Callidus Capital Corporation Reports Update Regarding Business Growth

Toronto, Ontario, February 17, 2015 – Callidus Capital Corporation ("Callidus" or the "Company") (TSX: CBL), a provider of flexible and innovative asset-based loans, announced today an update on the current status of its business.

Portfolio Growth

We are pleased to report that as at January 31, 2015, our gross loan commitments totaled $1.1 billion, of which a total of $893 million had been advanced and was outstanding. This represents an increase of $70 million in loan advances from our last announcement on December 23, 2014, and an increase of $512 million from December 31, 2013.

As at February 11, 2015, the amount outstanding was $878 million, a net increase of $55 million since December 23, 2013 and a net decrease of $15 million from January 31, 2015. The net decrease is attributable to (i) a $16 million partial repayment of a loan to a borrower (29% of the outstanding loans to that borrower) that was under protection under the Companies' Creditors Arrangement Act ("CCAA") at the time the loan was originally written (the "CCAA Loan"), and (ii) a net increase of $1 million to existing loans. The CCAA Loan was structured to provide the borrower adequate flexibility in order to execute on its plans and allow it to emerge from CCAA protection. We are pleased to report that the borrower has emerged from CCAA protection as was anticipated and as a result of the partial repayment, it now has a much improved and sustainable capital structure that we believe may soon support conventional financing.

It is our intention to inform the market when the size of the loan portfolio changes by approximately $70 - $75 million, which may be adjusted as the size of the portfolio changes. Callidus' deal pipeline of potential loans has remained relatively stable with a total value of approximately $469 million, of which $195 million represents term sheets that have been signed back by the borrowers, an increase of $15 million and $8 million respectively from the December 23, 2014 news release. As previously disclosed, Callidus undertakes extensive due diligence before closing on a loan transaction and has historically closed on 60% to 80% of signed back term sheets. Despite the growth in the loan portfolio, the realized losses experienced in the portfolio continue to remain below the level experienced at the time of the Company's initial public offering - both in absolute amounts and as a percentage of gross loans receivable - and below amounts recorded in our loan loss provision. Management believes this reflects its conscious effort to maintain the credit quality while continuing to grow the business.

Closing of Expansion of Revolving Senior Credit Facility

Callidus has increased the amount of its existing revolving senior credit facility by USD $62.5 million to USD $262.5 million in the aggregate and has extended its term to January 15, 2019. Two major Canadian chartered banks have committed the incremental USD $62.5 million. Management intends to negotiate further increases in this facility as the amount of gross loans receivable increases.

Clarification of Loan Loss Guarantee

As disclosed at the time of the Callidus initial public offering, the Catalyst Funds provided a principal guarantee with respect to loans in existence at that time and agreed to provide a guarantee in connection with any future sales by them of loan participations in the Callidus loan portfolio to Callidus. Accordingly, as previously announced, on December 23, 2014, Catalyst Fund Limited Partnership IV ("Fund IV") sold $50 million of loan participations in the Callidus' loan portfolio to Callidus and provided a principal guarantee related to the sale of the loan participations.

As of the fourth quarter of 2014 and in connection with negotiations in relation to the purchase by Callidus of the $50 million of loan participations from Catalyst, the companies sought to clarify the terms of both Catalyst guarantees. As a result, the guarantee given at the time of the initial public offering covers all losses of principal on certain specified loans up to the previously authorized amount of same (as adjusted from time to time by the Callidus Credit Committee so long as Newton Glassman is a member of that committee and is in favour) even if advanced subsequent to the initial public offering including the loan loss provision of $18.3 million recorded on Callidus' books as at September 30, 2014. Subject to the foregoing, the guarantee will not apply to other amounts such as advances to pay interest or fees (subject to one non-material exception). The guarantee will remain in effect for loans that were not on Callidus' watch list at the time of the initial public offering until they are renewed at the next scheduled credit review following that offering. The guarantee will also remain in effect permanently for loans on the watch list at the time of the initial public offering and loans that become subject to realization proceedings prior to that next scheduled review so long as those loans remain outstanding.

Fund IV's guarantee in relation to the sale of the $50 million of loan participations covers Catalyst's percentage ownership interest in the relevant loans at the time of sale to Callidus of all losses of principal experienced on the relevant loans up to the previously authorized amount of same (as adjusted from time to time by the Callidus Credit Committee so long as Newton Glassman is a member of that committee and is in favour) even if advanced subsequent to the sale to Callidus. The guarantee will not apply to other amounts such as advances to pay interest or fees. The guarantee will remain in effect for loans that are not on Callidus' watch list at the time of purchase of the loan participations until the relevant loans are renewed at the next scheduled credit review. The guarantee will also will remain in effect for loans on the watch list at the time of purchase of the loan participations or loans that become subject to realization proceedings prior to their next scheduled review so long as those loans remain outstanding.

As previously announced, neither guarantee applies to accrued and unpaid interest (subject to one non-material exception). Callidus normally requires that its borrowers agree to a cash sweep arrangement so that their cash will typically be subject to Callidus control. In connection with clarifying the Catalyst guarantee arrangements, Callidus and Catalyst have agreed as between themselves that Callidus will operate the cash sweep internally so that first application of a borrower's cash will be to currently due accrued and unpaid interest and fees and the second application of cash will be to principal and other amounts that are due. These cash sweep arrangements should generally serve to minimize losses in relation to interest and fees even in circumstances where Callidus would need to rely upon a Catalyst guarantee in order to avoid a loss of principal.

As a result and based upon discussions with our auditors and our audit committee, Callidus is expecting to record the guarantee to offset the loan loss provisions previously taken against principal where such loan losses are covered under the guarantees. As at September 30, 2014, the Company had reported loan loss provisions in respect of principal of approximately $18.3 million before derecognition. These loan loss provisions are being treated as fully covered under the guarantees, consistent with the previous public statements of Callidus' Chief Executive Officer that as at September 30, 2014 Callidus had no non-performing loans after giving effect to Catalyst's guarantee given at the time of the initial public offering.

Separately, effective December 31, 2014, the Company will establish a collective allowance on loans in addition to the specific provisions currently recorded. This practice will better reflect the risk profile of the Company's growing loan portfolio. We are currently completing our year-end results and will finalize the amount of a collective allowance as at year end as part of that process.

For illustrative purposes, the impact of the clarification of the loan loss guarantee and recording of a collective allowance as at September 30, 2014, would have resulted in a one-time $13.0 million increase in net income before income taxes attributable to recording the fair value of the Catalyst guarantees of approximately $18.3 million net of a $5.3 million collective allowance.

About Callidus Capital Corporation

Established in 2003, Callidus Capital Corporation is a Canadian company that specializes in innovative and creative financing solutions for companies that are unable to obtain adequate financing from conventional lending institutions. Unlike conventional lending institutions who demand a long list of covenants and make credit decisions based on cash flow and projections, Callidus credit facilities have few, if any, covenants and are based on the value of the company's assets, its enterprise value and borrowing needs. Callidus employs a proprietary system of monitoring collateral and exercising control over the cash inflow and outflows of each borrower, enabling Callidus to very effectively manage any risk of loss.

Non-IFRS Measures

This press release contains references to gross loans receivable, which is not a generally accepted accounting measure under International Financial Reporting Standards and therefore the definition used by the Company may differ from the definition of such term used by other entities. The Company defines "gross loans receivable" as the sum of (i) the aggregate amount of loans receivable on the relevant date, (ii) the loan loss allowance on such date, (iii) the book value of assets held for sale as they appear on the balance sheet, and (iv) discounts on loan acquisitions. Management believes that gross loans receivable is a useful supplemental measure that may assist purchasers in assessing the financial performance and the cash anticipated to be generated by the Company's business. Gross loans receivable should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or as a substitute for, analysis of the Company's financial statements.

Forward-Looking Statements

Certain statements made herein contain forward-looking information. Although Callidus believes these statements to be reasonable, the assumptions upon which they are based may *prove to be incorrect. Furthermore, the forward-looking statements contained in this press release are made as at the date of this press release and Callidus does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

For further information:
David Reese
President and Chief Operating Officer
(416) 945-3016
dreese@calliduscapital.ca
www.calliduscapital.ca