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January 13, 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")**

We are litigation counsel to Callidus. Please direct all future correspondence relating to this matter to our attention.

We have your letter to Mr. Hausman dated January 6, 2015. Thank you for confirming that West Face has prepared a research report on Callidus (the "Report") and that it has circulated the Report to third parties.

Your letter asks for particulars regarding West Face's misleading statements regarding Callidus without acknowledging Callidus' repeated requests for a copy of the Report. With respect, you are putting the cart before the horse.

Callidus should not have to resort to litigation to obtain a copy of the Report, which as you acknowledge in your letter West Face will have to produce in the discovery process. This is the third and final time Callidus will request a copy of the Report.

We note that the usual practice for parties in West Face's position, when they stand by their research, is to publish their report. West Face's refusal to do so in this situation is telling.

Yours truly,



Rocco Di Pucchio

RDP:AJW