



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.

SECOND REPORT OF THE COURT-APPOINTED MONITOR
DELOITTE & TOUCHE INC.

April 24, 2008

TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND	1
Introduction	1
Notice to Reader	1
Background	1
SALE OF ASSETS / PLAN OF ARRANGEMENT.....	2
FINANCIAL POSITION	3
Revenue.....	3
Secured Creditors	4
Builder's Liens.....	4
Joint Venture Partners.....	4
Unsecured Creditors	4
Federal and Provincial Government Liabilities	4
OPERATIONS.....	5
Capital Expenditures.....	5
Weekly Cash Flow Statement - Forecast.....	5
Weekly Cash Flow Statement - Actual.....	6
Payment of Pre-CCAA Liabilities	7
Post Petition Trade Creditors' Charge.....	8
EXTENSION OF STAY PERIOD	8
OTHER.....	8

SCHEDULES

Schedule 1	Piper Resources Ltd.'s Internally Prepared, Unaudited Weekly Projected Cash Flow Forecast for the period from February 15 to June 15, 2008 (includes actual figures to April 20, 2008)
Schedule 2	Piper Resources Ltd.'s Internally Prepared, Unaudited Actual Weekly Cash Flow for the period from February 15 to April 20, 2008
Schedule 3	Summary of Variances in Operating Costs and Royalties

INTRODUCTION AND BACKGROUND

Introduction

1. On February 15, 2008, Piper Resources Ltd. ("Piper" or the "Company"), formerly known as 2937077 Canada Inc., filed for protection under the *Companies' Creditors Arrangement Act* ("CCAA") and obtained an initial order from the Court of Queen's Bench of Alberta (the "CCAA Order") under which all proceedings against Piper were stayed for an initial period ended March 17, 2008. A Stay Extension Order was granted by the Court of Queen's Bench of Alberta on March 17, 2008, continuing the stay of proceedings to April 28, 2008 (the "Stay Period").
2. Under the CCAA Order, Deloitte & Touche Inc. was appointed as Monitor of Piper (the "Monitor"). The key obligations of the Monitor are noted in paragraph 29 of the CCAA Order and summarized in paragraphs 10 through 14 of the First Report of the Court-Appointed Monitor, filed on March 13, 2008 (the "First Report").
3. This report will be posted on the internet at www.deloitte.ca under the Insolvency and Restructuring link.

Notice to Reader

4. This report is not, and should not, be construed as an endorsement, comment, or recommendation to any creditor, prospective investor, or to any person to advance credit or provide goods and services, and/or to continue to provide goods and services or to lend monies to Piper.

Background

5. Paragraphs 4 through 9 of the First Report provide general background information on the Company and summarize the factors which resulted in Piper's application for protection under the CCAA.
6. As noted in Paragraph 6 of the First Report, Piper entered into a farm-out agreement with 1329749 Alberta ULC, a.k.a. Vitus Oil and Gas ULC, and 1329750 Alberta ULC, a.k.a. Bering Exploration Company ULC (collectively "1329750"). The original agreement, dated August 10, 2007, was subsequently renegotiated such that Piper agreed to commit funds totaling \$15.25 million for drilling, completion and equipment or abandonment costs by October 31, 2008. The farm-out agreement was again renegotiated on March 20, 2008 with Piper's commitment being reduced from \$15.25 million to \$9 million (the "Revised Agreement"). The Revised Agreement will only come into effect in the event that the following conditions are met:
 - a. Piper provides an irrevocable letter of credit or a deposit to be held in trust in the amount of \$3,000,000 as security for payment of any liquidated damages in the event of a default under the Revised Agreement; and

- b. One of the following two events occurs:
 - i. The Court approves a plan of arrangement under the CCAA that includes recognition of the Revised Agreement; or
 - ii. Piper raises sufficient funds to repay and discharge the security, held by Matco Capital Ltd., ("Matco") against Piper's assets, as detailed in paragraph 19.

SALE OF ASSETS/ PLAN OF ARRANGEMENT

7. As noted in paragraph 15 of the First Report, Piper's major assets consist of petroleum and natural gas properties. A reserve report prepared by AJM Petroleum Consultants as of December 31, 2007 assigned Piper's reserves a present value of just over \$57 million discounted at a rate of 10%. In addition to these reserves, the Company has undeveloped land, with an estimated value in excess of \$5 million.
8. Also, as noted in paragraph 27 of the First Report, in February 2008 Piper entered into an agreement with Tristone Capital Inc. ("Tristone") to either negotiate a merger, joint venture or other business combination, to seek out potential equity investments, or to complete the sale of the Company's assets.
9. Tristone initiated a broad sale process on February 6, 2008, whereby a detailed Confidential Memorandum was provided to numerous interested parties, subject to them signing a Non-Disclosure/ Confidentiality Agreement. Many of these interested parties attended technical presentations beginning on March 6, 2008.
10. The deadline for proposals was April 3, 2008. Tristone received several proposals, either for the purchase of all of Piper's assets, or for the purchase of only specific assets.
11. Matco, Piper's principal secured creditor, submitted the highest proposal. The proposal was for the purchase of all assets, including the farm-out agreement between Piper and 1329750. It was not subject to any approvals, financing or due diligence conditions; however, it was conditional on the following:
 - a. Piper and Matco making a joint successor election under the Income Tax Act with respect to any oil and gas properties;
 - b. Approval of the Court of Queen's Bench of Alberta, on or before April 30, 2008; and
 - c. The discharge of any existing claims, charges or liens against Piper's assets.
12. The details of the Matco Proposal and the other proposals received as a result of the Tristone Sale Process are being concurrently provided to the Court, in the sealed Confidential Supplementary Report of the Court–Appointed Monitor, filed on April 24, 2008.

13. Given the extensive sales process that was undertaken, we believe that the proposals received by Tristone reflect the market conditions existing at that time.
14. In January 2008, Piper also engaged Allied Capital Corporation ("Allied") to seek out potential equity and/or debt investments. In addition, the Company has had discussions with various other parties and are currently in negotiations with Provident Group Asset Management, based out of New York ("Provident").
15. At the time of the preparation of this report, Piper has yet to finalize its anticipated April 28, 2008 application to extend the Stay Period. Further, we are unaware of the position of Matco with respect to any extension request. We will advise the Court of our position with respect to any extension of the Stay Period at the April 28, 2008 Court application.

FINANCIAL POSITION

Revenue

16. As noted in paragraph 16 of the First Report, Piper originally estimated that ongoing resource revenue of \$3.97 million would be collected for the three month period from January 1 to March 31, 2008. Piper sells all of its natural gas on the spot market at the current AECO rate. During the period from January 1 to March 31, 2008, this rate was consistently above Piper's initial projection of \$7.87/Mcf. Piper's projected AECO rate for the month of April of \$9.70/Mcf reflects increasing market rates. The Company has now estimated that revenue of \$1.53 million will be collected for the month of April 2008. To date, revenues received for January and February have been over \$519,000 above initial estimates. March revenues are scheduled for receipt on April 25, 2008.
17. In addition to Piper's resource revenue, the Company estimated net cost reimbursement from joint venture partnerships would total \$186,000 for the period from February 15 to April 20, 2008. To date, actual net cost reimbursement from joint venture partners is \$247,757. Certain invoices have yet to be received by Piper which, once paid, will reduce this figure making it more consistent with initial estimates.
18. The Company may receive additional funds totaling approximately \$847,000, relating to a Quebec refundable input tax credit. The timing and collectibility of these funds continues to be uncertain.

Secured Creditors

19. As detailed in paragraph 19 of the First Report, Piper's principal secured creditor, Matco, is owed a total of approximately \$51.7 million. Of this indebtedness, approximately \$6.7 million relates to principal and interest on a convertible debenture and approximately \$45 million relates to principal and interest under a loan agreement, which matured on February 28, 2008. These debts are secured respectively by a General Security Agreement, registered at the Alberta Personal Property Registry on November 27, 2006, and a General Security Agreement and a Land Charge, registered at the Alberta Personal Property Registry on August 9, 2007 (collectively referred to as the "Matco Security"). We have obtained a legal opinion that the Matco security is valid, enforceable and ranks in first position, subject to the Court's determination with respect to any potential priority claims.
20. As detailed in paragraph 6, Piper entered into a farm-out agreement with 1329750 on August 10, 2007, the terms of which were recently renegotiated. 1329750 holds a floating charge demand debenture in the amount of \$12.5 million over all of Piper's present and after acquired property, which was registered at the Alberta Personal Property Registry on August 27, 2007 (the "1329750 Security"). The 1329750 Security was registered subsequent to the Matco Security. We have not yet obtained a legal opinion with respect to the validity and enforceability of the 1329750 Security.

Builder's Liens

21. Several encumbrances have now been registered with the Alberta Department of Energy against certain Crown Agreements in which Piper has an interest. The Company is currently reviewing these liens, which total approximately \$96,349, to determine whether they are valid and enforceable and whether they rank in priority to the Matco Security.

Joint Venture Partners

22. Piper is determining if additional claims for pre-CCAA amounts due to joint venture partners, now estimated at over \$416,000, may constitute priority claims in the CCAA proceedings.

Unsecured Creditors

23. As at February 15, 2008, Piper had unsecured trade creditors with estimated claims of \$3.9 million.
24. It remains uncertain whether there will be sufficient funds available to provide for any distribution to the unsecured creditors; therefore, no claims process will be requested of the Court at this time.

Federal and Provincial Government Liabilities

25. The Company advises that all of its government filings and remittances relating to source deductions, and income taxes are current.

26. Piper has now filed their outstanding GST returns for the periods ending January 31 and February 29, 2008 which resulted in outstanding GST liabilities of \$79,820 and \$23,647 respectively. Of the \$23,647 due for February 2008, it is estimated that \$11,823 relates to the post-CCAA period. The post-CCAA GST liability for the period from March 1 to 31, 2008 has not yet been determined.
27. The Company continues to hold significant unused tax losses, estimated at approximately \$97 million, which may or may not constitute an attribute in a restructuring plan.

OPERATIONS

28. The Company has continued operations on a business as usual basis. Results of the Company's operations since February 15, 2008 are discussed below.

Capital Expenditures

29. Pursuant to paragraphs 36 through 38 of the CCAA Order, Piper was authorized and empowered to borrow funds not in excess of \$750,000, (the "DIP Loan"). The DIP Loan was provided by Matco who advanced Piper funds totaling \$189,245 to enhance selected zones of the Company's Sinclair well. Due to the early onset of break-up, Piper was unable to complete these enhancements or to benefit from any corresponding increase in production. We note that the DIP Loan is not reflected in either the Company's forecast or actual cash flow projections.
30. Piper also paid funds on hand totaling \$74,467 to initiate the following additional enhancements:
- a. The re-perforation of a well in the Gordondale area (resulted in only a minimal production increase), and
 - b. The re-frac of a well in the Pouce Coupe region (incomplete, due to the onset of breakup).

Weekly Cash Flow Statement - Forecast

31. "Schedule 2" to the First Report is a copy of the Company's updated, internally prepared, unaudited weekly cash flow forecast for the three months ending May 4, 2008 (the "Cash Flow Forecast"). Piper has now prepared an updated internal, unaudited weekly cash flow forecast that extends through to June 15, 2008 (the "Extended Cash Flow Forecast"). A copy of the Extended Cash Flow Forecast is attached as "Schedule 1" and summarized below:

Cash Flow Forecast for the Four Month Period ending June 15, 2008	
Opening Cash Position - February 15, 2008	\$ 520,885
Estimated Cash Receipts	6,441,863
Estimated Cash Disbursements	<u>(5,718,669)</u>
Estimated Closing Cash Position – June 15, 2008	<u>\$ 1,244,079</u>

32. The Extended Cash Flow Forecast includes actual figures up to April 20, 2008.
33. Paragraph 37 of the First Report outlines the significant assumptions used in preparing the Cash Flow Forecast. Other than where specifically noted, the same assumptions remain applicable to the Extended Cash Flow Forecast.
34. Paragraph 38 of the First Report outlines disbursements totaling \$188,000 that were not initially included in Piper's Cash Flow Forecast. These expenses were subsequently determined to be necessary to the Company's ongoing operations and are included in all current projections.
35. Piper anticipates that, based on current assumptions, there will be sufficient cash flow to meet its on-going expenses and pay the costs of restructuring through to June 15, 2008.

Weekly Cash Flow Statement - Actual

36. Attached as "Schedule 2" is a copy of the Company's internally prepared, unaudited actual weekly cash flow for the period from February 15 to April 20, 2008 (the "Actual Cash Flow").
37. A summary of the variance analysis between Piper's Weekly Cash Flow Forecast and the Company's actual results for the period from February 15 to April 20, 2008 is included below:

Forecast vs. Actual Cash Flow	Period from February 15 to April 20, 2008		
	Forecast	Actual	Variance
Opening Cash Position	\$ 539,000	\$ 520,885	\$ (18,115)
Receipts	2,785,000	3,301,863	516,863
Disbursements	<u>(3,131,153)</u>	<u>(2,446,670)</u>	<u>684,483</u>
Net Cash Flow	<u>(346,153)</u>	<u>855,194</u>	<u>1,201,347</u>
Estimated Closing Cash Position	\$ <u>192,847</u>	\$ <u>1,376,079</u>	\$ <u>1,183,232</u>

38. Piper's net cash receipts were \$516,863 higher than originally estimated for the period, largely due to higher than anticipated natural gas prices.
39. A detailed summary of the variances in Cash Disbursements for the period from February 15 to April 20, 2008 is included below:

Forecast vs. Actual Cash Disbursements	Period from February 15 to April 20, 2008		
	Forecast	Actual	Variance
General and Administrative (Office)	\$ (390,600)	\$ (399,025)	\$ (8,425)
Contract Operators	(75,300)	(79,890)	(4,590)
Operating Costs and Royalties	(1,241,500)	(994,722)	246,778
Payments to Joint Venture Partners	(89,000)	(24,709)	64,291
CCAA Administration Fees	(450,000)	(327,841)	122,159
Interest on Secured Debt	(600,103)	(596,835)	3,268
Contingency	<u>(284,650)</u>	<u>(23,647)</u>	<u>261,003</u>
Total Disbursements	<u>\$ (3,131,153)</u>	<u>\$ (2,446,670)</u>	<u>\$ 684,483</u>

40. We provide the following specific comments with respect to these variances:
- a. Operating Costs and Royalties were \$246,778 lower than initially projected, largely due to differences in the timing of certain payments. Detailed information on both the amounts included in this variance and the reasons for this variance are attached as Schedule "3";
 - b. As at April 20, 2008, CCAA administration costs totaling approximately \$327,841 have been paid, more than \$122,000 lower than initially estimated; and
 - c. Also as at April 20, 2008, Piper has paid only \$23,647 from contingency funds, \$261,003 less than initially estimated. As discussed in Paragraph 26, these funds were remitted to Canada Revenue Agency in respect of Piper's February 2008 GST return. Capital expenditures totaling \$74,467, described in paragraph 30, were included in Operating Costs and Royalties for the purpose of the Company's variance analysis, but are included as a contingency item in the Extended Cash Flow Forecast.
41. We did not note any material adverse change in the Company's projected cash flow that would impair the Company's ability to carry on operations.

Payment of Pre-CCAA Liabilities

42. In accordance with paragraph 18 of the CCAA Order, the Company was authorized to pay, with the approval of the Monitor, costs and expenses incurred before the date of the Order which it considered to be essential to continued business operations. Paragraphs 48 through 51 of the First Report detail the payment of pre-CCAA liabilities for the period ended March 9, 2008.
43. With the Monitor's approval and following discussions with Matco, Piper has made the following additional payments of pre-CCAA liabilities since March 9, 2008:
- a. Piper has made payments to Spectra for gas processing services from December 1, 2007 to January 31, 2008 totaling \$217,634 (\$121,164 – December, \$96,470 – January). It is anticipated that an additional payment, estimated at \$46,812, will be due for the period from February 1 to 14, 2008. As noted in paragraph 48 of the First Report, Spectra provides ongoing gas processing services that are critical to the Company's operations.
 - b. Piper has paid gross over-riding royalties ("GORRs") estimated at \$34,211 for January, 2008, bringing total pre-CCAA GORRs paid to \$59,972. Piper has also paid freehold royalties ("Freeholds") in the amount of \$167,464 for January 2008, bringing total pre-CCAA Freeholds paid to \$308,935. Additional Freeholds, for the period from February 1 to 14, 2008, will be paid by the Company in the ordinary course. Both GORRs and Freeholds have priority; therefore, these payments are being made as they become due.

- c. Piper has made payments of \$14,421 to contract operators for pre-CCAA services for the period from February 1 to 14, 2008, bringing total pre-CCAA payments to contract operators to \$38,422. These contract operators are necessary to the Company's continuing and ongoing operations.

Post-Petition Trade Creditors' Charge

44. Pursuant to paragraph 40 of the CCAA Order, trade creditors that continue to provide goods and services after the date of the CCAA Order ("Post-Petition Trade Creditors"), are granted a secured interest in the Company's assets in the aggregate and maximum amount of \$750,000 (the "Post-Petition Trade Creditors Charge"). Trade creditors are cautioned to note that the Post-Petition Trade Creditors Charge is subordinate to both the Matco Security and the 1397520 Security.

EXTENSION OF STAY PERIOD

45. As noted in paragraph 15, at the time of the preparation of this report, Piper has yet to finalize its anticipated April 28, 2008 application to extend the Stay Period. Further, we are unaware of Matco's position with respect any extension request. We will advise the Court of our position with respect to any such extension of the Stay Period at the April 28, 2008 application, in contemplation of which, we advise as follows:
 - a. There have been no material changes to Piper's operations since the date of the CCAA Order;
 - b. We are of the view that the Company has acted and is acting in good faith and with diligence;
 - c. The Company continues to make ongoing interest payments to Matco, with respect to outstanding interest due under the Loan Agreement; and
 - d. Piper anticipates that they will have sufficient cash flow to pay both their ongoing operating expenses as well as the CCAA administration costs.

OTHER

46. We require no further advice, direction or assistance from the Court at this time.

DELOITTE & TOUCHE INC.,
in its sole capacity as Court-Appointed Monitor
of Piper Resources Ltd.
and not in its personal capacity



Victor P. Kroeger, CA•CIRP, CFE
Senior Vice-President

SCHEDULES

SCHEDULE 1

	Week Beginning									Total
	Total to 14_Apr-08	21-Apr-08	28-Apr-08	5-May-08	12-May-08	19-May-08	26-May-08	2-Jun-08	9-Jun-08	
Actual										
Cash balance as at February 15, 2008 and start of period	\$520,885	\$1,376,079	\$2,589,529	\$1,537,848	\$1,429,348	\$1,098,498	\$984,018	\$1,716,429	\$1,587,429	
Cash Payments:										
General and administrative (office)										
Payroll	-\$132,051	\$0	-\$35,000	\$0	-\$35,000	\$0	-\$35,000	\$0	-\$35,000	-\$272,051
Benefits	-\$8,728	\$0	-\$4,300	\$0	\$0	-\$4,300	\$0	\$0	\$0	-\$17,328
Rent and parking (Note 1)	-\$63,678	\$0	-\$30,000	\$0	\$0	\$0	\$0	-\$30,000	\$0	-\$123,678
Consultants - Land Admin	-\$6,846	\$0	\$0	-\$6,500	\$0	\$0	\$0	-\$6,500	\$0	-\$19,846
Consultants - Production Accounting	-\$13,157	\$0	\$0	-\$6,000	\$0	\$0	\$0	-\$6,000	\$0	-\$25,157
Reserve Report	-\$45,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$45,612
Audit	\$0	\$0	-\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	-\$25,000
Accumap License	-\$40,187	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,187
Tristone Engagement Fee	-\$52,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$52,500
Other	-\$36,268	-\$5,500	-\$5,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$92,268
Total G&A Expenses	-\$399,025	-\$5,500	-\$99,800	-\$20,000	-\$42,500	-\$11,800	-\$42,500	-\$50,000	-\$42,500	-\$713,625
Contract Operators:										
Jackson Well Service	-\$42,833	\$0	\$0	\$0	-\$15,000	\$0	\$0	\$0	-\$15,000	-\$72,833
Cabreka Oilfield	-\$23,037	\$0	\$0	\$0	-\$9,000	\$0	\$0	\$0	-\$9,000	-\$41,037
Bear Creek Maintenance	-\$7,361	\$0	\$0	\$0	-\$2,000	\$0	\$0	\$0	-\$2,000	-\$11,361
Roddor Contracting	-\$6,660	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$6,660
Total Contract Operator Costs	-\$79,890	\$0	\$0	\$0	-\$26,000	\$0	\$0	\$0	-\$26,000	-\$131,890
Operating Costs and Royalties:										
Crown Royalties Payments	-\$308,935	\$0	-\$210,000	\$0	\$0	\$0	-\$250,000	\$0	\$0	-\$768,935
Overriding Royalty Payments	-\$59,972	\$0	-\$35,000	\$0	\$0	\$0	-\$50,000	\$0	\$0	-\$144,972
Crown Royalty Deposit Payment	-\$75,250	\$0	-\$210,000	\$0	\$0	\$0	\$0	\$0	\$0	-\$285,250
Spectra Midstream (Gas Transportation)	-\$317,635	-\$95,000	\$0	\$0	-\$100,000	\$0	\$0	\$0	\$0	-\$512,635
PrimeWest (Gas Transportation)	\$0	\$0	-\$25,000	\$0	\$0	-\$25,000	\$0	\$0	\$0	-\$50,000
Other Suppliers	-\$158,463	-\$35,000	-\$32,500	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$140,000	-\$565,963
Total Operating Costs	-\$920,255	-\$130,000	-\$512,500	-\$40,000	-\$140,000	-\$65,000	-\$340,000	-\$40,000	-\$140,000	-\$2,327,755
Payments to Joint Venture Partners	-\$24,709	-\$50,000	\$0	\$0	-\$65,000	\$0	\$0	\$0	-\$65,000	-\$204,709
CCAA Administration Fees (\$50,000 per week)	-\$327,841	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$727,841
Interest on Secured Debt (at 8.25%)	-\$596,835	\$0	-\$305,137	\$0	\$0	\$0	-\$315,308	\$0	\$0	-\$1,217,280
sub-total of Cash Payments	-\$2,348,555	-\$235,500	-\$967,437	-\$110,000	-\$323,500	-\$126,800	-\$747,808	-\$140,000	-\$323,500	-\$5,323,101
Contingency (10% of Cash Payments)	-\$98,114	-\$23,550	-\$96,744	-\$11,000	-\$32,350	-\$12,680	-\$74,781	-\$14,000	-\$32,350	-\$395,569
Total Cash Payments	-\$2,446,670	-\$259,050	-\$1,064,181	-\$121,000	-\$355,850	-\$139,480	-\$822,589	-\$154,000	-\$355,850	-\$5,718,669
Total Cash Receipts										
Estimated Revenue	\$3,029,397	\$1,460,000		\$0	\$0	\$0	\$1,530,000	\$0	\$0	\$6,019,397
Payment from Joint Venture Partners	\$272,466	\$12,500	\$12,500	\$12,500	\$25,000	\$25,000	\$25,000	\$25,000	\$12,500	\$422,466
Total Cash Receipts	\$3,301,863	\$1,472,500	\$12,500	\$12,500	\$25,000	\$25,000	\$1,555,000	\$25,000	\$12,500	\$6,441,863
Excess of Cash Receipts over Cash Payments	\$855,194	\$1,213,450	-\$1,051,681	-\$108,500	-\$330,850	-\$114,480	\$732,411	-\$129,000	-\$343,350	\$723,194
Cash Balance at End of Period	\$1,376,079	\$2,589,529	\$1,537,848	\$1,429,348	\$1,098,498	\$984,018	\$1,716,429	\$1,587,429	\$1,244,079	

Note 1 - the rent and parking expense shown in the week of April 28, 2008 relates to May's expense.

SCHEDULE 2

	Week Beginning									Total
	18-Feb-08 Actual	25-Feb-08 Actual	3-Mar-08 Actual	10-Mar-08 Actual	17-Mar-08 Actual	24-Mar-08 Actual	31-Mar-08 Actual	7-Apr-08 Actual	14-Apr-08 Actual	
Cash balance as at February 15, 2008 and start of period	\$520,885	\$523,948	\$1,534,706	\$1,225,503	\$903,828	\$630,048	\$1,904,569	\$1,731,895	\$1,358,997	
Cash Payments:										
General and administrative (office)										
Payroll	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$132,051
Benefits	\$0	\$0	\$0	-\$4,364	\$0	\$0	\$0	\$0	-\$4,364	-\$8,728
Rent and parking (Note 1)	\$0	\$0	-\$32,062	\$0	\$0	\$0	-\$31,616	\$0	\$0	-\$63,678
Consultants - Land Admin	\$0	\$0	\$0	-\$6,846	\$0	\$0	\$0	\$0	\$0	-\$6,846
Consultants - Production Accounting	\$0	\$0	\$0	-\$6,615	\$0	\$0	\$0	-\$6,542	\$0	-\$13,157
Reserve Report	\$0	-\$29,048	\$0	\$0	\$0	\$0	\$0	-\$16,564	\$0	-\$45,612
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumap License	\$0	\$0	\$0	-\$40,187	\$0	\$0	\$0	\$0	\$0	-\$40,187
Tristone Engagement Fee	\$0	-\$52,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$52,500
Other	-\$1,175	-\$10,777	-\$484	-\$6,446	-\$3,338	-\$3,699	-\$841	-\$7,452	-\$2,054	-\$36,268
Total G&A Expenses	-\$1,175	-\$125,338	-\$32,547	-\$97,470	-\$3,338	-\$36,712	-\$32,457	-\$63,571	-\$6,417	-\$399,025
Contract Operators:										
Jackson Well Service	\$0	-\$11,947	\$0	-\$15,819	\$0	\$0	\$0	-\$15,066	\$0	-\$42,833
Cabreka Oilfield	\$0	-\$5,229	\$0	-\$8,243	\$0	\$0	\$0	-\$9,566	\$0	-\$23,037
Bear Creek Maintenance	\$0	-\$2,415	\$0	-\$2,531	\$0	\$0	\$0	-\$2,415	\$0	-\$7,361
Rodder Contracting	\$0	-\$4,410	\$0	-\$2,250	\$0	\$0	\$0	\$0	\$0	-\$6,660
Total Contract Operator Costs	\$0	-\$24,001	\$0	-\$28,842	\$0	\$0	\$0	-\$27,046	\$0	-\$79,890
Operating Costs and Royalties:										
Crown Royalties Payments	\$0	-\$141,471	\$0	\$0	\$0	-\$167,464	\$0	\$0	\$0	-\$308,935
Overriding Royalty Payments	\$0	-\$25,761	\$0	\$0	\$0	-\$34,211	\$0	\$0	\$0	-\$59,972
Crown Royalty Deposit Payment	\$0	\$0	\$0	\$0	\$0	-\$75,250	\$0	\$0	\$0	-\$75,250
Spectra Midstream (Gas Transportation)	\$0	\$0	\$0	-\$100,000	-\$121,164	-\$96,470	\$0	\$0	\$0	-\$317,635
PrimeWest (Gas Transportation)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Suppliers	\$0	-\$7,508	-\$15,963	-\$15,780	-\$56,596	\$0	\$0	-\$62,616	\$0	-\$158,463
Total Operating Costs	\$0	-\$174,741	-\$15,963	-\$115,780	-\$177,760	-\$373,395	\$0	-\$62,616	\$0	-\$920,255
Payments to Joint Venture Partners	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$24,709	\$0	-\$24,709
CCAA Administration Fees (\$50,000 per week)	\$0	\$0	-\$34,650	-\$121,940	-\$33,002	-\$11,875	\$0	-\$126,375	\$0	-\$327,841
Interest on Secured Debt (at 8.25%)	\$0	\$0	-\$325,479	\$0	\$0	\$0	-\$199,726	-\$71,630	\$0	-\$596,835
sub-total of Cash Payments	-\$1,175	-\$324,080	-\$408,639	-\$364,032	-\$214,100	-\$421,982	-\$232,183	-\$375,946	-\$6,417	-\$2,348,555
Contingency (10% of Cash Payments)	\$0	\$0	\$0	\$0	-\$74,467	\$0	\$0	\$0	-\$23,647	-\$98,114
Total Cash Payments	-\$1,175	-\$324,080	-\$408,639	-\$364,032	-\$288,567	-\$421,982	-\$232,183	-\$375,946	-\$30,065	-\$2,446,670
Total Cash Receipts										
Estimated Revenue	\$0	\$1,332,895	\$0			\$1,696,503				\$3,029,397
Payment from Joint Venture Partners	\$4,238	\$1,943	\$99,436	\$42,358	\$14,787	\$0	\$59,509	\$3,048	\$47,146	\$272,466
Total Cash Receipts	\$4,238	\$1,334,838	\$99,436	\$42,358	\$14,787	\$1,696,503	\$59,509	\$3,048	\$47,146	\$3,301,863
Excess of Cash Receipts over Cash Payments	\$3,063	\$1,010,758	-\$309,203	-\$321,674	-\$273,780	\$1,274,521	-\$172,674	-\$372,898	\$17,081	\$855,194
Cash Balance at End or Period	\$523,948	\$1,534,706	\$1,225,503	\$903,828	\$630,048	\$1,904,569	\$1,731,895	\$1,358,997	\$1,376,079	

Note 1 - the rent and parking expense shown in the week of April 28, 2008 relates to May's expense.

SCHEDULE 3

Piper Resources Ltd.
Summary of Variances in Operating Costs and Royalties

1. Crown royalties were \$29,065 lower than initially estimated, while gross overriding royalties were \$4,972 higher than initially estimated, resulting in a net variance of \$24,093. These variances were not material with actual costs being within 10 percent of initial estimates.
2. The amount of an additional deposit due in respect of crown royalties is still being finalized. An initial payment of \$75,250 has been made to the crown with a net estimated \$144,750 still outstanding. The crown previously held all deposits in the name of Argali Oil Inc. ("Argali"), Piper's wholly-owned subsidiary. Once the crown has transferred all wells into Piper's name, the Company may be refunded a portion of the Argali deposits.
3. Piper had scheduled additional payments totaling approximately \$252,402 to Spectra Midstream (Gas Transportation) ("Spectra"), Prime West (Gas Transportation) and other suppliers. Certain invoices, for good and services provided to date, have yet to be received.
4. As noted in Paragraph 49 of the First Report, Piper agreed to provide Spectra with a security deposit in the amount of \$100,000, to be held by Spectra to guarantee payment of future invoices. The Company has now paid this deposit which was not included in initial cash flow projections.
5. Payments totaling \$74,467 were made to complete planned capital expenditures. Of the \$74,467, \$67,847 was paid to Canyon Technical Services ("Canyon") to re-frac one of Piper's Pouce Coupe wells. Due to the early onset of break-up, this project could not be completed; therefore, a portion of the amount paid to Canyon will be refunded.

**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. C36, AS AMENDED**

**AND IN THE MATTER OF
PIPER RESOURCES LTD.**

**SECOND REPORT OF THE COURT-APPOINTED MONITOR
DELOITTE & TOUCHE INC.**

April 24, 2008

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