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File No. 1323B

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**LAX  
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LISUS**

January 16, 2015

**BY EMAIL**

Mr. Matthew Milne-Smith  
Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto ON M5V 3J7

Dear Mr. Milne-Smith:

**Re: Callidus Capital Corporation ("Callidus") &  
West Face Capital Inc. ("West Face")**

Your letter dated January 14, 2015, which purportedly attempts to clarify, has only confused things further. The questions we have asked are straight-forward: Did West Face prepare a report on Callidus? If so, did it share that report with third parties? We had understood from your first letter that the answer to both questions is "yes", but your second letter equivocates on these simple questions by inexplicably refusing to either confirm or deny the existence of any report.

If West Face has prepared a report that has been shared with third parties, then that ought to be acknowledged and the report ought to be shared with us so that we can identify any potential defamatory statements and provide West Face with an opportunity to publish a retraction and an apology, if necessary. If West Face is so sure that it has done nothing wrong and stands behind its research, then show us the report and we can avoid unnecessary litigation.

We have unfortunately been through this before with West Face, and, as you will see from the enclosed decision, it did not end well for your client. As in that case, we would like to avoid having to resort to litigation to achieve a result that reasonable parties should be able to arrive at through rational discussion. I would suggest that playing a "cat and mouse game" in relation to the existence of a report does not serve anyone's best interests, and simply guarantees litigation where it may otherwise be avoided.

This is my client's fourth, and final, request: please answer the questions above and send us a copy of West Face's report on Callidus if one exists.

Yours truly,

A handwritten signature in black ink, appearing to read "Rocco Di Puccio". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Rocco Di Puccio

RDP:AJW

Enclosure