

<p>Significant Future Events/Milestone Assumptions to Support the Top End of the Valuations</p>	<p>(1) Callidus and a commonly controlled enterprise are able to reach an agreement for deployment of 7,000 slot machines;</p> <p>(2) borrower is able to achieve forecasted results; (3) regulatory approval by the provinces of Ontario, British Columbia and Alberta for the deployment of the 7,000 slot machines occurs within 3 - 6 months from the start of the application process, which has yet to commence; (4) Bluberi is able to successfully procure contract manufacturing to meet demand; (5) working capital to meet demand is funded by Callidus; (6) the slot machines to be deployed meet the standards of the large diversified gaming company; (8) the 7,000 slot machines are deployed over 3 years; and (9) the business is sold three years after the start of the deployment of the 7,000 machines at which time, the unrecognized yield enhancement would be realized.</p>
<p>Updates for the Current Year</p>	<p>(1) Callidus obtained control of the underlying borrower; and (2) The ultimate controlling shareholder of the Company, of Bluberi and of a large diversified gaming company ("the gaming company") are funds managed by The Catalyst Capital Group Inc. On March 30, 2017, it wrote a letter setting forth the mutual understanding of Catalyst, Bluberi and the gaming company with respect to Bluberi selling to the gaming company 7,000 electronic gaming machines (slot machines) before December 31, 2019. That sale would be subject to, among other things, Bluberi receiving the necessary licensing as well as a definitive purchase agreement being entered into. The gaming company has 11 locations slated for expansion and growth in Ontario over the next few years and will control up to 5,500 slot machines. In addition, the gaming company is continuing to bid on other gaming opportunities and, if successful, could control over 15,000 slot machines in Ontario. On July 13, 2017, the President of the gaming company confirmed its potential to purchase up to 7,000 slot machines from Bluberi but advised that the timing would be over the following three years subject to, among other things, regulatory and board approval and regulatory approval has yet to be applied for.</p> <p>The Company had previously disclosed during a public analyst call following issuance of its first quarter results that the unrecognized yield enhancement related to Bluberi had been valued by third parties and that those valuations had taken into account the order for 7,000 slot machines. Those third party valuations pertained to the absence of any loan impairment in relation to Bluberi and did not take into account the order for up to the 7,000 slot machines or any excess value relating to any such orders.</p>