



**BROMPTON**  
**EQUAL WEIGHT OIL & GAS**  
**INCOME FUND**



2006  
 ANNUAL  
 REPORT

Equal weight portfolio  
 of senior oil and  
 gas income funds with  
 market capitalization  
 over \$500 million.

### Management Report of Fund Performance

March 8, 2007

This annual management report of fund performance for Brompton Equal Weight Oil & Gas Income Fund (the "Fund") contains financial highlights but does not contain the audited annual financial statements. The audited annual financial statements follow this report.

Unitholders may obtain a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, at no cost, by calling 866-642-6001, or by sending a request to Brompton Funds, Suite 2930, P.O. Box 793, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

### Investment Objectives and Strategies

Brompton Equal Weight Oil & Gas Income Fund is a closed-end investment trust that is listed on the Toronto Stock Exchange under the symbol OGF.UN. The units of the Fund are managed by Brompton Funds Management Limited (the "Manager"). The Fund is designed to provide investors with high monthly cash distributions and the opportunity for capital appreciation by investing on an equally weighted basis in a portfolio of oil and gas income trusts. At the time of investment, the portfolio is comprised of an equal dollar amount of each oil and gas income trust listed on the TSX that pays a regular distribution and has a market capitalization of at least \$500 million. The portfolio is rebalanced quarterly to include any newly qualifying oil and gas income trusts and to eliminate any oil and gas income trust whose market capitalization falls below \$350 million or which otherwise does not qualify for investment. The Fund's passive investment strategy allows for a low cost method of investing in the oil and gas income trust asset class. The Fund is RRSP, DPSP, RRIF and RESP eligible.

### Risks

Changes to the Fund over the financial year ended December 31, 2006 affected overall risk associated with an investment in the Fund in the following ways:

- (i) As illustrated in the discussion under "Recent Developments – Tax Treatment of Income Trusts," the proposed change in the taxation of income trusts had a negative impact on the net asset value of the Fund.
- (ii) The Fund has borrowed amounts to invest in additional portfolio investments to increase the overall distributions of the Fund. If interest rates increase during a period when leverage is utilized, increased interest costs will reduce income available to be distributed. In 2006, short-term Canadian interest rates rose as the Bank of Canada increased its overnight rate from 3.25% in January to 4.25% by the end of December. The Fund has mitigated this risk of rising short-term interest rates by fixing the interest rate on a substantial portion of its borrowings to August 2009.
- (iii) Leverage can also impact net asset value of the Fund as it will enhance the net asset value during a period when the Fund's investments have appreciated and will exacerbate the decline of net asset value during a falling market. The greater the amount of leverage, the greater the impact on net asset value of a rise or decline in market prices of the Fund's investments. During 2006, leverage had a negative impact on the net asset value of the Fund as the value of the underlying trusts decreased following the October 31, 2006 announcement by the Department of Finance on the taxation of public income trusts.

O G F . U N

- (iv) The entire portfolio was invested in oil and gas trusts. The prices of securities in this sector were adversely affected in 2006 by declining commodity prices, particularly the price of natural gas, and disproportionately by the proposed tax changes discussed below.

Risks associated with an investment in the units of the Fund are discussed in some detail in the Fund's annual information form which is available on the Fund's website at [www.bromptongroup.com](http://www.bromptongroup.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Recent Developments

### Tax Treatment of Income Trusts

Notwithstanding a campaign promise made by Prime Minister elect Stephen Harper in January 2006 not to adversely tax income trusts, the Federal Minister of Finance announced a proposal for a new tax on public income trusts on October 31, 2006. The resulting effect was a huge sell-off in the market, which initially erased \$30 billion in market capitalization on the TSX. As a result, both the S&P/TSX Income Trust Index and the S&P/TSX Energy Trust Index posted poor total returns in 2006 of negative 2.8% and negative 3.7%, respectively. The Fund which invests in income trusts had negative overall performance in light of the announced tax proposal.

Investment funds like the Fund are not subject to this proposed tax, but to the extent an investment fund invests in income trusts (excluding certain REITs) the level of distributions it receives will be less if the taxing provisions come into effect.

The proposed tax, if enacted, will take effect immediately for new income trust conversions, while existing income trusts have been given a four-year transition period ending on December 31, 2010, before they will be subject to this new tax. Income trusts, with the exception of REITs that meet specific criteria, will be subject to the proposed tax on their distributable income at the corporate tax rate. The effect of this change will be to reduce distributable cash by as much as 31.5% beginning in 2011 for existing public income trusts. To the extent such trusts return capital as a component of their distributions, this portion is not subject to the proposed tax. For taxable investors, the impact of this new tax will be offset by allowing the distribution portion ordinarily received as income to qualify for the more favourable dividend tax treatment. As a result, the proposed changes will have no net effect on an after-tax basis for investors in the highest marginal tax rate. However, tax deferred investors, such as pension funds and investments held in registered accounts such as RRSPs, and foreign investors do not benefit from the favourable dividend tax treatment, and they will therefore be adversely affected when these new taxes, if enacted, come into effect in 2011.

Certain sectors of the income trust market, such as oil and gas trusts, were more negatively affected than others due to their greater concentration of foreign and/or tax-deferred holders. Over time, Brompton expects there to be a migration in holders from tax deferred and foreign investors to the fully taxable investor, which should improve market prices over the longer term.

Shortly after the government's announcement, Brompton began consulting and working with industry participants and advocacy groups and presented to the government an alternative proposal that we felt was equitable and would protect the interests of all investors. A copy of this proposal can be found on our website at [www.bromptongroup.com](http://www.bromptongroup.com). Brompton continues to work to help influence a more favourable outcome for our investors.

### Implementation of Accounting Standard

In the management report of fund performance prepared for the six months ended June 30, 2006, it was reported that, starting January 1, 2007, the Fund would adopt the new accounting standard, Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855: Financial Instruments – Recognition and Measurement. This standard would cause the Fund to change the way it determines the value of securities it holds in its portfolio. In particular, securities traded in an active market are valued using the last available bid price rather than the closing price for exchange-traded securities or at the average of the latest bid and ask prices for securities traded over-the-counter. This change in determining net asset value would affect the following: (i) the valuation of the Fund's investments for its financial statements; (ii) the weekly posted net asset value per unit of the Fund; and (iii) pricing of the redemption amounts for the units.

Pursuant to requests from the investment fund industry, the Canadian Securities Administrators ("CSA") exempted investment funds, including the Fund, from applying CICA Section 3855 in the calculation of the weekly net asset values and the amount of the net asset value for redemption purposes until September 30, 2007. The exemption was requested to allow further study of whether the calculation and use of net asset value in accordance with the Canadian GAAP are appropriate for purposes other than financial statements.

### Securities Lending

In September 2006, the Fund commenced a securities lending program through its custodian, RBC Dexia Investor Services Trust, in order to generate additional income. Under the program, the aggregate market value of the securities on loan cannot exceed 50% of the assets of the Fund and the Fund receives collateral of at least 102% of the market value of the securities on loan. In 2006 this program generated income of approximately \$0.45 million.

## Results of Operations

### Distributions

During the year ended December 31, 2006, the Fund made monthly cash distributions which totalled \$1.46 per unit. Since inception, in October 2004, the Fund has paid total cash distributions of \$3.125 per unit.

A breakdown of the tax characteristics of the 2006 distributions paid by the Fund is provided later under “2006 Tax Information.”

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the year ended December 31, 2006, 44,987 units were acquired in the market pursuant to this plan at an average price of \$10.45 per unit, and 82,564 units were issued from treasury by the Fund at an average price of \$10.60.

### Net Asset Value

As a result of the weakness in the oil and gas income trust sector due primarily to the impact of the proposed tax on trusts and the declining commodity price for natural gas, the net asset value per unit decreased over the year by \$4.18 per unit, or 34.0%, from \$12.28 to \$8.10. The aggregate net assets of the Fund decreased from \$450 million on December 31, 2005 to \$294 million on December 31, 2006 as a result of the above described reasons and repurchases under the issuer bid.

### Investment Portfolio

As of December 31, 2006, the Fund's investments included a total of 28 oil and gas income trusts, a decrease of four issuers from the end of 2005. A detailed listing of the Fund's security holdings is provided in the financial statements. The decrease in the number of qualifying trusts was the result of six mergers of oil and gas trusts and the inclusion of Bonterra Energy Trust and Zargon Energy Trust. In 2006, Acclaim Energy Trust and Starpoint Energy Trust merged to form Canetic Resources Trust, Viking Energy Royalty Trust merged into Harvest Energy Trust, Ketch Resources Trust merged into Advantage Energy Income Fund, Penn West Energy Trust merged with Petrofund Energy Trust, Daylight Energy Trust merged with Sequoia Oil & Gas Trust, and Esprit Energy Trust merged into Pengrowth Energy Trust. During the year, the Fund recorded net losses (realized and unrealized) of \$150.5 million.

### Liquidity and Capital Resources

As of December 31, 2006, the Fund had borrowings of \$43.6 million under its term credit facility, which represented 12.4% of total assets or 14.8% of net assets. The interest rate on the term credit facility is fixed until August 2009 at 4.513%, which reduces the Fund's exposure to rising short-term interest rates over its term. The borrowings have been used principally to invest in additional portfolio investments to increase the overall distributions paid by the Fund. The Fund also has a 364-day revolving credit facility for working capital purposes which provides for maximum borrowings of \$22.9 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. At December 31, 2006, the Fund had \$9.0 million outstanding under this facility. During the year, the minimum and maximum amounts of borrowings under both facilities were \$47.1 million and \$56.7 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 when they trade below net asset value. As a result, purchases under the issuer bid are accretive to the net asset value per unit. A total of 385,800 units were purchased in 2006 under this program at an average price of \$6.81 per unit. During the year, units of the Fund traded at an average premium to net asset value of 0.6%. Investors may also redeem their units annually in accordance with their redemption provisions.

## Related Party Transactions

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.45% per annum of the net asset value of the Fund. The management fee may be paid in cash or units at the option of the Manager. During 2006, the entire management fee was paid in units. The Manager is responsible for paying the fees of Brompton Capital Advisors Inc., which is an affiliate of the Manager and which is responsible for the rebalancing of the Fund. The Fund also pays to the Manager a service fee equal to 0.30% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to the investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter. In 2006, management and service fees amounted to \$2.0 million and \$1.1 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 financial statements. The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net asset value 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 Asset Value per Unit

	2006	2005	2004
Net asset value, beginning of year <sup>(2)</sup>	\$ 12.28	\$ 9.53	\$ 9.45
Increase (decrease) from operations: <sup>(1)(3)</sup>			
Total revenue	1.55	1.41	0.33
Total expenses	(0.16)	(0.15)	(0.03)
Realized gain (loss) for the year	0.01	1.11	—
Unrealized gain (loss) for the year	(4.12)	1.73	0.07
<b>Total increase (decrease) in net assets from operations</b>	<b>\$ (2.72)</b>	<b>\$ 4.10</b>	<b>\$ 0.37</b>
Distributions to unitholders: <sup>(1)(2)</sup>			
Cash distributions:			
From net investment income (excluding dividends)	\$ 1.11	\$ 0.95	\$ 0.18
From net realized gain on investments	—	0.43	—
Return of capital	0.35	—	0.11
Total cash distributions	1.46	1.38	0.29
Unit distributions:			
From net realized gain on investments	—	0.57	—
<b>Total distributions to unitholders</b>	<b>\$ 1.46</b>	<b>\$ 1.95</b>	<b>\$ 0.29</b>
<b>Net asset value, end of year<sup>(2)</sup></b>	<b>\$ 8.10</b>	<b>\$ 12.28</b>	<b>\$ 9.53</b>

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

<sup>(2)</sup> Net asset value per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

<sup>(3)</sup> The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

### Ratios and Supplemental Data

	2006	2005	2004
Net assets (in 000s)	\$ 293,727	\$ 449,986	\$ 397,824
Number of units outstanding (in 000s)	36,250	36,654	41,747
Management expense ratio ("MER") <sup>(1)(2)</sup>	1.43%	1.39%	7.19%
MER excluding interest expense and issuance costs <sup>(1)(3)</sup>	0.86%	0.93%	0.89%
Portfolio turnover rate <sup>(4)</sup>	46.90%	45.92%	N/A
Trading expense ratio <sup>(5)</sup>	0.07%	0.14%	N/A
Closing market price	\$ 7.75	\$ 12.06	\$ 10.15

<sup>(1)</sup> Annualized for the period from October 7, 2004 (commencement of operations) to December 31, 2004.

<sup>(2)</sup> Management expense ratio is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average net assets of the period.

<sup>(3)</sup> MER, excluding interest expense and issuance costs, has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average net assets.

<sup>(4)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 a 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. The portfolio turnover rate is not provided when a fund is less than one year old. 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.

<sup>(5)</sup> The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets of the Fund during the period. This disclosure was a new requirement in 2005 under NI 81-106 and was not applied retroactively.

### Expense Ratio

The MER of the Fund increased from 1.39% in 2005 to 1.43% in 2006 due to rising short-term interest rates. This ratio is exaggerated by the inclusion of portfolio investments to increase the distributions of the Fund.

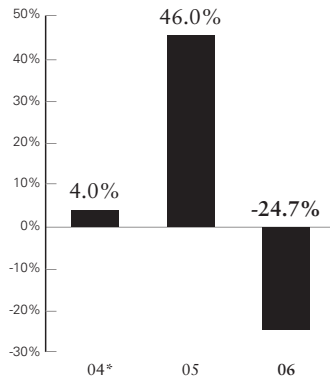
The MER, excluding interest expense and insurance costs, declined to 0.86% in 2006 from 0.93% in 2005. This latter ratio is more representative of the ongoing efficiency of the administration of the Fund.

## 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 made by the Fund or 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 annual return in each year since inception to December 31, 2006. The chart shows, in percentage terms, how an investment held on the first day of each fiscal year would have increased or decreased by the last day of the fiscal year.

### Year-by-Year Returns



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

The following table shows the Fund's annual compound return for each period indicated, compared with the S&P/TSX Capped Energy Trust Index ("Energy Trust Index"). The Energy Trust Index is derived from the S&P/TSX Capped Income Trust Index, based on the energy sector of the Global Industry Classification Standards ("GICS"). Income trusts that qualify for inclusion must derive their distribution income from actual operating entities. The Energy Trust Index is calculated without the burden of management fees and Fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

### Annual Compound Returns

	1 Year	Since Inception <sup>(1)</sup>
Brompton Equal Weight Oil & Gas Income Fund <sup>(2)</sup>	(24.7)%	6.2%
S&P/TSX Capped Energy Trust Index	(3.7)%	42.7%

<sup>(1)</sup> Period from October 7, 2004 (commencement of operations) to December 31, 2006.

<sup>(2)</sup> Based on net asset value per unit and assumes that distributions made by the Fund on its units in the period shown were reinvested (at net asset value per unit) in additional units of the Fund.

Over the course of the year, the Fund had a negative return of 24.7%. Most of the decline occurred after the proposed income trust tax announcement on October 31, 2006, which had a disproportionately negative effect on oil and gas trusts and mid-cap oil and gas trusts in particular. The Fund's greater weighting to natural gas versus oil also had a negative effect on the Fund's performance due to warmer weather and high inventory levels. While oil prices ended the year essentially flat, natural gas prices declined by 45%, reducing distributable income of trusts with a majority of production tied to natural gas.

The Fund is designed to provide exposure to Canada's conventional oil and gas trusts without undue exposure to any single issuer, due to its equal weight approach. Consequently, the Fund does not have exposure to Canadian Oil Sands Trust, which comprises nearly 17% of the Energy Trust Index and which posted a 34% total return in 2006, nor does the Fund include pipeline and energy service trusts, which are included in the Energy Trust Index. Due to the equal weight approach, the Fund has much greater exposure to mid-cap producers, such as True Energy Trust, Thunder Energy Trust and Trilogy Energy Trust, whose production is more concentrated in natural gas. Natural gas prices have increased substantially since the beginning of 2007 and the fundamentals for this commodity remain strong.

## Summary of Investment Portfolio

As at December 31, 2006

Total net asset value	\$ 293,726,797
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Portfolio Composition	% of Portfolio	% of NAV
Oil and gas	100.0%	118.1%
Total investment portfolio	100.0%	118.1%
Other net liabilities		(18.1%)
<b>Total net asset value</b>		<b>100.0%</b>

Top 25 Holdings <sup>(1)</sup>	% of Portfolio	% of NAV
Vermilion Energy Trust	5.0%	5.9%
Provident Energy Trust	4.5%	5.3%
Baytex Energy Trust	4.1%	4.9%
Bonterra Energy Income Trust	4.1%	4.9%
Enerplus Resources Fund	4.0%	4.7%
Peyto Energy Trust	3.9%	4.6%
Enterra Energy Trust	3.9%	4.6%
Crescent Point Energy Trust	3.9%	4.6%
Zargon Energy Trust	3.9%	4.6%
Harvest Energy Trust	3.8%	4.5%
ARC Energy Trust	3.8%	4.5%
Bonavista Energy Trust	3.8%	4.5%
Progress Energy Trust	3.8%	4.5%
Focus Energy Trust	3.8%	4.4%
Canetic Resources Trust	3.7%	4.4%
Fairborne Energy Trust	3.6%	4.2%
Freehold Royalty Trust	3.5%	4.1%
Penn West Energy Trust	3.4%	4.0%
Thunder Energy Trust	3.2%	3.8%
PrimeWest Energy Trust	3.2%	3.8%
Paramount Energy Trust	3.2%	3.7%
Trilogy Energy Trust	3.1%	3.7%
Shiningbank Energy Income Fund	3.1%	3.6%
NAL Oil & Gas Trust	3.0%	3.6%
Pengrowth Energy Trust	2.8%	3.4%

<sup>(1)</sup> The top 25 holdings of the Fund have been presented in accordance with NI 81-106.

*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.*

## 2006 Tax Information

The following information is applicable to holders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold Fund units as capital property outside of an RRSP, RRIF or DPSP. Unitholders should receive a T3 slip from their investment dealer providing this information.

T3 supplementary slips for holdings of the Fund will indicate Foreign Non-Business Income in Box 25, Other Taxable Income in Box 26, Capital Gains in Box 21 and Dividend Income in Box 23. Dividend income is subject to the standard gross-up and federal dividend tax credit rules.

The return of capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is now reported on the T3 supplementary slips in Box 42.

The following table outlines the breakdown of the Fund's distributions declared in 2006 on a per unit basis.

Record Date	Payment Date	Return of Capital	Foreign Non-Business Income	Other Taxable Income	Dividend Income	Capital Gains	Total Distribution
Jan. 31, 2006	Feb. 14, 2006	\$ 0.02776	\$ —	\$ 0.08408	\$ 0.00316	\$ —	\$ 0.115
Feb. 28, 2006	Mar. 14, 2006	0.02776	—	0.08408	0.00316	—	0.115
Mar. 31, 2006	Apr. 17, 2006	0.02776	—	0.08408	0.00316	—	0.115
Apr. 28, 2006	May 12, 2006	0.03017	—	0.09140	0.00343	—	0.125
May 31, 2006	June 14, 2006	0.03017	—	0.09140	0.00343	—	0.125
June 30, 2006	July 17, 2006	0.03017	—	0.09140	0.00343	—	0.125
July 31, 2006	Aug. 15, 2006	0.03017	—	0.09140	0.00343	—	0.125
Aug. 31, 2006	Sep. 15, 2006	0.03017	—	0.09140	0.00343	—	0.125
Sep. 29, 2006	Oct. 16, 2006	0.03017	—	0.09140	0.00343	—	0.125
Oct. 31, 2006	Nov. 14, 2006	0.03017	—	0.09140	0.00343	—	0.125
Nov. 30, 2006	Dec. 14, 2006	0.03017	—	0.09140	0.00343	—	0.125
Dec. 29, 2006	Jan. 15, 2007	0.02679	—	0.08116	0.00305	—	0.111
<b>Total</b>		<b>\$ 0.35143</b>	<b>\$ —</b>	<b>\$ 1.06460</b>	<b>\$ 0.03997</b>	<b>\$ —</b>	<b>\$ 1.456</b>

This information is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors with respect to their individual circumstances.

## 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 upon 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.*

## Management's Responsibility Statement

The financial statements of Brompton Equal Weight Oil & Gas Income Fund (the "Fund") have been prepared by Brompton Funds Management Limited (the "Manager" of the Fund) and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of independent directors of the Board.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

(Signed)

**Raymond R. Pether**  
*Chief Executive Officer*  
*Brompton Funds Management Limited*  
 March 8, 2007

(Signed)

**Craig T. Kikuchi**  
*Chief Financial Officer*  
*Brompton Funds Management Limited*

## Auditors' Report to Unitholders

### To the Unitholders of Brompton Equal Weight Oil & Gas Income Fund:

We have audited the statement of investments of Brompton Equal Weight Oil & Gas Income Fund (the "Fund") as at December 31, 2006, the statements of net assets as at December 31, 2006 and 2005 and the statements of operations and retained earnings (deficit), changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the investments of the Fund as at December 31, 2006, the net assets as at December 31, 2006 and 2005 and the results of its operations and retained earnings (deficit), changes in net assets and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed)

**PricewaterhouseCoopers LLP**  
*Chartered Accountants*  
 Toronto, Ontario  
 March 8, 2007

## Statements of Net Assets

As at December 31	2006	2005
<b>Assets</b>		
Investments, at market value	\$ 346,955,966	\$ 502,038,109
Cash	12,134	22,638
Income receivable	3,981,762	4,942,078
Deferred financing costs (note 8)	—	34,012
<b>Total assets</b>	<b>350,949,862</b>	<b>507,036,837</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	587,374	531,634
Distributions payable to unitholders (note 4)	4,023,737	8,063,887
Loans payable (note 8)	52,611,954	48,455,000
<b>Total liabilities</b>	<b>57,223,065</b>	<b>57,050,521</b>
<b>Unitholders' equity</b>		
Unitholders' capital (note 3)	363,871,406	367,881,681
Contributed surplus (note 3)	630,017	—
Retained earnings (deficit)	(70,774,626)	82,104,635
<b>Net assets representing unitholders' equity</b>	<b>\$ 293,726,797</b>	<b>\$ 449,986,316</b>
<b>Units outstanding (note 3)</b>	<b>36,249,885</b>	<b>36,654,034</b>
<b>Net asset value per unit</b>	<b>\$ 8.10</b>	<b>\$ 12.28</b>

Approved on behalf of Brompton Equal Weight Oil & Gas Income Fund by the Board of Directors of Brompton Funds Management Limited, the Manager.

(Signed)

**Peter A. Braaten**  
Director

(Signed)

**James W. Davie**  
Director

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

## Statements of Operations and Retained Earnings (Deficit)

For the years ended December 31	2006	2005
<b>Income</b>		
Distributions from income funds	\$ 56,105,499	\$ 58,217,018
Interest income	69,993	41,967
Securities lending income (note 7)	451,607	—
	<u>56,627,099</u>	<u>58,258,985</u>
<b>Expenses</b>		
Management fees (note 5)	1,951,221	2,149,045
Service fees (note 5)	1,148,157	1,382,901
Audit fees	29,701	27,741
Director fees	40,988	44,009
Trustee fees	39,750	22,816
Custodial fees	60,803	55,802
Legal fees	3,679	33,467
Unitholder reporting costs	65,693	235,697
Other administrative expenses	172,892	202,655
Interest and bank charges (note 8)	2,296,582	2,047,291
	<u>5,809,466</u>	<u>6,201,424</u>
<b>Net investment income</b>	50,817,633	52,057,561
Net realized gain on sale of investments (note 6)	452,149	46,078,676
Net change in unrealized gain (loss) on investments	(150,910,248)	71,481,874
<b>Increase (decrease) in net assets from operations</b>	<u>(99,640,466)</u>	<u>169,618,111</u>
Retained earnings, beginning of year	82,104,635	3,069,053
Excess of stated value paid on redemption and repurchase of units	—	(13,803,355)
Distributions to unitholders (note 4)	(53,238,795)	(76,779,174)
<b>Retained earnings (deficit), end of year</b>	<u>\$ (70,774,626)</u>	<u>\$ 82,104,635</u>
<b>Increase (decrease) in net assets from operations per unit<sup>(1)</sup></b>	<u>\$ (2.73)</u>	<u>\$ 4.10</u>

<sup>(1)</sup> Based on weighted average number of units outstanding for the period (note 3).

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

## Statements of Cash Flows

For the years ended December 31	2006	2005
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets from operations	\$ (99,640,466)	\$ 169,618,111
Adjustments to reconcile net cash provided by operations:		
Net realized gain on sale of investments (note 6)	(452,149)	(46,078,676)
Net change in unrealized gain (loss) on investments	150,910,248	(71,481,874)
Amortization of deferred financing costs (note 8)	34,012	37,083
Increase (decrease) in income receivable	960,316	(682,018)
Increase in accounts payable and accrued liabilities	55,740	83,231
Purchase of investments (note 6)	(215,606,394)	(225,353,970)
Proceeds from sale of investments (note 6)	220,230,438	281,888,429
<b>Cash provided by operating activities</b>	<b>56,491,745</b>	<b>108,030,316</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of units (note 3)	—	2,008,453
Agents' fees and issuance costs (note 3)	—	13,104
Increase in loans payable	4,156,954	4,855,000
Deferred financing costs paid	—	(2,500)
Distributions paid to unitholders (note 4)	(57,278,945)	(51,928,616)
Proceeds from distribution reinvestment plan (note 4)	875,193	442,032
Repurchase of units (note 3)	(3,393,099)	(2,700,251)
Amounts paid for redemption of units (note 3)	(862,352)	(61,443,188)
<b>Cash used in financing activities</b>	<b>(56,502,249)</b>	<b>(108,755,966)</b>
Net decrease in cash and short-term investments	(10,504)	(725,650)
Cash, beginning of year	22,638	748,288
<b>Cash, end of year</b>	<b>\$ 12,134</b>	<b>\$ 22,638</b>
<b>Supplemental information:</b>		
Interest paid	\$ 2,053,624	\$ 1,986,065

## Statements of Changes in Net Assets

For the years ended December 31	2006	2005
Net assets, beginning of year	\$ 449,986,316	\$ 397,824,101
<b>Operations:</b>		
Increase (decrease) in net assets from operations	(99,640,466)	169,618,111
<b>Unitholder transactions:</b>		
Distributions to unitholders (note 4)		
Net investment income	(40,387,115)	(38,517,655)
Capital gains	—	(38,261,519)
Return of capital	(12,851,680)	—
Total	(53,238,795)	(76,779,174)
Proceeds from issuance of units (note 3)	—	2,008,453
Agents' fees and issuance costs (note 3)	—	13,104
Proceeds from distribution reinvestment plan (note 4)	875,193	442,032
Repurchase of units (note 3)	(3,393,099)	(2,700,251)
Redemption of units (note 3)	(862,352)	(61,443,188)
Increase in capital from unit distribution and consolidation (note 3)	—	21,003,128
Total unitholder transactions	(56,619,053)	(117,455,896)
Net increase (decrease) in net assets	(156,259,519)	52,162,215
<b>Net assets, end of year</b>	<b>\$ 293,726,797</b>	<b>\$ 449,986,316</b>
<b>Distributions per unit</b>	<b>\$ 1.46</b>	<b>\$ 1.94801</b>

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

## Statement of Investments

As at December 31, 2006

		Cost	Market Value
No. of Units	Oil and Gas		
724,471	Advantage Energy Income Fund	\$ 14,820,658	\$ 9,005,175
598,140	ARC Energy Trust	10,545,257	13,338,522
644,262	Baytex Energy Trust	8,756,549	14,354,157
471,503	Bonavista Energy Trust	12,404,662	13,272,809
559,300	Bonterra Energy Income Trust	17,249,981	14,301,301
787,462	Canetic Resources Trust	18,218,948	12,945,875
767,838	Crescent Point Energy Trust	15,079,063	13,513,949
823,530	Daylight Resources Trust	11,570,592	8,408,241
271,336	Enerplus Resources Fund	11,403,201	13,751,308
1,471,986	Enterra Energy Trust	26,675,052	13,615,871
1,182,189	Fairborne Energy Trust	15,879,358	12,353,875
717,176	Focus Energy Trust	13,576,339	13,038,260
815,191	Freehold Royalty Trust	14,896,388	12,072,979
508,790	Harvest Energy Trust	14,976,474	13,345,561
852,381	NAL Oil & Gas Trust	12,792,648	10,492,810
881,836	Paramount Energy Trust	14,516,103	10,934,766
494,548	Pengrowth Energy Trust	10,780,546	9,861,287
327,270	Penn West Energy Trust	12,616,396	11,640,994
770,088	Peyto Energy Trust	16,105,078	13,630,558
519,828	PrimeWest Energy Trust	14,551,907	11,176,302
1,044,481	Progress Energy Trust	15,677,642	13,129,126
1,203,378	Provident Energy Trust	13,887,544	15,451,374
823,710	Shiningbank Energy Income Fund	17,774,055	10,584,674
1,982,592	Thunder Energy Trust	22,831,365	11,241,297
957,888	Trilogy Energy Trust	16,030,136	10,919,923
1,314,647	True Energy Trust	22,961,345	9,846,706
494,350	Vermilion Energy Trust	10,090,706	17,302,250
541,590	Zargon Energy Trust	16,611,506	13,426,016
	<b>Total</b>	<b>\$ 423,279,499</b>	<b>\$ 346,955,966</b>

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

## Notes to the Financial Statements

December 31, 2006 and 2005

### 1. OPERATIONS

Brompton Equal Weight Oil & Gas Income Fund (the “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. The Manager has retained Brompton Capital Advisors Inc. to acquire the portfolio and to rebalance it on a quarterly basis in accordance with the terms of the declaration of trust. 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 and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the periods for which the financial statements report. Actual results could differ from these estimates.

#### a) Valuation of Investments

The Fund’s investments are presented at estimated market value. Investments that are publicly traded are valued at their closing price. If a closing price is not available, then these investments are valued using an average of the latest bid and ask prices. Short-term investments are valued at cost which, when taken together with accrued interest income thereon, is an approximation of their market value.

#### b) Investment Transactions and Income Recognition

Investment transactions are recorded on trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis. Distributions from income funds are recognized on the ex-distribution date. Net realized gains or losses on sale of investments include net realized gains or losses from foreign currency changes.

#### c) Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

#### d) Foreign Exchange

The market values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing at the time of such transactions.

#### e) Fair Value of Financial Instruments

The fair value of the Fund’s financial instruments, which are composed of cash, distributions receivable, accounts payable and accrued liabilities and loans payable, approximates their book value.

### 3. 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 assets 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 at least 20 business days prior to the second last day of November (“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 of each year and will be settled on or before the tenth business day following the Redemption Valuation Date.

## Notes to the Financial Statements (continued)

## Issued

	2006		2005	
	Number of Units	Amount	Number of Units	Amount
Units, beginning of year	36,654,034	\$ 367,881,681	41,747,101	\$ 394,755,038
Initial public offering, net	—	—	—	13,104
Units redeemed	(100,913)	(1,012,953)	(5,072,374)	(47,990,238)
Issued for services (note 5)	—	—	184,155	2,008,453
Units issued under the distribution reinvestment plan (note 4)	82,564	875,201	43,552	442,032
Units repurchased pursuant to normal course issuer bid	(385,800)	(3,872,523)	(248,400)	(2,349,836)
Units issued and consolidated on special year-end distribution (note 4)	—	—	—	21,003,128
Units, end of year	36,249,885	\$ 363,871,406	36,654,034	\$ 367,881,681

On November 29, 2006, 100,913 units were redeemed at \$8.55 per unit.

During the year, the Fund issued no (2005 – 184,155) units to the Manager in respect of its management fee.

As at December 31, 2006, the Fund had accumulated contributed surplus of \$630,017 (2005 – nil) 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 Fund received approval from the Toronto Stock Exchange for a normal course issuer bid for the period from November 4, 2005 to November 3, 2006. Pursuant to the issuer bid, the Fund could purchase up to 4,165,000 of its units for cancellation when the net asset value per unit exceeded its trading price. The Fund renewed the issuer bid for the period from November 6, 2006 to November 5, 2007, which allows the Fund to purchase up to 3,663,200 units. The Fund may repurchase units when the net asset value per unit exceeds its trading price. For the year ended December 31, 2006, 385,800 (2005 – 248,400) units were purchased.

The weighted average number of units outstanding for the year ended December 31, 2006 was 36,583,063 (2005 – 41,336,973).

## 4. 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 year ended December 31, 2006, the Fund declared total distributions of \$1.456 (2005 – \$1.94801) per unit, which amounted to \$53,238,795 (2005 – \$76,779,174). Distributions for the year ended December 31, 2005, included cash distributions of \$1.375 per unit amounting to \$55,776,046. 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 year ended December 31, 2006, 82,564 (2005 – 43,552) units in respect of distributions were issued from treasury by the Fund.

## 5. RELATED PARTY TRANSACTIONS

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.45% per annum of the net asset value of the Fund plus applicable taxes. The management fee may be paid in cash or units at the option of the Manager. To the extent that units are issued from treasury for this purpose, they will be issued at the net asset value per unit. In 2006, the entire management fee was paid in cash. In 2005, the entire management fee was paid in units. The Manager is responsible for paying fees of Brompton Capital Advisors Inc. for its services to the Fund. The Fund also pays to the Manager a service fee equal to 0.30% per annum of the net asset value of the Fund. 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.

## 6. INVESTMENT TRANSACTIONS

Investment transactions for the years ended December 31 were as follows:

	2006	2005
Proceeds from sale of investments	\$ 220,230,438	\$ 281,888,429
Less cost of investments sold:		
Investments at cost, beginning of year	427,451,394	437,907,177
Investments purchased during the year	215,606,394	225,353,970
Investments at cost, end of year	(423,279,499)	(427,451,394)
Cost of investments sold during the year	219,778,289	235,809,753
Net realized gain on sale of investments	\$ 452,149	\$ 46,078,676

Brokerage commissions on investments purchased and sold during the year ended December 31, 2006 amounted to \$285,063 (2005 – \$633,550). For the years ended December 31, 2006 and 2005, there were no soft dollar amounts paid.

## 7. SECURITIES LENDING

The Fund has entered into a securities lending program in September 2006 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 by the United States government or its agencies, or a permitted supranational agency as defined in National Instrument 81-102. The market values of the securities on loan and the related collateral at December 31, 2006, were \$165.9 million (2005 – nil) and \$177.0 million (2005 – nil), respectively.

## 8. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility and a term credit facility. The revolving credit facility provides for maximum borrowings of \$22.9 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There was \$9.0 million outstanding under this facility at December 31, 2006. The Fund has borrowed the maximum amount of \$43.6 million under the term credit facility at a fixed rate of 4.513% for a five-year period ending August 25, 2009. The credit facilities are secured by a first-priority security interest over all of the Fund's assets. During the year ended December 31, 2006, the minimum and maximum amounts of borrowings were \$47.1 million (2005 – \$43.6 million) and \$56.7 million (2005 – \$49.4 million), respectively.

Costs incurred to establish the credit facilities are deferred and amortized over the term of the facilities. For the year ended December 31, 2006, the Fund recorded amortization of these costs in the amount of \$34,012 (2005 – \$37,083).

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

## 9. ADOPTION OF FUTURE ACCOUNTING STANDARDS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) recently issued a new suite of financial reporting standards that address the accounting and disclosure for financial instruments. Of particular relevance to investment funds are changes outlined in CICA Handbook Section 3855: Financial Instruments – Recognition and Measurement. The new financial reporting standards for financial instruments are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. These standards will change the way in which investments are measured for financial statement purposes and will result in differences between the net asset value per unit (“NAVPU”) presented in the financial statements and the NAVPU that is published weekly. The Fund has a financial year ending December 31, 2006, and as such, these changes will not be reflected until the interim financial statements are prepared in June 2007. Such differences will primarily result from marketable securities being valued using bid prices for financial statements and closing prices for the weekly published NAVPU.

## Corporate Information

### Directors

Peter A. Braaten, BA, MBA  
James W. Davie, BComm, MBA  
P. Michael Nedham, BSc, MBA, CBV  
Arthur R.A. Scace, QC, CM  
Ken S. Woolner, BSc, PEng

### Officers

Peter A. Braaten, BA, MBA  
Chairman  
Raymond R. Pether, BA, MBA  
Chief Executive Officer  
Mark A. Caranci, BComm, CA  
President  
Craig T. Kikuchi, BA, CA, CFA  
Chief Financial Officer  
David E. Roode, BA, CA, MBA  
Senior Vice President  
Moyra E. MacKay, BA  
Vice President and Corporate Secretary  
Lorne J. Zeiler, BA, MBA, CFA  
Vice President  
Jessica Leung, BComm, CA  
Controller  
Ann P. Wong, BA, CA, CPA (Delaware),  
CFA, Controller  
Christopher Cullen, BAsC, MBA, CFA  
Assistant Vice President  
Janet Toffolo  
Assistant Vice President

### Continuous Disclosure Manager

Contact: David E. Roode  
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### Trustee

Computershare Trust Company  
of Canada

### Custodian

RBC Dexia Investor Services Trust

### Auditors

PricewaterhouseCoopers LLP

### Banker

Bank of Nova Scotia

### Website

[www.bromptongroup.com](http://www.bromptongroup.com)