

Name of Deponent: Lorne Gartner
Date sworn: June 5, 2008

ACTION NO.: 0801-01816

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF PIPER RESOURCES LTD.

AFFIDAVIT

I, Lorne Gartner, of the City of Calgary, in the Province of Alberta, Businessman, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Consultant with Matco Capital Ltd. ("Matco") and as such have personal knowledge of the matters hereinafter deposed to save where based on information and belief in which case I verily the same to be true. I am authorized by Matco to swear this Affidavit on its behalf.
2. Matco is the first priority secured creditor of Piper and is owed over \$53 Million by Piper. As reported to this Honourable Court on April 24, 2008 in the Second Report of the Monitor (at para. 19), the Monitor has obtained a legal opinion that Matco's security over all of Piper's assets is valid, enforceable and ranks in first position, subject to the Court's determination with respect to any potential priority claims.

Sales Process Results

3. As it has been reported to this Court in previous Affidavits sworn by Mr. Cave and in previous Monitor's Reports, Piper, with the assistance of Tristone Capital Advisors Inc., carried out an extensive sales process of Piper's assets in February, March and April 2008.

4. On April 3, 2008, Matco submitted a "credit bid" for the assets of Piper, in the amount of \$51,526,176.56 (the "Matco Bid"). The Matco Bid expressly stated that it was:
 - (a) calculated to result in Matco acquiring all of Piper's assets in approximate satisfaction of the amount outstanding under the Loans;
 - (b) made to protect Matco's position as Piper's primary secured creditor because Matco would not support an alternate sales process resulting in Matco incurring a deficiency in its recovery; and
 - (c) would not be increased or decreased.

The Letter Agreement

5. As previously reported to this Honourable Court in the April 24, 2008 Supplementary Confidential Report of the Monitor, the Matco Bid was vastly superior to all other bids for Piper's assets.
6. Following Piper's determination that the Matco Bid was the superior bid, Matco and Piper negotiated further and entered into a Letter Agreement on April 25, 2008 (the "Letter Agreement"). Attached as Exhibit "A" to this my Affidavit as a true copy of the Letter Agreement.
7. Matco is not in the business of operating oil and gas producing properties. Matco's nominee purchaser of Piper's assets pursuant to the Transaction (as defined in the Letter Agreement, and hereinafter the "Transaction") is Glenogle Energy Inc. ("Glenogle").
8. Since May 20, 2008, I have been regularly requesting of Mr. Cave that Matco and Glenogle be allowed to have access to Piper's land and operational records, so that Glenogle could plan to smoothly take over the operation of the assets after closing. As I stated to Mr. Cave, I believed it was important that this access be granted well in advance of June 12, so that Matco and Glenogle could gain sufficient detailed knowledge of the assets to be able to operate them after closing. In my experience, it is absolutely customary that a purchaser in this type of transaction would be granted such access for at least a number of weeks prior to closing. I am advised by Glenogle and believe that there

Chris Simard
Direct Line: 403.298.4485
e-mail: simardo@bennettjones.ca
Our File No.: 31376.77

April 23, 2008

Via Facsimile

Mr. James Hanley
Thackray Burgess
#1900, 736 - 6 Avenue SW
Calgary, AB T2P 3T7

Dear Mr. Hanley:

Re: **In the Matter of Piper Resources Ltd. and the Companies' Creditors Arrangement Act**
(the "CCAA") Action No. 0801-01618

We are writing further to our recent exchange of correspondence.

We have been discussing the terms under which Matco would be willing to agree to an extension of Piper's CCAA stay of proceedings, currently set to expire on April 28, 2008. Piper has indicated that it would like an extension of the CCAA stay to continue exploring opportunities that may preserve value for Piper's stakeholders. Matco's credit bid was the top bid for Piper's assets generated in the Tristone sales process.

Based on the foregoing, Matco is prepared to move forward on the basis set out below.

1. Matco will consent to one further extension of the CCAA stay of up to 45 days, to no later than Thursday, June 12, 2008 (the "Extended Stay");
2. by the conclusion of the Extended Stay, Matco and Piper shall complete the purchase and sale of all Piper's assets (the "Transaction") in accordance with the following:
 - (a) Matco would incorporate a new Alberta corporation ("Newco"). Newco would have authorized share capital consisting of an unlimited number of Class A voting common shares ("Class A Shares") and an unlimited number of Class B Non-Voting Common Shares ("Class B Shares");
 - (b) One hundred (100) Class A Shares would be issued to Matco or its nominees at a subscription price of \$1 per share;

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Lorne Gartner
Sworn before me this 5th
day of June 20 08
[Signature]

CHRIS SIMARD
Barrister and Solicitor

April 23, 2008

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- (c) Piper would transfer the petroleum and natural gas assets (the "PNG Assets") (but not the cash or receivables) to Newco in exchange for that number of Class B Shares as is equal to the dollar fair market value of the PNG Assets as determined pursuant to the most recent engineering report ("FMV") (approximately \$68,000,000). The purchase price would be agreed to be such FMV and, if requested by Newco, Piper would execute a T2057 election form specifying the aggregate "agreed amount" to be such fair market value. The purchase price would be allocated 80% to Canadian resource property and 20% to tangible depreciable property;
 - (d) Piper would transfer the Class B Shares, receivables and cash to Matco in exchange for the cancellation of all of the existing debt owing to Matco;
3. Matco's counsel shall prepare the agreements and documents necessary to close the Transaction forthwith, at Matco's expense (the "Closing Documents");
 4. Piper and Matco shall execute the Closing Documents on or before May 27, 2008, and the Closing Documents shall be held in escrow by Matco's counsel;
 5. Piper shall take and/or facilitate all steps reasonably necessary to close the Transaction by the conclusion of the Extended Stay (including but not limited to making and/or supporting a Court application to approve the closing of the Transaction by the conclusion of the Extended Stay); and
 6. Piper's obligation to close the Transaction by the conclusion of the Extended Stay shall be subject only to Matco agreeing to some alternative arrangement or transaction, in Matco's sole and unfettered discretion.

April 23, 2008
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If Piper is in agreement with the foregoing, kindly have Piper acknowledge its agreement below and return a signed copy of this letter to me at your earliest convenience.

Yours truly,

BENNETT JONES LLP



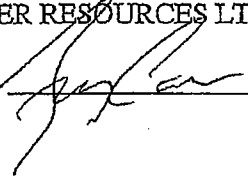
Chris Simard

CS/dmk

cc: Client (via email)

AGREED AND ACKNOWLEDGED THIS 25 DAY OF APRIL, 2008.

PIPER RESOURCES LTD.

Per:  _____

COPY

Chris Simard
Direct Line: 403.298.4485
e-mail: simardc@bennettjones.ca
Our File No.: 31376.77

June 4, 2008

Via Facsimile

Mr. James Hanley
Thackray Burgess
#1900, 736 - 6 Avenue S.W.
Calgary, AB T2P 3T7

Dear Mr. Hanley:

**Re: In the Matter of Piper Resources Ltd. ("Piper") and the Companies' Creditors
Arrangement Act - Action No. 0801-01618
April 25, 2008 Letter Agreement entered into between Piper and Matco Capital Ltd.
("Matco" and the "Letter Agreement")**

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Lorne Gartner
Sworn before me this 5th
day of June 20 08
[Signature]

CHRIS SIMARD
Barrister and Solicitor

We are writing to you respecting a serious issue of non-compliance with respect to Piper's obligations under the Letter Agreement. As you are aware, Piper agreed in the Letter Agreement to the following obligation, among other things:

Piper shall take and/or facilitate all steps reasonably necessary to close the Transaction by the conclusion of the Extended Stay (including but not limited to making and/or supporting a Court application to approve the closing of the Transaction by the conclusion of the Extended Stay).

As you know, the Extended Stay expires on June 12, 2008. For the past two or more weeks, Matco has been requesting that Piper provide to Matco and Glenogle (Matco's nominee purchaser with respect to the Transaction) access to Piper's land and operational records. As is the case in any asset purchase transaction of this nature, this access is absolutely essential, to enable the purchaser to smoothly take over the operation of the assets post-closing. As such, granting such access is a clear obligation of Piper under the Letter Agreement.

Last week, Piper promised that such access would be granted this week. As late as Monday June 2, Piper advised Matco that the access would be granted as early as Tuesday afternoon June 3, and no later than Wednesday June 4. However, Piper has failed to agree to a meeting and as of this morning, Piper management advised Matco that no such access meeting could be arranged without input from Piper's Board of Directors. With respect, that position is untenable. Piper has already agreed to the Letter Agreement; it does not need board approval to comply with its obligations thereunder.

June 4, 2008
Page Two

Piper's continued delay and refusal to allow this access meeting to proceed not only constitutes a breach of its obligations under the Letter Agreement, but also has (given the pendency of June 12) the potential to cause serious harm and damage to Matco and Glenogle. If Piper does not make arrangements by the close of business today, to grant the necessary access to Matco and Glenogle on or before Friday, June 5, 2008, we will be forced to bring an application before Macleod J. to compel Piper to comply with its obligation to do so.

Yours truly,

BENNETT JONES LLP

Chris Simard

CS/dmk

cc: Client (via email)
Howard Gorman

1900, 736 - 6th Avenue S.W. Calgary, Alberta T2P 3T7

THIS IS EXHIBIT " C "
referred to in the Affidavit of
Lorne Gartner
Sworn before me this 5th
day of June 20 08
[Signature]

June 5, 2008

SENT ELECTRONICALLY

BENNETT JONES LLP
Barristers and Solicitors
Attention: Chris Simard
4500, 855 - 2 Street SW
Calgary, AB, T2P 4K7

CHRIS SIMARD
Barrister and Solicitor

James G. Hanley
(403) 531-4712 (Phone)
(403) 531-4720 (Fax)
jhanley@thackrayburgess.com

Legal Assistant
Jo-Anne Cook
(403) 355-3318
jcook@thackrayburgess.com

OUR FILE: 34900-11

Dear Sir:

Re: Piper Resources Ltd.

In response to yours of the 4th, I would suggest there is some confusion as to Matco's entitlements under the Letter Agreement. I certainly don't need to remind you that Matco is governed by the Stay, Piper remains in possession of their assets under the CCAA, and is entitled to conduct business as usual. It is at this point presumptive to believe that Matco will be entitled to and will take possession of these assets on the 12th. It is more than likely that a Plan of Arrangement will be proposed. The continued pressure by Matco to gain access to the books and records of Piper, while understandable, is not a requirement of Piper, either under the Letter Agreement, or certainly under the Stay provisions of the CCAA.

Our clients have worked reasonably well together over this past few weeks. There is no intention on behalf of Piper to stall or delay. There is a finite number of resources at Piper. They have turned all of their attention to attracting new financing, and are simply not available this week at Matco's pleasure. Mr. Cave has advised Matco that there should be ample capacity early next week for this meeting. In the interim, if you think somehow Justice Macleod will lift his stay to allow this access, I invite that application. Hopefully however, everyone can step back and realize that if this meeting occurs next week, as opposed to Friday of this week, there is little harm or difference to Matco.

Yours truly,
THACKRAY BURGESS

[Signature]

James G. Hanley

JGH/jc

cc: Piper Resources, Attn: Greg Cave

cc: Piper Resources, Attn: Mike Thackray



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