



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.

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

June 11, 2008

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SCHEDULES

Schedule 1	April 23, 2008 letter from Bennett Jones LLP to Thackray Burgess
Schedule 2	June 9, 2008 Letter of Intent from Startide Investments to Piper Resources Ltd.
Schedule 3	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 June 1, 2008)
Schedule 4	Piper Resources Ltd.'s Internally Prepared, Unaudited Actual Weekly Cash Flow for the period from February 15 to June 1, 2008
Schedule 5	Summary of Variances in Operating Costs and Royalties
Schedule 6	Summary of CCAA Administration Costs paid to June 10, 2008

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 the terms of the Initial Order, all proceedings against Piper were stayed for an initial period ended March 17, 2008. A Stay Extension Order was granted on March 17, 2008 continuing the stay of proceedings until April 28, 2008 at which time a second Stay Extension Order was granted continuing the stay of proceedings until June 12, 2008 (the "Extended Stay Period").
2. The First Report of Deloitte & Touche Inc. as Court Appointed Monitor (the "Monitor") was filed on March 13, 2008 (the "First Report"). The Second Report of the Monitor was filed on April 24, 2008 (the "Second Report"). The Confidential Supplementary Report of the Monitor was provided to and sealed by the Court on April 28, 2008 (the "First Confidential Report"). The Second Confidential Supplementary Report of the Monitor was also provided to and sealed by the Court on April 28, 2008 (the "Second Confidential 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.

SALE OF ASSETS/ PLAN OF ARRANGEMENT

6. As noted in paragraph 15 of the First Report and paragraph 7 of the Second 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 for which they estimate a value in excess of \$5 million (collectively the "PNG Assets").
7. In February 2008, Piper retained Tristone Capital Inc. ("Tristone"), who initiated a sale process in respect of the PNG Assets. Additional information regarding the sale process is provided in paragraphs 7 to 9 of the Second Confidential Report. The deadline for receipt of proposals was April 3, 2008. The results of the sale process are detailed in the First Confidential Report.
8. As detailed in Paragraph 11 of the Second Report, Matco Capital Ltd. ("Matco"), Piper's principal secured creditor, submitted the highest proposal (the "Matco Proposal"). The Matco Proposal was for the purchase of the PNG Assets and originally included a farm-out agreement between Piper and 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 Matco Proposal was later amended to exclude the farm-out agreement. 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.
9. Matco supported the Extended Stay Period on the condition that, prior to June 12, 2008, the necessary materials be agreed upon, prepared and executed by Piper in order to effect the sale of the PNG Assets to Matco (the "Matco Transaction"). The Matco Transaction was to be completed under the terms outlined in the April 23 correspondence from Bennett Jones LLP, Matco's legal counsel, to Thackray Burgess, the Company's legal counsel, a copy of which is attached as Schedule "1".
10. In connection with the Matco Transaction, the following steps were to be completed prior to the expiration of the Extended Stay Period:
 - a. Matco's legal counsel was to prepare those agreements and documents necessary to close the Matco Transaction which included making or supporting an application for Court approval of the Matco Transaction;

-
- b. On or before May 27, 2008, Piper and Matco were to execute the closing documents for the Matco Transaction which would then be held in escrow by Matco's counsel;
 - c. Piper would take and/or facilitate all steps reasonably necessary to close the Matco Transaction which included making an application for Court approval of the Matco Transaction.
 11. Piper's obligation to be in a position to close the Matco Transaction prior to the expiration of the Extended Stay Period was subject only to Matco agreeing, at their discretion, to an alternative arrangement or transaction.
 12. During the Extended Stay Period, Piper met with numerous parties in an effort to negotiate a merger, joint venture or "business combination" or to seek out potential equity investments. On June 9, 2008, Piper received a Letter of Intent from Startide Investments ("Startide"), a copy of which is attached as Schedule "2", whereby Startide confirmed their interest in restructuring the Company under the following terms:
 - a. Startide would lead a syndicate to invest up to \$15 million in Piper to be applied against "financial pro-forma and development schedule"; and
 - b. Startide would assume Piper's existing indebtedness to Matco on a proposed repayment schedule, extending over 42 months.
 - The Startide Letter of Intent was conditional on Startide completing certain due diligence on the negotiation of a Court-approved CCAA Plan of Arrangement and on the consummation of a mutually agreed upon written development plan which was to include additional out-of-country developments.
 13. The Letter of Intent does not provide any guidance or detail as to what Piper may propose to the unsecured creditors pursuant to a CCAA Plan of Arrangement.
 14. The Monitor has not been a party to or participated in any negotiations with Startide. Further the Monitor has no information or knowledge as to the financial ability of Startide to conclude a transaction with Piper. It is the Monitor's information that Matco has, as of the time of the preparation of this report, rejected the terms in Startide's Letter of Intent and has not negotiated any other alternative arrangements.
 15. On June 10, 2008, Matco made an application to compel Piper to grant both Matco and Glenogle Resources Ltd., Matco's nominee purchaser, immediate and reasonable access to the Company's books and records, in contemplation of the closing of the Matco Transaction. This application was adjourned to June 12, 2008.

16. It is the Monitor's information that on June 12, 2008, Piper will be making an application to further extend the stay of proceedings for an additional 35 days in an attempt to successfully finalize an arrangement based on Startide's letter of intent.
17. As of the time of the preparation of this report, the Monitor understands that negotiations between Piper and both Startide and Matco are ongoing; however, the Monitor has not been a party to these discussions or negotiations.

FINANCIAL POSITION

Revenue

18. Piper originally estimated that ongoing resource revenues of \$5.5 million would be collected for the four month period from January 1 to April 30, 2008. Piper sells all of its natural gas on the spot market at the current AECO rate which has consistently been above the Company's projections. To date, revenues of approximately \$6.7 million have been collected for the period from January 1 to April 30, 2008 over \$1.2 million above Piper's initial estimates. Piper has now estimated total additional revenues of \$4,643,000 for the months of May, June and July, 2008.
19. In addition to Piper's resource revenue, cost reimbursement from joint venture partnerships was originally estimated at \$387,500 for the period from February 15 to June 1, 2008. To date, actual cost reimbursement from joint venture partners is \$552,760 reflecting higher than anticipated collections during the period.
20. The timing and ability to collect on a Quebec refundable input tax credit, estimated at \$847,000, continues to be uncertain.

Secured Creditors

21. As detailed in paragraph 19 of both the First Report and the Second Report, Matco is owed a total of approximately \$51.7 million. The Monitor has obtained a legal opinion that Matco's security is valid, enforceable and ranks in first position subject to the Court's determination with respect to any potential priority claims.
22. Paragraph 6 of the Second Report details the terms of the farm-out agreement between 1329750 and Piper (the "Farm-Out Agreement"). Pursuant to the terms of the Farm-Out Agreement, 1329750 holds a subsequent secured claim of up to \$12.5 million. The Monitor has not yet obtained a legal opinion with respect to the validity and enforceability of 1329750's security, as it remains uncertain whether there will be sufficient funds available to provide for any distribution to creditors subsequent to Matco.

Builder's Liens

23. Piper is continuing to review various encumbrances, estimated at \$96,349, that have been registered with the Alberta Department of Energy against certain Crown Agreements in which Piper has an interest. The Company has indicated that one of the liens in the amount of \$27,020, registered by Trican Partnership, relates to invoices paid in the pre-CCAA period. Piper is currently reviewing the remaining liens to determine whether they are valid and enforceable.

Joint Venture Partners

24. As noted in paragraph 22 of the Second Report, Piper continues to review pre-CCAA amounts due to joint venture partners, estimated at over \$416,000, that may constitute priority claims in the CCAA proceedings.

Unsecured Creditors

25. Piper had previously estimated that, as at February 15, 2008, they had unsecured trade creditors with claims of \$3.9 million. Upon further review of their records, they have now revised this estimate to \$5.1 million.

26. It remains uncertain whether there will be sufficient funds available to provide for any distribution to unsecured creditors; therefore, no claims process will be requested of the Court at this time.

Federal and Provincial Government Liabilities

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

28. As noted in paragraph 26 of the Second Report, Piper's GST returns for the months of January and February, 2008 resulted in outstanding GST liabilities of \$79,820 and \$23,647 respectively. Of the \$23,647 due for February 2008, an estimated \$11,823 related to the post-CCAA period. Piper has now completed GST returns for the months of March and April, 2008. The Company has paid the outstanding GST liability for March 2008 of \$37,765. The outstanding GST liability for April 2008 of \$60,584 was scheduled for payment as of the time of the preparation of this report.

29. 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

30. 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

31. As outlined in paragraph 29 of the Second Report, and pursuant to paragraphs 36 through 38 of the CCAA Order, Piper borrowed funds from Matco, totaling \$189,245 (the "DIP Loan") 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. The Monitor notes the DIP Loan is not reflected in the Company's cash flow projections.
32. Piper also made payments totaling \$74,467 to initiate the following additional enhancements:
- a. The re-perforation of a well in the Gordondale area. (The project resulted in only a minimal production increase);
 - b. The re-frac of a well in the Pouce Coupe region. (This project experienced delays due to the early onset of break-up; however, it is now underway); and
 - c. The tie-in of a well in the Pouce Coupe region.

Weekly Cash Flow Statement - Forecast

33. Attached as "Schedule 3" is Piper's internal, unaudited weekly projected cash flow forecast for the period from February 15 to August 3, 2008 (the "Extended Cash Flow"). The Extended Cash Flow includes actual figures up to June 1, 2008 and is summarized below:

Cash Flow Forecast for the Period ending August 3, 2008	
Opening Cash Position - February 15, 2008	\$ 520,885
Estimated Cash Receipts	10,505,978
Estimated Cash Disbursements	<u>(8,150,694)</u>
Estimated Closing Cash Position – August 3, 2008	<u>\$ 2,876,169</u>

34. 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.
35. 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.
36. The Company has sufficient cash flow to meet its on-going expenses and pay the costs of restructuring through to August 3, 2008.

Weekly Cash Flow Statement - Actual

37. Attached as "Schedule 4" is a copy of the Company's internally prepared, unaudited actual weekly cash flow for the period from February 15 to June 1, 2008 (the "Actual Cash Flow"). 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 June 1, 2008 is included below:

Forecast vs. Actual Cash Flow	Period from February 15 to June 1, 2008		
	Forecast	Actual	Variance
Opening Cash Position	\$ 539,000	\$ 520,885	\$ (18,115)
Receipts	5,887,500	7,267,978	1,380,478
Disbursements	(5,761,303)	(4,685,094)	1,076,208
Net Cash Flow	126,197	2,582,884	2,456,687
Estimated Closing Cash Position	\$ 665,197	\$ 3,103,769	\$ 2,438,572

38. Piper's total net cash receipts were over \$1.3 million higher than originally estimated for the period largely as a result of higher than anticipated natural gas prices.

39. A detailed summary of the variances in Cash Disbursements for the period from February 15 to June 1, 2008 is included below:

Forecast vs. Actual Cash Disbursements	Period from February 15 to June 1, 2008		
	Forecast	Actual	Variance
General and Administrative (Office)	\$ 587,700	\$ 568,564	\$ (19,136)
Contract Operators	101,300	106,980	5,680
Operating Costs and Royalties	2,374,000	2,449,305	75,305
Payments to Joint Venture Partners	204,000	24,709	(179,291)
CCAA Administration Fees	750,000	487,822	(262,178)
Interest on Secured Debt	1,220,548	890,828	(329,720)
Contingency	523,755	156,887	(366,868)
Total Disbursements	<u>\$ 5,761,303</u>	<u>\$ 4,685,095</u>	<u>\$ (1,076,208)</u>

The Monitor offers the following specific comments with respect to these variances:

- a. Variances in the amounts paid for General and Administrative (Office) and Contract Operators are not material;
- b. Operating Costs and Royalties were \$75,305 higher than initially projected. Detailed information on both the amounts included in this variance and the reasons for this variance are attached as Schedule "5";
- c. To date, payments to joint venture partners have been \$179,291 lower than originally estimated. This is due in part to certain joint venture partners taking product in kind. In addition, the

Company has indicated that certain pre-CCAA amounts were, in error, included in initial estimates;

- i. As at June 1, 2008, CCAA Administration Fees totaling \$487,822 (Including GST) had been paid, more than \$262,178 lower than initially estimated. A summary of the CCAA Administration Fees, including those amounts paid up to June 10, 2008, is attached as Schedule "6";
- d. Additional Interest of \$288,749, due to Matco in respect of their secured debt, was paid on June 3, 2008; therefore, it is not reflected in the Actual Cash Flow; and
- e. Also as at June 1, 2008, Piper has paid only \$156,887 from contingency funds, \$329,720 less than initially estimated. Those payments, totaling \$156,887, are broken down as follows:
 - i. As detailed in paragraph 28, funds totaling \$61,412 were paid in respect of Piper's February and March 2008 GST remittances. \$60,584, due in respect of Piper's April 2008 GST remittance, was scheduled for payment at the time of the preparation of this report.
 - ii. As detailed in paragraph 32, capital expenditures totaling \$74,467 were paid to initiate the enhancement of wells in the Gordondale and Pouce Coupe regions. Additional funds totaling \$21,008 were paid in respect of a cash call for the abandonment of a well in which Piper held an interest.

40. The Monitor does 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

41. 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. Paragraph 43 of the Second Report details the payment of pre-CCAA liabilities for the period ended April 20, 2008.

42. With the Monitor's approval and following discussions with Matco, Piper has made the following additional payments of pre-CCAA liabilities since April 20, 2008:

- a. Amount due to Spectra Energy Midstream ("Spectra") for services for the period from February 1 to 14, 2008, totaling \$46,812. Spectra provides ongoing gas processing services that are critical to the Company's operations.
- b. Pre-CCAA amounts totaling \$21,051, due to certain suppliers, deemed critical to the completion of the tie-in of a well in the Pouce Coupe region.

Post-Petition Trade Creditors' Charge

43. As noted in paragraph 44 of the Second Report and 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 the security held by both Matco and 1397520.
44. Should the Court appoint the Interim Receiver and Receiver and Manager then the Monitor is not aware of any assets left in the Company against which the Post-Petition Trade Creditors Charge will apply.

EXTENSION OF STAY PERIOD

45. As noted in paragraph 16, it is the Monitor's current information that on June 12, 2008 Piper will be making an application to further extend the stay of proceedings for 35 days in an attempt to successfully finalize an arrangement based on Startide's Letter of Intent (described in paragraph 12 of this report). It is the Monitor's information that Matco will be applying, if necessary, to terminate the stay of proceedings and appoint the Monitor as Interim Receiver and Receiver and Manager.
46. The Monitor takes the position that, in the event that a Receivership Order is not granted, Piper's cash flow would support the requested extension to July 15, 2008. Specifically, the Monitor advises as follows:
- a. There have been no material changes to Piper's operations since the date of the CCAA Order;
 - b. It is the Monitor's view that the Company has acted and is acting in good faith and with diligence;
and
 - c. The Company continues to make ongoing interest payments to Matco, with respect to outstanding interest due under the Loan Agreement.

OTHER

47. The Monitor currently requires no further advice, direction or assistance from the Court.

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

Chris Simard
Direct Line: 403.298.4485
e-mail: simardc@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;

- (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

Page Three

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: 

SCHEDULE 2

Startide Investments

Mr. Greg Cave
Piper Resources Limited
#900, 500 – 4th Ave SW
Calgary, Alberta T2P 2V6

June 9, 2008

LETTER OF INTENT

Dear Mr. Cave:

Please accept this letter as an expression of Startide Investment Company's ("Startide") interest to provide and restructure Piper Resources, Limited ("Piper") as follows:

1. Startide will lead a syndicate to invest up to Canadian \$15MM in to Piper against financial pro-forma and development schedule to be agreed upon with management.
2. Startide's syndicate will assume existing \$51.797M debt from Matco on a schedule initially proposed as follows:
 - a) Payment of interest for 6 months from closing and exit of CCAA process
 - b) Repayment of \$15MM of principal in a lump sum after this 6 month period
 - c) Payment of interest on remaining principal for an additional 18 months.
 - d) Repayment of \$18MM of principal in a lump sum after 18 months.
 - e) Payment of interest on remaining principal for additional 18 months.
 - f) Final payment of \$18.797MM of principal in a lump sum and total retirement of debt.

Subject to:

1. Due diligence on existing assets (including but not limited to environmental, engineering and reserve reports), cash flow forecast, and management team.
2. Satisfactory negotiations with all stakeholders including the existing creditors both secured and unsecured in a court approved Plan of Arrangement.
3. Consummation of mutually agreed upon and Startide approved written development plan (against a scheduled and approved pro-forma) including adding fields for development outside Canada.

Piper Equity Shareholders shall receive an initial 20% equity stake in the company. Startide and its group including co-investors shall receive an 80% equity stake in the company.

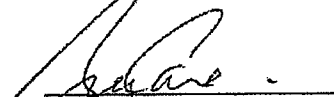
Further detail on the financial structure shall be outlined in the definitive documentation which shall be developed after execution of this agreement and during subsequent discussion with the court, Matco, and other parties.

Startide shall charge a 3% closing fee for any funds invested or debt assumed by Startide or any of its syndicate members sourced through its efforts. Startide's legal fees and closing costs shall be reimbursed by the company.

61 Broadway, Suite 513, New York, NY 10006

Customary Confidentiality and Noncircumvention provisions shall apply to Piper, its Affiliates, employees, and advisors for a period of no less than two years following the execution of this letter agreement.

Piper Resources, Limited




Greg Cave

President

And on behalf of its board of directors

Startide Investment Co.



Dan Kaufmann

VP of Engineering Projects

SCHEDULE 3

	Week Beginning										Total
	Total Actual to 1-Jun-08	Projected 2-Jun-08	Projected 9-Jun-08	Projected 16-Jun-08	Projected 23-Jun-08	Projected 30-Jun-08	Projected 7-Jul-08	Projected 14-Jul-08	Projected 21-Jul-08	Projected 28-Jul-08	
Cash balance as at February 15, 2008 and start of period	\$520,885	\$3,103,769	\$2,974,769	\$2,631,419	\$2,295,439	\$3,300,189	\$2,835,688	\$2,660,088	\$2,340,608	\$3,769,858	
Cash Payments:											
General and administrative (office)											
Payroll	-\$230,444	\$0	-\$35,000	\$0	-\$35,000	\$0	-\$35,000	\$0	\$0	-\$35,000	-\$370,444
Benefits	-\$11,271	\$0	\$0	-\$4,300	\$0	\$0	\$0	-\$4,300	\$0	\$0	-\$19,871
Rent and parking (Note 1)	-\$95,294	-\$30,000	\$0	\$0	\$0	-\$31,000	\$0	\$0	\$0	\$0	-\$156,294
Consultants - Land Admin	-\$13,482	-\$6,500	\$0	\$0	\$0	\$0	-\$6,500	\$0	\$0	\$0	-\$26,482
Consultants - Production Accounting	-\$18,044	-\$6,000	\$0	\$0	\$0	\$0	-\$6,000	\$0	\$0	\$0	-\$30,044
Reserve Report	-\$53,316	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$53,316
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumap License	-\$40,187	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,187
Tristone Engagement Fee	-\$52,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$52,500
Other	-\$54,026	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$7,500	-\$121,526
Total G&A Expenses	-\$568,564	-\$50,000	-\$42,500	-\$11,800	-\$42,500	-\$38,500	-\$55,000	-\$11,800	-\$7,500	-\$42,500	-\$870,664
Contract Operators:											
Jackson Well Service	-\$59,984	\$0	-\$15,000	\$0	\$0	\$0	-\$15,000	\$0	\$0	-\$15,000	-\$104,984
Cabreka Oilfield	-\$30,387	\$0	-\$9,000	\$0	\$0	\$0	-\$9,000	\$0	\$0	-\$9,000	-\$57,387
Bear Creek Maintenance	-\$9,949	\$0	-\$2,000	\$0	\$0	\$0	-\$2,000	\$0	\$0	-\$2,000	-\$15,949
Roddor Contracting	-\$6,660	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$6,660
Total Contract Operator Costs	-\$106,980	\$0	-\$26,000	\$0	\$0	\$0	-\$26,000	\$0	\$0	-\$26,000	-\$184,980
Operating Costs and Royalties:											
Crown Royalties Payments	-\$879,219	\$0	\$0	\$0	-\$350,000	\$0	\$0	\$0	\$0	-\$350,000	-\$1,579,219
Overriding Royalty Payments	-\$243,844	\$0	\$0	-\$60,000	\$0	\$0	\$0	\$0	-\$60,000	\$0	-\$363,844
Crown Royalty Deposit Payment	-\$382,966	\$0	\$0	-\$95,000	\$0	\$0	\$0	-\$95,000	\$0	\$0	-\$572,966
Spectra Midstream (Gas Transportation)	-\$504,693	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$504,693
PrimeWest (Gas Transportation)	-\$15,541	\$0	\$0	-\$25,000	\$0	\$0	\$0	-\$25,000	\$0	\$0	-\$65,541
Other Suppliers	-\$423,041	-\$40,000	-\$140,000	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$40,000	-\$883,041
Total Operating Costs	-\$2,449,305	-\$40,000	-\$140,000	-\$220,000	-\$390,000	-\$40,000	-\$40,000	-\$160,000	-\$100,000	-\$390,000	-\$3,969,305
Payments to Joint Venture Partners	-\$24,709	\$0	-\$65,000	-\$35,000	\$0	\$0	\$0	-\$80,000	\$0	\$0	-\$204,709
CCAA Administration Fees (\$50,000 per week)	-\$487,822	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$50,000	-\$937,822
Interest on Secured Debt (at 8.25%)	-\$890,828	\$0	\$0	\$0	\$0	-\$305,137	\$0	\$0	\$0	-\$315,308	-\$1,511,273
sub-total of Cash Payments	-\$4,528,207	-\$140,000	-\$323,500	-\$316,800	-\$482,500	-\$433,637	-\$171,000	-\$301,800	-\$157,500	-\$823,808	-\$7,678,752
Contingency (10% of Cash Payments)	-\$156,887	-\$14,000	-\$32,350	-\$31,680	-\$48,250	-\$43,364	-\$17,100	-\$30,180	-\$15,750	-\$82,381	-\$471,942
Total Cash Payments	-\$4,685,094	-\$154,000	-\$355,850	-\$348,480	-\$530,750	-\$477,001	-\$188,100	-\$331,980	-\$173,250	-\$906,189	-\$8,150,694
Total Cash Receipts											
Estimated Revenue	\$6,715,218	\$0	\$0	\$0	\$1,523,000	\$0	\$0	\$0	\$1,590,000	\$0	\$9,828,218
Payment from Joint Venture Partners	\$552,760	\$25,000	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$677,760
Total Cash Receipts	\$7,267,978	\$25,000	\$12,500	\$12,500	\$1,535,500	\$12,500	\$12,500	\$12,500	\$1,602,500	\$12,500	\$10,505,978
Excess of Cash Receipts over Cash Payments	\$2,582,884	-\$129,000	-\$343,350	-\$335,980	\$1,004,750	-\$464,501	-\$175,600	-\$319,480	\$1,429,250	-\$893,689	\$2,355,284
Cash Balance at End or Period	\$3,103,769	\$2,974,769	\$2,631,419	\$2,295,439	\$3,300,189	\$2,835,688	\$2,660,088	\$2,340,608	\$3,769,858	\$2,876,169	

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

SCHEDULE 4

	Week Beginning														Total
	18-Feb-08	25-Feb-08	3-Mar-08	10-Mar-08	17-Mar-08	24-Mar-08	31-Mar-08	7-Apr-08	14-Apr-08	21-Apr-08	28-Apr-08	5-May-08	12-May-08	19-May-08	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	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	\$1,376,079	\$2,937,104	\$1,997,638	\$1,851,033	\$1,700,347	\$1,569,384
Cash Payments:															
General and administrative (office)															
Payroll	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$33,013	\$0	-\$32,368	-\$230,444
Benefits	\$0	\$0	\$0	-\$4,364	\$0	\$0	\$0	\$0	-\$4,364	\$0	\$0	-\$2,543	\$0	\$0	-\$11,271
Rent and parking (Note 1)	\$0	\$0	-\$32,062	\$0	\$0	\$0	-\$31,616	\$0	\$0	\$0	-\$31,616	\$0	\$0	\$0	-\$95,294
Consultants - Land Admin	\$0	\$0	\$0	-\$6,846	\$0	\$0	\$0	\$0	\$0	-\$6,636	\$0	\$0	\$0	\$0	-\$13,482
Consultants - Production Accounting	\$0	\$0	\$0	-\$6,615	\$0	\$0	\$0	-\$6,542	\$0	\$0	\$0	-\$4,888	\$0	\$0	-\$18,044
Reserve Report	\$0	-\$29,048	\$0	\$0	\$0	\$0	\$0	-\$16,564	\$0	\$0	-\$7,165	\$0	\$0	-\$539	-\$53,316
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumap License	\$0	\$0	\$0	-\$40,187	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,187
Tristone Engagement Fee	\$0	-\$52,500	\$0	\$0	\$0	\$0	\$0	\$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	-\$1,217	-\$2,909	-\$7,846	-\$2,480	-\$2,894	-\$413
Total G&A Expenses	-\$1,175	-\$125,338	-\$32,547	-\$97,470	-\$3,338	-\$36,712	-\$32,457	-\$63,571	-\$6,417	-\$7,853	-\$74,703	-\$15,277	-\$35,493	-\$3,432	-\$568,564
Contract Operators:															
Jackson Well Service	\$0	-\$11,947	\$0	-\$15,819	\$0	\$0	\$0	-\$15,066	\$0	\$0	\$0	-\$17,152	\$0	\$0	-\$59,984
Cabreka Oilfield	\$0	-\$5,229	\$0	-\$8,243	\$0	\$0	\$0	-\$9,566	\$0	\$0	\$0	\$0	\$0	-\$7,350	-\$30,387
Bear Creek Maintenance	\$0	-\$2,415	\$0	-\$2,531	\$0	\$0	\$0	-\$2,415	\$0	\$0	\$0	\$0	\$0	-\$2,588	-\$9,949
Roddor Contracting	\$0	-\$4,410	\$0	-\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$6,660
Total Contract Operator Costs	\$0	-\$24,001	\$0	-\$28,842	\$0	\$0	\$0	-\$27,046	\$0	\$0	\$0	-\$17,152	\$0	-\$9,938	-\$106,980
Operating Costs and Royalties:															
Crown Royalties Payments	\$0	-\$141,471	\$0	\$0	\$0	-\$167,464	\$0	\$0	\$0	\$0	-\$225,197	\$0	\$0	\$0	-\$345,087
Overriding Royalty Payments	\$0	-\$25,761	\$0	\$0	\$0	-\$34,211	\$0	\$0	-\$84,123	\$0	\$0	\$0	-\$99,749	\$0	-\$243,844
Crown Royalty Deposit Payment	\$0	\$0	\$0	\$0	\$0	-\$75,250	\$0	\$0	\$0	-\$307,716	\$0	\$0	\$0	\$0	-\$382,966
Spectra Midstream (Gas Transportation)	\$0	\$0	\$0	-\$100,000	-\$121,164	-\$96,470	\$0	\$0	\$0	-\$93,623	\$0	\$0	-\$93,435	\$0	-\$504,693
PrimeWest (Gas Transportation)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$15,541	\$0	\$0	\$0	\$0	-\$15,541
Other Suppliers	\$0	-\$7,508	-\$15,963	-\$15,780	-\$56,596	\$0	\$0	-\$62,616	\$0	-\$21,221	-\$137,378	-\$30,222	-\$29,947	-\$35,571	-\$10,238
Total Operating Costs	\$0	-\$174,741	-\$15,963	-\$115,780	-\$177,760	-\$373,395	\$0	-\$62,616	\$0	-\$198,967	-\$685,833	-\$30,222	-\$123,382	-\$135,320	-\$355,325
Payments to Joint Venture Partners	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$24,709	\$0	\$0	\$0	\$0	\$0	\$0	-\$24,709
CCAA Administration Fees (\$50,000 per week)	\$0	\$0	-\$34,650	-\$121,940	-\$33,002	-\$11,875	\$0	-\$126,375	\$0	\$0	-\$13,488	-\$38,504	-\$12,413	-\$95,576	-\$487,822
Interest on Secured Debt (at 8.25%)	\$0	\$0	-\$325,479	\$0	\$0	-\$199,726	-\$71,630	\$0	\$0	-\$214,829	-\$79,164	\$0	\$0	\$0	-\$890,828
sub-total of Cash Payments	-\$1,175	-\$324,080	-\$408,639	-\$364,032	-\$214,100	-\$421,982	-\$232,183	-\$375,946	-\$6,417	-\$206,820	-\$988,853	-\$180,318	-\$171,288	-\$244,266	-\$388,106
Contingency (10% of Cash Payments)	\$0	\$0	\$0	\$0	-\$74,467	\$0	\$0	\$0	-\$23,647	\$0	\$0	-\$58,773	\$0	\$0	-\$156,887
Total Cash Payments	-\$1,175	-\$324,080	-\$408,639	-\$364,032	-\$288,567	-\$421,982	-\$232,183	-\$375,946	-\$30,065	-\$206,820	-\$988,853	-\$239,092	-\$171,288	-\$244,266	-\$388,106
Total Cash Receipts															
Estimated Revenue	\$0	\$1,332,895	\$0			\$1,696,503				\$1,749,780	\$24,247	\$0	\$0	\$0	\$1,911,794
Payment from Joint Venture Partners	\$4,238	\$1,943	\$99,436	\$42,358	\$14,787	\$0	\$59,509	\$3,048	\$47,146	\$18,065	\$25,141	\$92,487	\$20,602	\$113,304	\$10,696
Total Cash Receipts	\$4,238	\$1,334,838	\$99,436	\$42,358	\$14,787	\$1,696,503	\$59,509	\$3,048	\$47,146	\$1,767,845	\$49,387	\$92,487	\$20,602	\$113,304	\$1,922,490
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	\$1,561,025	-\$939,466	-\$146,605	-\$150,686	-\$130,963	\$1,534,384
Cash Balance at End of 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	\$2,937,104	\$1,997,638	\$1,851,033	\$1,700,347	\$1,569,384	\$3,103,769

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

SCHEDULE 5

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

1. Both crown royalties and gross overriding royalties have been substantially higher than originally estimated, with payments being a total of \$185,063 above initial projections. This is largely due to higher than anticipated natural gas prices.
2. The deposit due in respect of crown royalties has now been finalized. Deposits paid to date total \$382,966, \$47,034 below Piper's initial estimate. 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 \$196,418 to both Prime West (Gas Transportation) and Other Suppliers. Certain invoices, for good and services provided to date, have yet to be received.
4. To date, payments to Spectra Midstream (Gas Transportation) ("Spectra") have been \$133,693 above Piper's initial estimate. Spectra provides ongoing gas processing services that are critical to the Company's operations. The bulk of this variance, \$100,000, relates to a security deposit, paid to Spectra, in order to guarantee payment of future invoices and ensure ongoing service.

SCHEDULE 6

Piper Resources Ltd. - Summary of CCAA Administration Costs Paid to June 10, 2008:

Payee	Description	For the Period from February 15 to June 1, 2008	For the Period from June 1 to June 10, 2008	Total To June 10, 2008
Deloitte & Touche Inc.	Monitor	\$ 176,342	\$ 6,657	\$ 182,999
MacLeod Dixon LLP	Monitor's Legal Counsel	17,175	16,178	33,353
Thackray Burgess	Legal Counsel for Piper Resources Ltd.	294,304	87,538	381,842
		\$ 487,821	\$ 110,373	\$ 598,194

Note: The amounts listed are inclusive of GST.

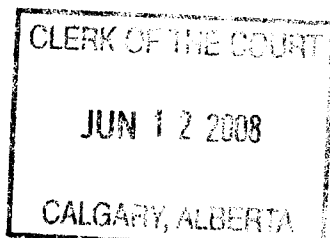
**IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**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.**

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

June 11, 2008



Howard A. Gorman
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