

Partnership Interest Transfer Agreement

THIS AGREEMENT made as of the 1st day of April, 2005.

Between:

KENSINGTON ENERGY LTD., a body corporate amalgamated under the laws of Alberta, having an office in Calgary, Alberta (the "Transferor")

and

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

Recitals

WHEREAS the Transferor is a Partner of the Kensington Oil & Gas Partnership (the "Partnership") and holds a 99.99% interest in the Partnership;

AND WHEREAS the Transferor desires to transfer and the Transferee desires to acquire the Transferor's entire interest in the Partnership 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;

"Capital Contributions" shall have the meaning ascribed to such term in the Partnership Agreement;

"Effective Date" means April 1, 2005 immediately proceeding the amalgamation of Viking Kensington Inc. and Kensington Energy Ltd. to form Kensington Energy Ltd.;

"**Liens**" means any pledge, liens, security interests, attachments, encumbrances, claims, charges, leases, mortgages, options, proxies, voting trusts, preemptive rights, rights of first refusal, restrictions on transfer or other similar rights or encumbrances;

"**Partner**" or "**Partners**" means any one or more of the partners of the Partnership;

"**Partnership**" means the Kensington Oil & Gas Partnership, a general partnership formed under the Partnership Act;

"**Partnership Act**" means the *Partnership Act* (Alberta), as amended from time to time;

"**Partnership Agreement**" means the Kensington Oil & Gas Partnership Agreement of the Partnership dated June 30, 2003 between Durness Resources Inc. and 1053978 Alberta Ltd., as amended from time to time;

"**Partnership Interests**" means the percentage of the profits, assets and capital of the Partnership owned by the Partners from time to time;

"**Transferor's Partnership Interest**" means the interest of the Transferor in the profits, assets and capital of the Partnership owned by the Transferor as of the date hereof;

"**Party**" means a Person which is bound by this Agreement; and

"**Transferred Interest**" means the 99.99% interest that the Transferor holds in the Partnership.

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 issue a promissory note to the Transferor in the principal amount of ~~\$33,197,000.00~~, being the fair market value of the Transferred Interest.
- (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.

ARTICLE 3
Representations and Warranties

3.1 Transferor's Representations and Warranties

The Transferor represents and warrants to the Transferee that:

- (a) the Partnership is a partnership duly established, organized and subsisting under the laws of the Province of Alberta with the power to own its property and to carry on its business and has continued in existence and has not been terminated or dissolved;
- (b) the entry into and the performance of this Agreement by the Transferor shall have been duly authorized;
- (c) the Transferor is a validly existing corporation in good standing under the laws of Alberta, and has the requisite power and authority (corporate and other) to own, lease and operate its properties and to carry on its business as is now being conducted; and
- (d) as at the Effective Date the Transferor has good title to the Transferred Interest.

3.2 Transferee's Representations and Warranties

The Transferee hereby represents and warrants to the Transferor that:

- (a) the Transferee is a valid and subsisting corporation, duly incorporated and organized under the laws of the Province of Alberta and has the requisite power

and authority (corporate and other) to own, lease and operate its properties and to carry on its business as is now being conducted, as trustee of Viking Holdings Trust.

- (b) the entry into and performance of this Agreement by the Transferor shall have been duly ratified by its Board of Directors.

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 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.

5.5 Assignment

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

5.6 Time is of the Essence

Time shall be of the essence hereof.

5.7 Unenforceability

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.

5.8 Enurement

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

5.9 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.

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

KENSINGTON ENERGY LTD.

Per: *R Fotheringham*
Robert Fotheringham

**VIKING HOLDINGS INC., in its
capacity as trustee of VIKING
HOLDINGS TRUST**

Per: *R Fotheringham*
Robert Fotheringham