

*Name of Deponent: Lorne Gartner
Date sworn: June 11, 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.

SUPPLEMENTAL 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. I make this Affidavit supplemental to my Affidavit sworn on June 10, 2008 and filed with this Honourable Court.
2. On June 10, 2008, Matco received from its counsel the June 9, 2008 Letter of Intent from Startide Investments to Piper (the "Letter of Intent").
3. Matco has reviewed the Letter of Intent and finds it to be entirely unacceptable and commercially unreasonable. Matco will not support any CCAA Plan of Arrangement or Compromise based on the Letter of Intent.
4. On June 11, 2008, I sent to Piper a letter, formally setting out Matco's position with respect to the Letter of Intent and providing the reasons why Matco had come to that

conclusion. Attached as Exhibit "A" to this my Supplemental Affidavit is a true copy of that June 11, 2008 letter.

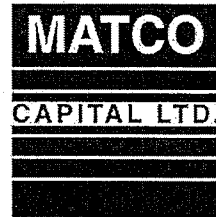
- 5. I make this Supplemental Affidavit in support of an Application to obtain this Honourable Court's appointment of Deloitte & Touche Inc. as Receiver, to effect the sale of Piper's assets to Matco and in opposition to any further extension of the stay of proceedings under the CCAA.

SWORN BEFORE ME at the City of)
 Calgary, in the Province of Alberta,)
 this 11th day of June, 2008.)
 _____)
 A Commissioner for Oaths)
 in and for the Province of Alberta)



 LORNE GARTNER

CHRIS SIMARD
 Barrister and Solicitor



June 11, 2008

Via Email: greg.cave@piperresources.ca

Mr. Greg Cave
Piper Resources Ltd.
#900, 500 - 4th Avenue S.W.
Calgary, AB T2P 2V6

THIS IS EXHIBIT " K "
referred to in the Affidavit of
Supplemental
Loane Gartner
Sworn before me this 11th
day of June 2008
Chris Simard

CHRIS SIMARD
Barrister and Solicitor

Dear Mr. Cave:

Re: Startide Investments ("Startide") Letter of Intent dated June 9, 2008 (the "Letter of Intent")

We have reviewed the Letter of Intent and are writing to provide our formal response to you. In Matco's view, the Letter of Intent is entirely unacceptable and is not commercially reasonable. Matco would not support any Plan of Arrangement or Compromise based on the Letter of Intent. The following is a non-comprehensive list of some of what we see as fatal deficiencies in the Letter of Intent:

- (a) The Letter of Intent is not unconditional, but instead is only an "expression of interest" and provides no assurance whatsoever that a closing will ever occur;
- (b) Startide has only expressed an interest to invest "up to" \$15 Million, which is insufficient to repay Matco's debt;
- (c) There is no statement whatsoever of the actual amount that Startide and its syndicate would invest, and they have not even committed to investing a minimum amount;

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- (d) Startide speaks of a syndicate, but there is no list of syndicate numbers, nor any indication that a syndicate has been or will be formed;
- (e) There is no information provided as to Startide's own creditworthiness or that of the syndicate's, and no assurance that Startide or the syndicate members have the ability to invest "up to" \$15 Million;
- (f) Startide has provided no references to assure the parties or the Court of its ability to perform under the Letter of Intent;
- (g) The Letter of Intent requires Matco to forebear from being repaid its debt, for up to 34 months, while during that period, Startide will have full access to all the revenue generated from the (depreciating) assets secured to Matco. As Matco has stated repeatedly to Piper, full payment of the Matco debt is required, as per the terms of the loans;
- (h) The Letter of Intent is subject to a number of very significant conditions including "due diligence", "satisfactory negotiations with all stakeholders" and approval of a "written development plan". The process of satisfying these conditions has not even begun yet and the conditions are certain to remain unsatisfied, as Matco will not agree to the terms proposed by Startide;
- (i) Startide wishes to use Piper as a vehicle for "development outside Canada" which Matco would refuse to be involved in, given Piper's present management team;
- (j) Startide proposes that Piper's current shareholders will receive 20% of the shares of the company. Since the value of the current shareholder's investment in Piper is zero, it is obvious that the value that would be provided in exchange for their future 20% stake is based on Matco agreeing to forbear from payment on its first-ranking secured debt. This is a patently non-commercial proposition for Matco and is totally unacceptable;
- (k) No detail whatsoever is provided about the most basic elements of the proposed deal, such as the financial structure of the company. Instead, such details are proposed to be outlined in the "definitive documentation which shall be developed after execution of this agreement and during subsequent discussion"

with the stakeholders. This is further evidence of the entirely conditional and preliminary nature of the Letter of Intent; and

- (I) Matco had previously reviewed a proposal from the Startide group in a telephone conversation arranged by Piper. In that conversation, Matco clearly stated to Startide that Matco required full payment of its loans pursuant to the terms of those loans. Startide has simply ignored that fact, as the Letter of Intent obviously does not satisfy this minimum requirement.

If you would like to discuss further, please feel free to call.

Yours truly,

MATCO CAPITAL LTD.



Lorne Gartner

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