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File No. 13258

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January 26, 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 20, 2015 confirms what we had assumed in our first letter to you, and what your first letter to us was unable to confirm, namely that West Face has prepared a research report about Callidus. Moreover, your use of the word "target" to describe Callidus finally confirms that the report was shown to third parties.

Thank you also for confirming that West Face considers Catalyst to be a "competitor" -- we were surprised when Thomas Dea swore an affidavit last year on behalf of your client in which he denied this obvious fact. We are pleased we can now put that matter to rest.

With respect, the balance of your letter is disingenuous. If West Face truly wished to be "productive" and "helpful", as you put it, it would just send us a copy of its report and we can put an end to this merry-go-round of letter writing and get to the bottom of the matter.


You state that West Face does not believe it has committed any wrongdoing. With respect, it is not acting like an innocent party. It is acting like a party with something to hide.

We will not ask for the report for a fifth time -- it is clear West Face is determined, yet again, to force an aggrieved party to commence litigation before it will "come clean".

- 2 -

That said, as a matter of professional courtesy, I enclose a copy of a notice of motion filed last week in the proceeding I referred to in my previous letter. An earlier version of this notice was served on West Face on January 13.

Yours truly,

A handwritten signature in cursive script, appearing to read "Rocco Di Pucchio for".

Rocco Di Pucchio

RDP:AJW

Enclosure