

## PARTNERSHIP INTEREST TRANSFER AGREEMENT

THIS AGREEMENT made as of the 1<sup>st</sup> day of August, 2005.

### Between:

**KRANG ENERGY INC.**, a body corporate formed by amalgamation under the laws of the Province of Alberta, with an office in Calgary, Alberta (the "**Transferor**")

and

**VIKING HOLDINGS TRUST**, a trust formed pursuant to the laws of Alberta ("**Transferee**"), by its trustee, **BJORN HOLDINGS INC.**, a body corporate incorporated under the laws of the Province of Alberta, with an office in Calgary, Alberta

### Recitals

**WHEREAS** the Transferor holds (a) ██████████ partnership units or a 99.35% interest in Krang Energy Heavy Oil Partnership ("Heavy Oil") and (b) ██████████ partnership units or a 99.40% interest in Krang Energy Conventional Partnership ("Conventional") (Heavy Oil and Conventional are collectively, the "Partnerships");

**AND WHEREAS** the Transferor desires to transfer and the Transferee desires to acquire the Transferor's entire interest in the Partnerships on the terms and conditions hereinafter set forth.

**NOW THEREFORE** in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is hereby agreed as follows:

### ARTICLE 1 Interpretation

#### 1.1 Definitions

The following terms when used in this Agreement shall have the meanings hereby assigned to them:

"**Act**" means the *Income Tax Act* (Canada), as amended;

"**Closing**" means completion of the transfer of the Transferred Interest pursuant to this Agreement;

"**Conventional Partnership Agreement**" means the partnership agreement entered into between Krang Energy Inc. and 1120408 Alberta dated as of August 31, 2004;

**"Effective Date"** means August 1, 2005;

**"Heavy Oil Partnership Agreement"** means the partnership agreement entered into between Krang Energy Inc. and 1120403 Alberta dated as of August 31, 2004;

**"Krang Energy Heavy Oil Partnership"** means the partnership formed pursuant to the Heavy Oil Partnership Agreement;

**"Krang Energy Conventional Partnership"** means the partnership formed pursuant to the Conventional Partnership Agreement; and

**"Transferred Interest"** means the [REDACTED] partnership units or 99.35% interest that the Transferor holds in Heavy Oil and the [REDACTED] partnership units or 99.40% interest that the Transferor holds in Conventional.

## **1.2 Use of Canadian Funds**

All references to "dollars" or "\$" herein shall refer to lawful currency of Canada, unless specifically stated otherwise.

## **1.3 Headings and Divisions**

The division of this Agreement into Articles and sections and headings of any Articles and sections are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.4 Number and Gender**

Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders and persons and words importing persons shall include natural persons, firms, partnerships, corporations and other entities.

# **ARTICLE 2**

## **Agreement of Purchase and Sale**

### **2.1 Transfer of Partnership Interest**

The Transferor hereby transfers, assigns and conveys to the Transferee and the Transferee purchases from the Transferor, effective as of the Effective Date, and subject to the terms and conditions hereof, the Transferred Interest, free and clear of all liens.

### **2.2 Consideration for Transfer**

- (a) As sole consideration for the transfer of the Transferred Interest from the Transferor to the Transferee, the Transferee shall reduce the aggregate indebtedness in the principal amount of \$171,139,700 owed by Transferor to the Transferee by the principal amount of \$170,078,100.

- (b) This agreement is intended to and shall operate as an actual transfer of the Transferred Interest and upon Closing, the Transferee shall be the owner of the Transferred Interest.

### **2.3 Assumption of Obligations**

Upon Closing, the Transferee shall assume all of the obligations of the Transferor with respect to each of the Heavy Oil and Conventional Partnerships.

## **ARTICLE 3 Representations and Warranties**

### **3.1 Transferor's Representations and Warranties<sup>##</sup>**

The Transferor represents and warrants to the Transferee that:

- (a) the Transferor has good title to the Transferred Interest;
- (b) the Transferor has not pledged, assigned or otherwise encumbered the Transferred Interest and the Transferred Interest is free of all other encumbrances;
- (c) the Transferor is a corporation duly amalgamated pursuant to the laws of the Province of Alberta;
- (d) no person has any agreement, option, right or privilege (whether by law, preemptive or contractual), or any right or privilege capable of becoming an agreement, option, right or privilege, to acquire any of the Transferred Interest or any interest therein; and
- (e) the Transferor is not aware of any default, has not received notice of default and is not, to the Transferor's knowledge, in any material default under any agreement or obligation affecting the Transferred Interest by which the Transferor is bound, or to which the Transferor is subject.

### **3.2 Transferee's Representations and Warranties**

The Transferee represents and warrants to the Transferor that the Transferee is a trust duly formed under the laws of the Province of Alberta with all necessary authority to execute and deliver this Agreement and to purchase the Transferred Interest.

## **ARTICLE 4 Tax Matters**

4.1 The Transferor and Transferee acknowledge that no goods and services tax ("GST") under Part IX of the *Excise Tax Act* (Canada) is exigible with respect to the transfer of the Transferred Interest by the Transferor to the Transferee.

**ARTICLE 5**  
**Miscellaneous**

**5.1 Governing Law**

This Agreement shall for all purposes be construed and interpreted in accordance with the laws of the Province of Alberta and each of the parties hereto submit to the non-exclusive jurisdiction of the courts of Alberta in respect of all matters arising therefrom.

**5.2 Amendments**

No amendment or modification of this Agreement shall be binding unless in writing, signed by all parties hereto

**5.3 Further Assurances**

The Transferor shall and will from time to time hereafter, at the request and expense of the Transferee, execute and deliver all such further documents and other instruments and shall do all such other acts and things which are reasonably necessary or required in the circumstances to transfer the Transferred Interest to the Transferee according to the true intent and meaning of this Agreement.

**5.4 Assignment**

This Agreement is not assignable, in whole or in part, by any party without the written consent of the other parties.

**5.5 Time is of the Essence**

Time shall be of the essence hereof.

**5.6 Enforceability**

If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby, and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

**5.7 Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective personal representatives, heirs, successors and assigns.

**5.8 Counterparts**

This Agreement may be executed in separate original or facsimile counterparts, and each such counterpart taken together shall be deemed to constitute one agreement and have the same force and effect as if all of the parties had executed the same agreement.

**5.9 Effective Date**

Notwithstanding the date on which this Agreement is executed by any party, this Agreement shall be in full force and effect and binding among the parties as of and from the Effective Date.

IN WITNESS WHEREOF the parties hereto have executed this Partnership Interest Transfer Agreement on the date first above written.

**KRANG ENERGY INC.**

Per: *R. Totteringham*

**VIKING HOLDINGS TRUST, by its trustee, BJORN HOLDINGS INC.**

Per: *R. Totteringham*

ACKNOWLEDGEMENT

**TO: KRANG ENERGY INC.**

**FROM: VIKING HOLDINGS TRUST, by its trustee BJORN HOLDINGS INC.**

**RE: Assumption of Obligations as managing partner of each of KRANG ENERGY HEAVY OIL PARTNERSHIP and KRANG ENERGY CONVENTIONAL PARTNERSHIP**

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WHEREAS VIKING HOLDINGS TRUST ("VHT"), by its trustee BJORN HOLDINGS INC., wishes to enter into a partnership interest transfer agreement (the "Partnership Interest Transfer Agreement") with KRANG ENERGY INC. ("Krang") whereby VHT will purchase Krang's entire interest in (a) the Krang Energy Heavy Oil Partnership ("HOP") and (b) the Krang Energy Conventional Partnership ("CP");

AND WHEREAS section 9.1 of the Krang Energy Heavy Oil Partnership Agreement entered into between Krang Energy Inc. and 1120403 Alberta Ltd. dated as of August 31, 2004 permits a transfer of the managing partner's interest without the approval of the other partners, provided that the transferee assumes all of the obligations of the managing partner with respect to the partnership;

AND WHEREAS section 9.1 of the Krang Energy Conventional Partnership Agreement entered into between Krang Energy Inc. and 1120408 Alberta Ltd. dated as of August 31, 2004 permits a transfer of the managing partner's interest without the approval of the other partners, provided that the transferee assumes all of the obligations of the managing partner with respect to the partnership;

NOW THEREFORE the undersigned hereby acknowledges and agrees that it shall assume all of the obligations of Krang as managing partner of each of the HOP and the CP upon the transfer of Krang's entire interest in the HOP and the CP to VHT pursuant to the Partnership Interest Transfer Agreement.

Dated effective this 1<sup>st</sup> day of August, 2005.

VIKING HOLDINGS TRUST, by its trustee,  
BJORN HOLDINGS INC.

Per: *R Fotheringham*  
Robert Fotheringham  
Vice President, Finance  
and Chief Financial Officer