2010 INTERIM REPORT

BROMPTON FUNDS

BROMPTON OIL & GAS INCOME FUND

OGF.UN

Actively managed portfolio of oil and gas securities.

Management Report of Fund Performance

August 12, 2010

This interim management report of fund performance for Brompton Oil & Gas Income Fund (the "Fund") contains financial highlights but does not contain the interim financial statements of the Fund. The interim financial statements follow this report. You may obtain a copy of the interim or annual financial statements, at no cost, by calling 866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, independent review committee's report, or quarterly portfolio disclosure.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance are based on the Fund's calculation of its weekly Net Asset Value ("Net Asset Value"), which is exempted from the application of Canadian Institute of Chartered Accountants ("CICA") Section 3855, except for the figures presented in the Net Assets per Unit table, which can be found under Financial Highlights. In accordance with National Instrument ("NI") 81-106, the figures in this table must be derived from the financial statements.

The Fund

Brompton Oil & Gas Income Fund is a closed-end investment trust managed by Brompton Funds Management Limited (the "Manager"). The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol OGF.UN. The investment portfolio of the Fund is actively managed by MFC Global Investment Management (Canada) ("MFC GIM"), a subsidiary of Manulife Financial Corp., which has extensive experience in income trusts, other equity securities and fixed income investments. The Fund is RRSP, DPSP, RRIF, RESP and TFSA eligible.

Investment Objectives and Strategies

The Fund is designed to achieve a high level of monthly distributions and the opportunity for capital appreciation by investing in a diversified portfolio of oil and gas income trusts, oil and gas dividend-paying equities and convertible debt of oil and gas producers, energy service companies and pipelines.

Recent Developments

Exercise of Warrants

On November 16, 2009, the Fund issued 11.0 million TSX-listed warrants to unitholders on the basis of one-half warrant for each unit held, with each warrant entitling the holder to subscribe to one unit of the Fund at a subscription price of $4.74. The issue was fully subscribed, with gross proceeds of $52.2 million received by the expiry date of April 15, 2010.

Harmonized Sales Tax ("HST")

Effective July 1, 2010, Ontario and British Columbia combined the provincial sales tax ("PST") with the federal goods and services tax ("GST") to create the HST. These provinces join Nova Scotia, New Brunswick and Newfoundland and Labrador as HST participants.

Prior to the implementation of HST, management fees and most operating expenses on investment funds were only subject to the 5% GST. These costs are now subject to a higher HST rate, which will thereby increase the management expense ratio ("MER"). The HST rate payable by the Fund as of July 1, 2010 is a "blended" rate, which is based on the provincial residency of unitholders, the value of their investments in the Fund and whether their home province is an HST province. With this blended approach, the Fund is required to pay HST on expenditures regardless of the location of the source of its supplies. As at June 30, 2010, the Fund estimated that its blended HST rate for the second half of 2010 will be approximately 10.1%.

Future Accounting Changes

In June 2010, the Canadian Accounting Standards Board ("AcSB") released an exposure draft to propose that investment companies may defer the adoption of International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, from fiscal years beginning on or after January 1, 2011 until fiscal years beginning on or by January 1, 2012. The Fund will adopt IFRS by the deadline to be set out in the AcSB's proposed amendment or such earlier time as required by the Canadian Securities Administrators.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's 2009 annual information form, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes to the Fund in the six months ended June 30, 2010 that materially affected the risks associated with an investment in the units of the Fund.

Results of Operations

Distributions

During the six months ended June 30, 2010, the Fund declared monthly cash distributions to unitholders which totaled $0.21 per unit, down from $0.27 per unit during the same period the previous year. This reflects the reduction in the monthly distribution rate to the current rate of $0.0325, effective July 2009, due to distribution cuts by a large number of the resource-related income trusts and other holdings in the Fund's portfolio. Since inception in October 2004, the Fund has paid total cash distributions of $6.32 per unit.

Revenues and Expenses

The Fund's investments generated distribution income of $0.16 per unit in the six months ended June 30, 2010, down from $0.23 per unit in the same period in 2009. The decline in income was due to decreases in distribution rates in the latter half of 2009 from several income trusts in the Fund's portfolio, reflecting lower average oil and gas prices; rather than restoring distribution rates when oil and gas prices improved, these entities chose to reinvest their profits. As well, in the first half of 2010, there was a higher weighting of dividend-paying equities in the portfolio, which pay lower dividend rates than income trusts.

Total expenses of the Fund in the first half of 2010 were $0.04 per unit, unchanged from the previous year. Net investment income of the Fund was less than the amount distributed over the period. The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the six months ended June 30, 2010, 26,886 units were acquired in the market through this plan at an average price of $4.82 per unit.

Net Asset Value

During the six months ended June 30, 2010, Net Asset Value per unit declined by 6.5% to $4.78, from $5.11 at December 31, 2009, due to the decline in the value of the securities in the portfolio. The net proceeds of $51.3 million from the exercise of warrants increased the aggregate Net Asset Value of the Fund, which grew from $112.5 million at December 31, 2009, to $157.1 million at June 30, 2010.

Investment Portfolio

As of June 30, 2010, the oil and gas investment portfolio held by the Fund included a total of 16 investments (17 at December 31, 2009), including nine oil and gas income trusts (10 at December 31, 2009) and seven dividend-paying oil and gas equities (seven at December 31, 2009). During the period, the Fund sold TransCanada Corporation and Inter Pipeline Fund and added Husky Energy Inc. into the portfolio. The Fund recorded a net loss (realized and unrealized) of $3.4 million during the period. The Fund held $39.5 million in cash from proceeds of the exercise of warrants as at June 30, 2010. The Portfolio Manager is in the process of carefully deploying the proceeds, given the recent equity market and oil price volatility since April, when the warrants were exercised.

Liquidity and Capital Resources

As of June 30, 2010, the Fund had no borrowings under its 364-day revolving credit facility, having paid down the facility with proceeds from the exercise of warrants. During the first six months of 2010, the minimum and maximum amounts of borrowings by the Fund were nil and $15.3 million, respectively. To provide liquidity, units of the Fund are listed on the TSX under the symbol OGF.UN. The Fund's normal course issuer bid program allows it to purchase its units on the TSX for cancellation if they trade below Net Asset Value per unit. As a result, purchases under the issuer bid are accretive to the Net Asset Value per unit. A total of 155,400 units were purchased under this program during the six months ended June 30, 2010, at an average price of $4.77 per unit. Investors may also redeem their units in accordance with the Fund's redemption provisions.

RELATED PARTY TRANSACTIONS

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below.

MANAGEMENT FEES

The Fund pays a management fee equal to 0.85% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Manager is responsible for fees payable to the Portfolio Manager. The management fee is used by the Manager to cover its costs to obtain the Fund's assets, the cost to administer the Fund, the cost of the Portfolio Manager and for profit. The Fund also pays a service fee equal to 0.40% per annum of the Net Asset Value. The service fee is in turn paid by the Manager to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

During the six months ended June 30, 2010, management and service fees amounted to $0.6 million and $0.3 million, respectively.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual and unaudited interim financial statements. *The information in the following tables is presented in accordance with NI 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit.* The increase (decrease) in Net Assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Assets per Unit[1]

	For the Six Months Ended June 30, 2010	For the Year Ended December 31 2009	2008	2007	2006	2005
Net Assets, beginning of period/year[2][3][4]	**$ 5.09**	$ 3.84	$ 6.46	$ 8.07	$ 12.28	$ 9.53
Increase (decrease) from operations:[5]						
Total revenue	**0.16**	0.43	0.99	1.07	1.55	1.41
Total expenses	**(0.04)**	(0.07)	(0.13)	(0.12)	(0.16)	(0.15)
Realized gain (loss) for the period/year	**0.19**	(1.14)	(1.01)	(2.13)	0.01	1.11
Unrealized gain (loss) for the period/year	**(0.31)**	2.64	(0.32)	0.60	(4.12)	1.73
Total increase (decrease) in Net Assets from operations	**$ —**	$ 1.86	$ (0.47)	$ (0.58)	$ (2.72)	$ 4.10
Distributions to unitholders:[3]						
Cash distributions:						
From net investment income (excluding dividends)	**$ N/A**[6]	$ 0.29	$ 0.62	$ 0.76	$ 1.11	$ 0.95
From dividends	**N/A**[6]	0.05	—	—	—	—
From net realized gain on investments	**N/A**[6]	—	—	—	—	0.43
Return of capital	**N/A**[6]	0.16	0.23	0.30	0.35	—
Total cash distributions	**0.21**	0.50	0.85	1.06	1.46	1.38
Unit distributions:						
From net realized gain on investments	**—**	—	—	—	—	0.57
Total distributions to unitholders	**$ 0.21**	$ 0.50	$ 0.85	$ 1.06	$ 1.46	$ 1.95
Net Assets, end of period/year[2][3][4]	**$ 4.77**	$ 5.09	$ 3.84	$ 6.46	$ 8.10	$ 12.28

(1) This information is derived from the Fund's audited annual and unaudited interim financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for weekly Net Asset Value purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for weekly Net Asset Value purposes.

(2) The Net Assets per unit from the beginning of 2007 are for financial reporting purposes. The Net Assets per unit and the component of increase (decrease) from operations per unit for prior periods are based on the prior period financial statements and have not been adjusted for the new accounting standards adopted in 2007.

(3) Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

(4) Represents basic Net Assets per unit.

(5) The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

(6) Allocations for the period ended June 30, 2010 are not determinable until year-end.

Ratios and Supplemental Data (Based on Net Asset Value)

As at	June 30, 2010	December 31 2009	2008	2007	2006	2005
Net Asset Value (in 000s)	**$ 157,088**	$ 112,469	$ 84,348	$ 203,011	$ 293,727	$ 449,986
Number of units outstanding (in 000s)	**32,857**	22,003	21,719	31,301	36,250	36,654
Management expense ratio ("MER")(1)	**2.38%**	1.74%	1.94%	1.54%	1.43%	1.39%
Trading expense ratio(2)	**0.04%**	0.09%	0.19%	0.16%	0.07%	0.14%
Portfolio turnover rate(3)	**5.36%**	23.10%	24.98%	24.75%	46.90%	45.92%
Net Asset Value per unit – basic and diluted	**$ 4.78**	$ 5.11	$ 3.88	$ 6.49	$ 8.10	$ 12.28
Closing market price – units	**$ 4.57**	$ 4.72	$ 3.36	$ 6.07	$ 7.75	$ 12.06
Closing market price – warrants(4)	**$ N/A**	$ 0.15	$ —	$ —	$ —	$ —

(1) MER is based on the requirements of NI 81-106 and includes the total expenses/costs (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the period.

(2) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

(4) The closing price for warrants is for the class of warrants then outstanding.

Expense Ratio

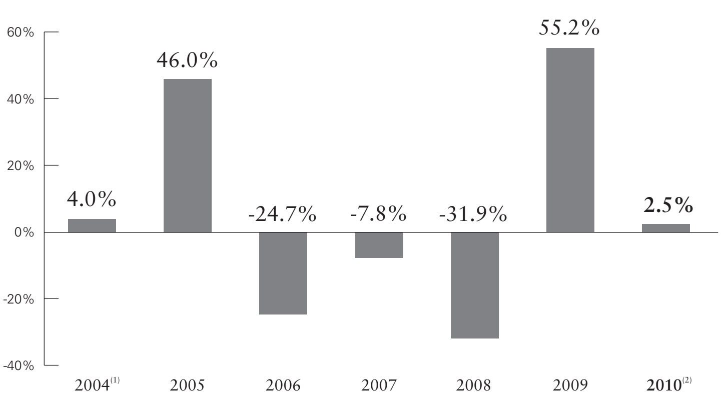
The MER of the Fund was 2.38% as at June 30, 2010, compared to 1.74% as at December 31, 2009. The increase was due to the payment of warrant fees, which are a one-time issuance cost, during the interim period. The MER is exaggerated by the inclusion of interest expense on borrowings used to purchase additional units of portfolio investments to increase the distributions of the Fund. The MER, excluding interest expense and issuance costs, was 1.49% as at June 30, 2010, up slightly from 1.40% as at December 31, 2009. This latter ratio is more representative of the ongoing efficiency of the administration of the Fund.

Past Performance

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on Net Asset Value per unit and assumes that distributions (including deemed distributions based on the intrinsic value of the warrants at the exercise dates of the warrants) made by the Fund on its units in the periods shown were reinvested at Net Asset Value per unit in additional units of the Fund.

The bar chart shows the Fund's return for each period since inception to June 30, 2010. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have changed by the last day of the fiscal period.

Year-by-Year Returns



(1) Period from October 7, 2004 (commencement of operations) to December 31, 2004.

(2) Period from January 1, 2010 to June 30, 2010.

The following table shows the Fund's compound return for each period indicated, compared with the S&P/TSX Capped Energy Index ("Energy Index") and the S&P/TSX Composite Index ("Composite Index"). The Energy Index is a subset of the S&P/TSX Composite Index, based on the energy sector of the Global Industry Classification Standard. The Composite Index tracks the performance, on a market weight basis, of a broad index of large-capitalization issuers listed on the TSX. The Energy Index and the Composite Index are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Annual Compound Returns

	Six Months Ended June 30, 2010	Since Inception[1]
Brompton Oil & Gas Income Fund	**2.5%**	2.4%
S&P/TSX Capped Energy Index	(7.4%)	8.8%
S&P/TSX Composite Index	(2.5%)	7.1%

[1] Period from October 7, 2004 (commencement of operations) to June 30, 2010.

The Fund provided a return of approximately 2.5% over the six months ended June 30, 2010, and significantly outperformed the Energy Index as a result of careful selection of securities by the Portfolio Manager. The Fund's portfolio did not include either Suncor Energy Inc. or Canadian Natural Resources, which together made up about 30% of the Energy Index as at June 30, 2010, and had returns of -10% and -3.6%, respectively, in the first half of 2010. The Fund's Portfolio Manager focuses on oil and gas producers that offer high operating efficiency, low-cost production, high profitability and superior reinvestment opportunities.

Summary of Investment Portfolio

As at June 30, 2010

Total Net Asset Value	$ 157,088,389

Portfolio Composition	% of Portfolio	% of Net Asset Value
Oil and gas	75.0%	75.5%
Cash and short-term investments	25.0%	25.1%
Total investment portfolio	100.0%	100.6%
Other net liabilities		(0.6%)
Total Net Asset Value		100.0%

Holdings	% of Portfolio	% of Net Asset Value
Cash and short-term investments	25.0%	25.1%
Peyto Energy Trust	7.7%	7.9%
Bonterra Oil & Gas Ltd.	7.6%	7.6%
Bonavista Energy Trust	6.4%	6.4%
Vermilion Energy Trust	6.4%	6.4%
Imperial Oil Limited	5.5%	5.5%
ARC Energy Trust	5.4%	5.4%
Zargon Energy Trust	5.3%	5.3%
NAL Oil & Gas Trust	5.2%	5.2%
Crescent Point Energy Corp.	5.1%	5.1%
Baytex Energy Trust	4.9%	5.0%
Progress Energy Resources Corp.	4.0%	4.1%
Enerplus Resources Fund	3.8%	3.8%
Freehold Royalty Trust	3.5%	3.5%
Nexen Inc.	2.1%	2.2%
OPTI Canada Inc.	1.1%	1.1%
Husky Energy Inc.	1.0%	1.0%

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end.

Portfolio Manager

MFC Global Investment Management (Canada) ("MFC GIM") is the Portfolio Manager of five Brompton funds – Brompton VIP Income Fund, Brompton Advantaged VIP Income Fund, Brompton Oil & Gas Income Fund, Brompton Advantaged Oil & Gas Income Fund and Manulife Brompton Advantaged Bond Fund. MFC Global Investment Management is the asset management division of Manulife Financial Corporation. MFC GIM's diversified group of companies and affiliates provides comprehensive asset management solutions for institutional investors in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative assets, with investment offices in the US, Canada, the UK, Japan, Hong Kong, and throughout Asia. As of June 30, 2010, MFC GIM managed $116 billion in assets for institutional investors.

MFC Global Investment Management®

Portfolio Manager's Report

The first half of 2010 was dominated by market volatility. The S&P/TSX Capped Energy Index fell by 5.3% for the quarter and 7.4% for the period. Issues including the sovereign debt and deficit problems of Europe as well as slowing momentum in the global economic recovery weighed on the minds of investors. These concerns are not completely unfounded as government austerity measures to rein in runaway deficits may impede an already weakening global economic recovery.

In the United States, while the economic growth has been positive, it is not what we would expect in a recovery. The first quarter GDP growth in the US was 2.7% on an annualized basis. The lack of significant job growth is also a concern. Canada is performing better from an economic and job creation perspective, as the economy grew by 6.1% annualized in the first quarter and, since last July, 310,000 new jobs were created. In light of the stronger than expected economic growth, the Bank of Canada became the first of the G7 nations to raise interest rates in this recovery. The targeted overnight rate by the Bank of Canada was increased by 0.25% to 0.5% in June. The increase might have been higher had it not been for the persistent issues stemming from Europe. As it is, we do not expect further rate increases until the fourth quarter at the earliest.

Energy prices plotted divergent paths again during the second quarter, with oil prices down over 3% and gas prices rising by 17% in US dollar terms. The portfolio remains more heavily weighted to oil production as we have a favourable outlook for oil given increasing demand, especially from emerging markets. We continue to have a negative outlook for natural gas given significant available supply and lack of a clear demand catalyst.

During the period, we initiated a new position in Husky Energy, while reducing weights in Crescent Point Energy and Baytex Energy Trust. We continue to focus on oil and gas producers that offer high operating efficiency, low-cost production, high profitability and superior reinvestment opportunities.

We remain optimistic about the markets through the remainder of 2010. Company earnings continue to show positive growth and balance sheets are quite strong, with significant cash holdings. Valuation is attractive. In order for markets to move meaningfully forward, however, we need to see stronger macro-economic results out of the United States, including job growth and lower first-time jobless claims.

Forward-Looking Statements

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

Notice

The accompanying unaudited financial statements of Brompton Oil & Gas Income Fund for the six months ended June 30, 2010 have been prepared by management and have not been reviewed by the external auditors of the Fund.

Signed

Mark A. Caranci
Chief Executive Officer

August 12, 2010

Signed

Craig T. Kikuchi
Chief Financial Officer

Statements of Net Assets (Unaudited)

As at	June 30, 2010	Dec. 31, 2009
Assets		
Investments, at fair value	**$ 118,348,532**	$ 127,408,008
Cash and short-term investments	**39,511,585**	216,851
Income receivable	**668,509**	780,824
Total assets	**158,528,626**	128,405,683
Liabilities		
Accounts payable and accrued liabilities	**535,352**	347,763
Distributions payable to unitholders (note 7)	**1,150,006**	770,073
Loans payable (note 11)	**—**	15,206,998
Total liabilities	**1,685,358**	16,324,834
Unitholders' equity		
Unitholders' capital (note 4)	**226,690,770**	175,815,708
Warrants (note 5)	**—**	730,935
Contributed surplus (note 4)	**69,663,793**	69,241,499
Deficit	**(139,511,295)**	(133,707,293)
Net Assets representing unitholders' equity	**$ 156,843,268**	$ 112,080,849
Units outstanding (note 4)	**32,857,305**	22,002,584
Net Assets per unit – basic and diluted (note 5)	**$ 4.77**	$ 5.09
Net Assets per unit – diluted (note 5)	**$ N/A**	$ 5.09

The accompanying notes are an integral part of these financial statements.

Statements of Operations and Deficit (Unaudited)

For the six months ended June 30	2010	2009
Income		
Distributions and dividend income	**$ 4,261,417**	$ 5,372,029
Securities lending income (note 10)	**123,024**	153,911
Interest income	**6,953**	6,512
	4,391,394	5,532,452
Expenses		
Management fees (note 8)	**605,969**	398,733
Service fees (note 8)	**265,562**	200,675
Audit fees	**15,372**	14,975
Independent review committee fees	**14,876**	14,793
Trustee fees	**6,249**	8,093
Custodial fees	**4,679**	1,519
Legal fees	**751**	11,020
Unitholder reporting costs	**14,803**	7,871
Other administrative expenses	**67,672**	65,036
Interest and bank charges (note 11)	**157,305**	153,857
	1,153,238	876,572
Net investment income	**3,238,156**	4,655,880
Net realized gain (loss) on sale of investments (note 9)	**5,020,729**	(13,788,485)
Transaction costs	**(28,536)**	(20,244)
Net change in unrealized gain/loss on investments	**(8,268,564)**	23,593,416
Increase (decrease) in Net Assets from operations	**(38,215)**	14,440,567
Deficit, beginning of period	**(133,707,293)**	(166,299,103)
Distributions to unitholders (note 7)	**(5,765,787)**	(6,676,064)
Deficit, end of period	**$(139,511,295)**	$(158,534,600)
Increase in Net Assets from operations per unit (note 5)[1]	**$ —**	$ 0.61

[1] Based on the weighted average number of units outstanding for the period (note 4).

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Unaudited)

For the six months ended June 30	2010	2009
Cash flows from operating activities:		
Increase (decrease) in Net Assets from operations	$ (38,215)	$ 14,440,567
Adjustments to reconcile net cash provided by operations:		
Net realized (gain) loss on sale of investments (note 9)	(5,020,729)	13,788,485
Net change in unrealized gain/loss on investments	8,282,601	(23,591,910)
Decrease (increase) in income receivable	112,315	663,875
Increase (decrease) in accounts payable and accrued liabilities	193,952	(3,624)
Purchase of investments (note 9)	(6,652,488)	(16,662,029)
Proceeds from sale of investments (note 9)	12,450,092	15,725,009
Cash provided by operating activities	9,327,528	4,360,373
Cash flows from financing activities:		
Decrease in loans payable	(15,206,998)	(24,881,631)
Distributions paid to unitholders (note 7)	(5,385,854)	(6,924,722)
Proceeds from issuance of units upon exercise of warrants (note 5)	51,307,262	37,130,472
Proceeds from distribution reinvestment plan (note 7)	—	38,856
Repurchase of units (note 4)	(740,745)	(412,939)
Amounts paid for redemption of units (note 4)	(6,459)	(2,966)
Cash provided by financing activities	29,967,206	4,947,070
Net increase in cash and short-term investments	39,294,734	9,307,443
Cash and short-term investments, beginning of period	216,851	73,885
Cash and short-term investments, end of period	$ 39,511,585	$ 9,381,328
Supplemental information:		
Interest paid	$ 102,002	$ 156,720

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

For the six months ended June 30	2010	2009
Net Assets, beginning of period	$ 112,080,849	$ 83,484,980
Operations:		
Increase (decrease) in Net Assets from operations	(38,215)	14,440,567
Unitholder transactions:		
Distributions to unitholders (note 7)	(5,765,787)	(6,676,064)
Proceeds from issuance of units upon exercise of warrants (note 5)	51,307,262	37,130,472
Proceeds from distribution reinvestment plan (note 7)	—	38,856
Redemption of units (note 4)	(96)	(2,966)
Repurchase of units (note 4)	(740,745)	(412,939)
Total unitholder transactions	44,800,634	30,077,359
Net increase in Net Assets	44,762,419	44,517,926
Net Assets, end of period	$ 156,843,268	$ 128,002,906
Distributions per unit (note 7)	$ 0.21	$ 0.27

The accompanying notes are an integral part of these financial statements.

Statement of Investments (Unaudited)

As at June 30, 2010		Cost	Fair Value	% of Portfolio
No. of Units	**Oil and Gas**			
430,830	ARC Energy Trust	$ 7,676,040	$ 8,491,659	
245,280	Baytex Energy Trust	3,557,020	7,799,904	
442,180	Bonavista Energy Trust	11,950,062	10,086,126	
343,705	Bonterra Oil & Gas Ltd.	10,506,390	11,940,312	
215,879	Crescent Point Energy Corp.	4,239,505	8,015,587	
263,710	Enerplus Resources Fund	11,456,849	6,036,322	
345,994	Freehold Royalty Trust	6,309,707	5,477,085	
60,810	Husky Energy Inc.	1,564,751	1,534,844	
223,915	Imperial Oil Limited	9,018,773	8,683,424	
775,554	NAL Oil & Gas Trust	11,075,861	8,189,850	
161,689	Nexen Inc.	5,201,291	3,385,768	
981,560	OPTI Canada Inc.	1,717,730	1,717,730	
844,569	Peyto Energy Trust	15,939,980	12,263,141	
515,199	Progress Energy Resources Corp.	5,950,548	6,342,100	
298,832	Vermilion Energy Trust	7,022,999	10,019,837	
462,146	Zargon Energy Trust	13,151,625	8,364,843	
	Total Oil and Gas	**126,339,131**	**118,348,532**	**100.0%**
	Embedded Broker Commission	**(77,656)**	**—**	
	Total	**$126,261,475**	**$118,348,532**	**100.0%**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements (Unaudited)

June 30, 2010 and 2009

1. OPERATIONS

Brompton Oil & Gas Income Fund (the "Fund"), formerly Brompton Equal Weight Oil & Gas Income Fund, is a closed-end investment trust created under the laws of the Province of Ontario on September 28, 2004, pursuant to a declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton Funds Management Limited (the "Manager") is responsible for managing the affairs of the Fund. RBC Dexia Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuations of the Fund. The Fund is listed on the Toronto Stock Exchange and commenced operations on October 7, 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and should be read in conjunction with the most recent audited financial statements at December 31, 2009. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

Future Accounting Changes

In June 2010, the Canadian Accounting Standards Board ("AcSB") released an exposure draft to propose that investment companies may defer the adoption of International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, until fiscal years beginning on or by January 1, 2012. The Fund will adopt IFRS by the deadline to be set out in the AcSB's proposed amendment or such earlier time as required by the Canadian Securities Administrators.

The Fund has developed a plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to IFRS. Key elements of the plan include the determination of the qualitative impact and the quantitative impact, if any, on the Fund's financial statements in accordance with IFRS. The Fund has presently determined that there will be no impact to Net Assets per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the area of additional note disclosures and, potentially, different presentation of unitholder interests in the financial statements of the Fund.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

In accordance with National Instrument 81-106, a reconciliation is required between the Net Assets for financial reporting purposes (the "Net Assets") and the Net Asset Value for reporting other than in the financial statements (the "Net Asset Value").

As at	**June 30, 2010**		December 31, 2009	
	Total	**Per Unit**	Total	Per Unit – Basic and Diluted
Net Asset Value	**$ 157,088,389**	**$ 4.78**	$ 112,468,520	$ 5.11
Section 3855 adjustment	**(245,121)**	**(0.01)**	(387,671)	(0.02)
Net Assets	**$ 156,843,268**	**$ 4.77**	$ 112,080,849	$ 5.09

4. UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Asset Value of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund by the last business day of July for redemption on the second last business day of each August ("Redemption Valuation Date"). Redemption of tendered units will be settled based on the Net Asset Value per unit on the Redemption Valuation Date less associated costs of the redemption, including brokerage costs. Units tendered for redemption will be redeemed effective on the Redemption Valuation Date and will be settled on or before the tenth business day in September.

Units may also be redeemed at the option of unitholders by tendering the units on the last business day of the preceding month, other than the month of August. Unitholders whose units are redeemed will receive a redemption price per unit equal to the lesser of (i) 94% of the market price and (ii) 100% of the closing market price of the units on the applicable monthly redemption date, less any costs associated with the redemption, including brokerage costs.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from November 6, 2009 to November 5, 2010. Pursuant to the issuer bid, the Fund may purchase up to 2,202,900 of its units for cancellation when the Net Asset Value per unit exceeds its trading price. During the period ended June 30, 2010, 155,400 (2009 – 107,700) units were purchased for cancellation.

Pursuant to the monthly redemption option, 21 (2009 – 1,000) units were redeemed at an average price of $4.57 per unit during the period ended June 30, 2010.

As at June 30, 2010, the Fund had accumulated contributed surplus of $69,663,793 (2009 – $69,241,499) since inception. Contributed surplus is recorded when units of the Fund are redeemed or repurchased at prices per unit which are below the average cost per unit of unitholders' capital.

The weighted average number of units outstanding for the period ended June 30, 2010 was 26,647,188 (2009 – 23,663,588).

5. WARRANTS

The Fund issued 10,865,945 warrants to unitholders of record on December 8, 2008. Unitholders received warrants on the basis of one-half of one warrant for each unit held. A whole warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of $3.71. Warrants not exercised prior to May 27, 2009 were void and of no value. Upon the exercise of a warrant, the Fund paid a fee equal to $0.12 per warrant to the dealer whose client was exercising the warrant. During the year ended December 31, 2009, 10,172,732 warrants were exercised for net proceeds of $37,130,473. Based on the Black-Scholes model calculation, the fair value of each warrant on the date of issuance was nil. Costs associated with the issuance of these warrants amounted to $166,106.

The Fund issued 11,019,242 Class A warrants to unitholders of record on November 16, 2009. Unitholders received Class A warrants on the basis of one-half of one warrant for each unit held. A whole Class A warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of $4.74. Class A warrants not exercised prior to April 15, 2010 were void and of no value. Upon the exercise of a Class A warrant, the Fund paid a fee equal to $0.08 per warrant to the dealer whose client was exercising the warrant. All Class A warrants were exercised by April 15, 2010. Pursuant to the Class A warrant offering, the Fund issued 11,019,242 units for net proceeds of $51,349,668. Based on the closing price of the first trading day, the fair value of each warrant on the date of issuance was $0.08 per warrant. Costs associated with the issuance of these warrants amounted to $150,000.

While the warrants and Class A warrants were outstanding, diluted Net Assets per unit was calculated when the closing price of the Fund's units on a valuation date was greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets were increased by the net proceeds received from the exercise of all warrants, and units were increased by the number of units issued from the exercise of all warrants.

6. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with a high level of monthly distributions and the opportunity for capital appreciation. The Fund's capital includes unitholders' equity and loans payable. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing, or purchase units for cancellation.

7. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the period ended June 30, 2010, the Fund declared total distributions of $0.21 (2009 – $0.27) per unit, which amounted to $5,765,787 (2009 – $6,676,064). Pursuant to the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund, which may be issued from treasury or purchased in the open market. For the period ended June 30, 2010, no units (2009 – 10,690) were issued by the Fund pursuant to the reinvestment plan.

8. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Fund pays a management fee equal to 0.85% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Manager is responsible for fees payable to MFC Global Investment Management, the Portfolio Manager. The Fund also pays a service fee equal to 0.40% per annum of the Net Asset Value. The service fee is in turn paid by the Manager to the investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

9. INVESTMENT TRANSACTIONS

Investment transactions for the periods ended June 30 were as follows:

	2010	2009
Proceeds from sale of investments	**$ 12,450,092**	$ 15,725,009
Less cost of investments sold:		
Investments at cost, beginning of period	**127,038,350**	172,859,939
Investments purchased during the period	**6,652,488**	18,379,759
Investments at cost, end of period	**(126,261,475)**	(161,726,204)
Cost of investments sold during the period	**7,429,363**	29,513,494
Net realized gain (loss) on sale of investments	**$ 5,020,729**	$ (13,788,485)

There were no soft dollar amounts paid during the periods ended June 30, 2010 and 2009.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2010 and 2009

10. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, RBC Dexia Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in NI 81-102. The market values of the securities on loan and the related collateral for the period ended June 30, 2010, were $74.8 million (2009 – $45.3 million) and $77.1 million (2009 – $46.8 million), respectively.

11. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility. The revolving credit facility provides for maximum borrowings of $27.5 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There were no borrowings outstanding under this facility as at June 30, 2010 and 2009. The credit facility is secured by a first-priority security interest over all of the Fund's assets. During the period ended June 30, 2010, the minimum and maximum amounts of borrowings were nil (2009 – nil) and $15.3 million (2009 – $15.2 million), respectively.

12. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at June 30, 2010. Significant risks that are relevant to the Fund are discussed below.

The Manager attempts to minimize potential adverse effects of these risks on the Fund's performance by employing a professional, experienced portfolio manager. These risks are managed by diversifying the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is primarily comprised of income trusts and Canadian equity securities.

a) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to interest rate risk on its variable interest rate, 364-day revolving credit facility. Fluctuations in interest rates have a direct impact on the interest payments the Fund makes on its loans.

As at June 30, 2010, the Fund had no exposure to interest rate risk.

b) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Portfolio Manager attempts to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in income trusts and/or equity securities. As at June 30, 2010, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased by approximately $11.8 million or 7.5% of Net Assets (December 31, 2009 – approximately $12.7 million or 11.4% of Net Assets). In practice, the actual trading results may differ, and the difference could be material.

c) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of income receivable and amounts receivable for investments sold also represents the maximum credit risk exposure, as they will be settled in the short term.

All transactions in listed securities are settled/paid for upon delivery. The risk of default is considered minimal as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Fund has entered into a securities lending program with its custodian; see note 10. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

As at June 30, 2010, the Fund had no significant exposure to credit risk.

d) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its monthly and annual redemptions and loans payable. For the annual redemption, the Fund receives notice by the last business day in July and has up to the tenth business day in September to settle the redemptions, which gives the Portfolio Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price.

The Fund also has a 364-day revolving credit facility, which can be used to fund redemptions or finance investments; see note 11. The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facility. The Manager monitors the use of the credit facility on a regular basis.

All of the Fund's financial liabilities at June 30, 2010 and December 31, 2009 had maturities of less than one year.

13. FAIR VALUE DISCLOSURES

The Fund's assets and liabilities recorded at fair value have been categorized in accordance with CICA Handbook Section 3862, "Financial Instruments – Disclosure."

Section 3862 requires the Fund to classify its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets at fair value as at June 30, 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 118,348,532	$ —	$ —	$ 118,348,532
Total	**$ 118,348,532**	**$ —**	**$ —**	**$ 118,348,532**

Assets at fair value as at December 31, 2009	Level 1	Level 2	Level 3	Total
Equities	$ 127,408,008	$ —	$ —	$ 127,408,008
Total	$ 127,408,008	$ —	$ —	$ 127,408,008

There were no transfers of financial assets between the levels during the period ended June 30, 2010 and the year ended December 31, 2009.

Corporate Information

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Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

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Peter A. Braaten, BA, MBA
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Raymond R. Pether, BA, MBA
Director

Mark A. Caranci, BComm, CA
Director, President and
Chief Executive Officer

Craig T. Kikuchi, BA, CA, CFA
Chief Financial Officer

Christopher Cullen, BASc, MBA, CFA
Senior Vice President

Moyra E. MacKay, BA
Vice President and Corporate Secretary

Ann P. Wong, BA, MAcc, CA,
CPA (Delaware), CFA
Vice President and Controller

Trustee

Computershare Trust Company of Canada

Custodian

RBC Dexia Investor Services Trust

Auditors

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