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October 2, 2013

DELIVERED BY EMAIL

The Service List attached as Schedule "A"

Dear Sirs and Madams:

Tom Cumming
Direct 403-298-1938
Direct Fax 403-695-3538
tom.cumming@gowlings.com
File No. A132759

Re: Duff & Phelps Canada Restructuring Inc., as receiver and manager (the "Receiver") of the assets, properties and undertakings of Surefire Canada Ltd. ("Surefire")

Further to our telephone attendance this morning before the Honourable Madam Justice Kent, we suggest that the process set out below be followed in order to: (a) enable the customers of Surefire (the "**Customers**"), the Receiver and other stakeholders to develop an appropriate description and definition for the units, parts and components that were being manufactured or assembled by Surefire for each Customer, have been or will be claimed by Customers (the "**WIP**"), and in respect of which the Customers are to have the rights of election enumerated this morning by the Court (the "**Elections**"), and (b) physically identify the WIP claimed by each Customer.

1. Gowling Lafleur Henderson LLP on behalf of the Receiver will prepare a revised draft Order and WIP Dispute Resolution Process (the "**WDRP**"), incorporating the matters that the Court directed be incorporated.
2. Counsel for the parties will attempt to agree upon the form of the draft Order and WDRP prior to re-attending before the Court.
3. Counsel for all parties will, if they wish, re-attend before the Court on Tuesday October 8, 2013 at 2:00 p.m. (Mountain Time) (the "**October 8 Hearing**") either to request the Court to make an Order in the form that the parties have consented to, or to settle and make such an Order.
4. Each of the Customers must attend the premises of Surefire (the "**WIP Identification Inspection**") with a list of WIP claimed by them by no later than October 7, 2013 and tag, in the presence of representatives of the Receiver and any other party who wishes to attend, every unit, part and component which they are claiming forms part of the WIP being manufactured or assembled for them by Surefire pursuant to a purchase and sale contract between that Customer and Surefire (such contract, including documents forming part of such contract, being a "**Sale Contract**"). Representatives of Surefire will be made available to assist in this process. Each unit, part and component a Customer is claiming forms part of the WIP subject to its Sale Contract(s) with Surefire must be specifically enumerated, identified and tagged in the WIP Identification Inspection. The Receiver will endeavor to ensure the tags for each Customer are either a different colour or are otherwise readily identifiable to a Customer.

5. It is the Receiver's position that the only units, parts and components making up a WIP subject to a Customer's Sales Contract(s) with Surefire that a Customer will be able to take physical custody of under the WDRP will be: (a) units, parts and components that are specifically described and identified in or with or ascertainable to such Sale Contract(s); and (b) have been specifically identified and tagged in the WIP Identification Inspection. The Receiver believes that the report of Gordon Brothers is a useful starting point for this exercise. The Receiver will not permit the tagging of units, parts and components based on non-specific, general descriptions. Any disputes regarding whether a unit, part or component is specifically identifiable and ascertainable to a Sale Contract with the relevant Customer will be settled by agreement of the parties or re-attendance before the Court before October 25, 2013. We will schedule an attendance with the Court for that purpose.
6. To the extent that a Customer is claiming units, parts or components that are not specifically identifiable or ascertainable to a Sale Contract, the process described above will be without prejudice to any unsecured claims of the Customer against Surefire in respect thereof.
7. We believe that all Customers, including ones in respect of whose claims there is a settlement in principal between such Customers, Alignvest Private Debt Ltd. and the Receiver, must participate in WIP Identification Inspections in order to ensure that there are no over-lapping claims among Customers. To the extent that there are over-lapping claims, the issue may have to be dealt with by agreement between the relevant parties and the Receiver, or by re-attendance before the Court.

The Receiver has had discussions this afternoon with potential auctioneers and has determined that in order to schedule an auction to be held before the second week of December (which is the latest one can have an auction unless the auction is held in January of 2014), the Elections must be made well prior to the end of October. Occupying the premises beyond year end will be extremely prejudicial to the estate of Surefire and the interests of its stakeholders and therefore the Receiver has developed the following expedited schedule in order to accommodate this. In order to implement this process, the Receiver recommends the following time line:

ACTION	DATE
WIP Identification Inspections	Up to October 7, 2013
October 8 Hearing	October 8, 2013, at 2 pm
Proof of Title Claim submission deadline	October 11, 2013 by 5:00 pm
Notice by Receiver or Alignvest that it intends to contest WIP Claim	On or before October 18, 2013
Election by Customer	Before October 21, 2013 at noon
Re-attendance before Court to deal with any disputes over identification of units, parts and components	Before October 25, 2013
Where the election is to take custody of the WIP, the Customer will post security or the undertaking, as the case may be, and remove the WIP	By October 25, 2013



We will endeavour to prepare a revised draft Order and WDRP this week for your review.

Sincerely,

GOWLING LAFLEUR HENDERSON LLP

A handwritten signature in black ink that reads "Tom Cumming". The signature is written in a cursive, flowing style.

Tom Cumming

TSC

cc. Bobby Kofman
Mitch Vininsky
Cliff Prophet

**Schedule "A"
Service List**

COURT FILE NUMBER	1301-11285
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT(S)	ALIGNVEST PRIVATE DEBT LTD.
RESPONDENT(S)	SUREFIRE INDUSTRIES LTD.

SERVICE LIST
(Updated: October 2, 2013)

Duff & Phelps Canada Restructuring Inc. Attention: Bobby Kofman Mitch Vininsky Email: bobby.kofman@duffandphelps.com mitch.vininsky@duffandphelps.com <i>Receiver</i>	Gowling Lafleur Henderson LLP Attention: Tom Cumming Cliff Prophet Gillian Scarlett Email: tom.cumming@gowlings.com clifton.prophet@gowlings.com gillian.scarlett@gowlings.com <i>Counsel for the Receiver</i>
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