separate and apart from Callidus' other property.
- (d) Except in accordance with the Senior Loan Documents, Callidus will not sell, transfer, encumber or otherwise dispose of the Guaranteed Loans without the prior written consent of CCGI (it being acknowledged that the approval of Newton Glassman to such disposition in his capacity as chair of Callidus' Credit Committee shall constitute the approval of CCGI to such disposition unless otherwise expressly noted).
- (e) CCGI acknowledges that the security interest granted hereby is subordinate to the security granted to the lenders under the Senior Loan Documents and agrees to enter into an intercreditor agreement with such lenders upon request.

8. ***Representations and Warranties.*** Callidus represents and warrants to the Catalyst Funds as set out in Schedule "B" and acknowledges that the Catalyst Funds are relying on such representations and warranties in advancing the Loan.

9. ***Reporting.*** Callidus will provide the Catalyst Funds with such reporting as CCGI may reasonably request at any times when amounts are owing hereunder.

10. ***General.*** This letter agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The provisions of this Agreement may only be amended with the written consent of all of the parties hereto. Callidus waives presentment for payment, notice of dishonour, protest and notice of protest in respect of this letter agreement. Time shall be of the essence of this letter agreement in

all respects. This letter agreement constitutes the entire agreement of the parties pertaining to the indebtedness evidenced by this letter agreement and supersedes all prior agreements, understandings, negotiations and discussions with respect to such indebtedness, whether oral or written. This letter agreement shall be binding upon and enure to the benefit of the Catalyst Funds and Callidus and their respective successors and permitted assigns. Callidus may not assign or transfer all or any of its rights or obligations hereunder without the prior written consent of the Catalyst Funds.

If the foregoing is acceptable to you, please indicate your acceptance of the terms of this letter agreement and the Loan by signing the duplicate of this letter, and returning the same to the undersigned.

Sincerely,

**THE CATALYST CAPITAL GROUP INC., on
its own behalf and in its capacity as manager of
each of the Catalyst Funds**

By: *Newton Glassman*

Name: Newton Glassman

Title: Managing Partner

Agreed as of this 29th day of March, 2018.

CALLIDUS CAPITAL CORPORATION

By: *David Reese*

Name: David Reese

Title: President and Chief Operating Officer

SCHEDULE "A"
GUARANTEED LOANS

[REDACTED]

SCHEDULE 'B"
REPRESENTATIONS AND WARRANTIES

Callidus represents and warrants to the Catalyst Funds as of the date hereof and as of the date any advance is requested under the Loan, as follows:

- (a) the execution, delivery and performance of this letter agreement does not, as of the date hereof, result in a breach of, or a default under, any agreement or instrument for the borrowing of money to which it is a party or by which it or any of its properties or assets may be bound or affected;
- (b) Callidus is a corporation which is duly incorporated, validly existing and has the necessary corporate power and authority to carry on its business;
- (c) the execution, delivery and performance of this letter agreement has been duly authorized by all necessary actions and does not (i) violate any law, regulation or rule by which it is bound or (ii) result in the creation of any encumbrance on any of its properties or assets;
- (d) this letter agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to general equitable principles and the laws of Ontario and the laws of Canada applicable therein;
- (e) the business and operations of Callidus and each of its subsidiaries are materially in compliance with all applicable laws, and each has all necessary consents, licences authorizations, approvals, orders, certificates and permits from, has made all necessary filings with all federal, provincial and local authorities to conduct its business; and
- (f) Callidus is the legal and beneficial owner of, has good and marketable title to, and has full right and authority to pledge and assign, the Guaranteed Loans free and clear of any and all options, mortgages, charges, pledges, hypothecations, liens (statutory or otherwise), assignments, finance leases, title retention agreements or arrangements, security interests, other encumbrances, adverse claims of any nature or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property, except for the security interests granted in favour of CCGI under this agreement and encumbrances granted under the Senior Loan Documents.

The representations and warranties made in this section shall continue in effect until payment and performance of all debts, liabilities and obligations under this letter agreement.