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OGF.UN

Actively managed portfolio of oil and gas securities.

## Management Report of Fund Performance

August 13, 2009

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](http://www.bromptongroup.com) or SEDAR at [www.sedar.com](http://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”), a subsidiary of Manulife Financial Corp., a top-ranked manager of income fund investments with extensive experience in income trusts, other equity securities and fixed income investments. The Fund is RRSP, DPSP, RRI, RESP and TFSA eligible.

## Investment Objectives and Strategies

The Fund is designed to provide investors with high, monthly cash distributions and low management fees together with the opportunity for capital appreciation based on the performance of an actively managed portfolio of income-producing oil and gas securities.

## Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund’s 2008 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). There were no changes to the Fund over the period that materially affected the risks associated with an investment in the units of the Fund.

## Recent Developments

### Exercise of Warrants

On December 8, 2008, the Fund issued 10.8 million TSX-listed warrants to unitholders on the basis of one-half of one warrant for each whole unit held, with each whole warrant entitling the holder to subscribe to one unit of the Fund at a subscription price of \$3.71. By the closing date of the warrant offering on May 27, 2009, 10.2 million warrants were exercised, for proceeds of \$37.1 million. The net proceeds have provided the Fund with additional capital that can be used to take advantage of attractive investment opportunities, while also increasing the trading liquidity of the units and reducing the management expense ratio (“MER”) of the Fund.

## Results of Operations

### Distributions

During the six months ended June 30, 2009, the Fund declared monthly cash distributions to unitholders which totaled \$0.27 per unit, down from \$0.43 per unit during the same period the previous year. This reflects the reduction in the monthly distribution rate from \$0.07 per unit to \$0.04 per unit announced in February 2009, which was due to distribution cuts by a large number of the oil and gas trusts included in the portfolio in response to the steep decline in oil and gas prices at that time. Since inception in October 2004, the Fund has paid total cash distributions of \$5.88 per unit.

### Revenues and Expenses

The Fund’s investments generated distribution income of \$0.23 per unit in the six months ended June 30, 2009, down from \$0.47 per unit in the same period in 2008. The decline in income was primarily due to decreases in distribution rates from several oil and gas royalty trusts in the Fund’s portfolio, which resulted from the sharp fall in oil and gas prices since the summer of 2008. The average oil price was US\$51 per barrel in the first six months of 2009, compared to US\$111 per barrel in the same period in 2008. For natural gas, the average price was US\$3.63/mmbtu in the first half of 2009, compared to US\$8.94/mmbtu in the first half of 2008. Total expenses of the Fund for the first half of 2009 were \$0.04 per unit, down by 33% from \$0.06 per unit in the same period in 2008. This decline was primarily due to the significant increase in the number of units due to the exercise of warrants in May 2009 as well as lower interest expense, which more than offset a year-over-year increase in management fees following the Fund’s move to active management in June 2008. 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, 2009, 35,975 units were acquired in the market through this plan at an average price of \$3.65 per unit.

### Net Asset Value

During the six months ended June 30, 2009, the value of the Fund’s portfolio increased as oil prices improved during the second quarter of 2009. Net Asset Value per unit increased by 4.1% to \$4.04 at June 30, 2009, from \$3.88 at December 31, 2008. The aggregate Net Asset Value of the Fund increased by over 50% from \$84.3 million on December 31, 2008 to \$128.3 million on June 30, 2009 due to the reasons given above as well as the net proceeds of \$37.1 million raised from the exercise of warrants.

### Investment Portfolio

As of June 30, 2009, the oil and gas investment portfolio held by the Fund included a total of 18 investments, including 15 oil and gas income trusts and three dividend-paying oil and gas equities, which is an increase from 17 investments at the end of 2008. The oil and gas investment portfolio recorded net gains (realized and unrealized) of \$9.3 million during the first half of 2009.

### Liquidity and Capital Resources

As of June 30, 2009, the Fund had no borrowings under its 364-day revolving credit facility, having fully repaid \$19.7 million in debt outstanding in the credit facility with the proceeds from the issuance of units resulting from the exercise of warrants in June 2009. During the first half of 2009, the minimum and maximum amounts of borrowings by the Fund were nil and \$25.9 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 109,700 units were purchased under this program during the six months ended June 30, 2009, at an average price of \$3.77 per unit. During the period, units of the Fund traded at an average discount to Net Asset Value of 2.9%. Investors may also redeem their units in accordance with the Fund’s redemption provisions. In July 2009, approximately 9.7 million units were tendered to the annual redemption.

## 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

Since June 19, 2008, the Fund has paid 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, the Portfolio Manager. All of the management fee is used by the Manager to cover its general administration expenses, the cost of portfolio management services 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.

Until June 19, 2008, pursuant to a management agreement, the Manager provided management and administrative services to the Fund, for which it was paid a management fee equal to 0.45% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Manager was also responsible for paying fees to Brompton Capital Advisors Inc., which is an affiliate of the Manager and the previous portfolio manager of the Fund.

During the six months ended June 30, 2009, management and service fees amounted to \$0.4 million and \$0.2 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<sup>(1)</sup>

	For the Six Months Ended June 30, 2009	For the Year Ended December 31				
		2008	2007	2006	2005	2004 <sup>(2)</sup>
Net Assets, beginning of period/year <sup>(3)(4)</sup>	\$ 3.84	\$ 6.46	\$ 8.07	\$ 12.28	\$ 9.53	\$ 9.45
Increase (decrease) from operations: <sup>(5)</sup>						
Total revenue	0.23	0.99	1.07	1.55	1.41	0.33
Total expenses	(0.04)	(0.13)	(0.12)	(0.16)	(0.15)	(0.03)
Realized gain (loss) for the period/year	(0.58)	(1.01)	(2.13)	0.01	1.11	—
Unrealized gain (loss) for the period/year	1.00	(0.32)	0.60	(4.12)	1.73	0.07
<b>Total increase (decrease) in Net Assets from operations</b>	<b>\$ 0.61</b>	<b>\$ (0.47)</b>	<b>\$ (0.58)</b>	<b>\$ (2.72)</b>	<b>\$ 4.10</b>	<b>\$ 0.37</b>
Distributions to unitholders: <sup>(4)</sup>						
Cash distributions:						
From net investment income (excluding dividends)	\$ N/A <sup>(6)</sup>	\$ 0.62	\$ 0.76	\$ 1.11	\$ 0.95	\$ 0.18
From net realized gain on investments	N/A <sup>(6)</sup>	—	—	—	0.43	—
Return of capital	N/A <sup>(6)</sup>	0.23	0.30	0.35	—	0.11
Total cash distributions	0.27	0.85	1.06	1.46	1.38	0.29
Unit distributions:						
From net realized gain on investments	—	—	—	—	0.57	—
<b>Total distributions to unitholders</b>	<b>\$ 0.27</b>	<b>\$ 0.85</b>	<b>\$ 1.06</b>	<b>\$ 1.46</b>	<b>\$ 1.95</b>	<b>\$ 0.29</b>
<b>Net Assets, end of period/year<sup>(3)(4)</sup></b>	<b>\$ 4.03</b>	<b>\$ 3.84</b>	<b>\$ 6.46</b>	<b>\$ 8.10</b>	<b>\$ 12.28</b>	<b>\$ 9.53</b>

<sup>(1)</sup> 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 differ from the Net Asset Value calculated for weekly Net Asset Value purposes. An explanation of these differences can be found in the notes to the financial statements.

<sup>(2)</sup> Period from October 7, 2004 (commencement of operations) to December 31, 2004.

<sup>(3)</sup> 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.

<sup>(4)</sup> Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

<sup>(5)</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.

<sup>(6)</sup> Allocations for the period ended June 30, 2009, are not determinable until year-end.

## Ratios and Supplemental Data (Based on Net Asset Value)

	June 30, 2009	December 31				
		2008	2007	2006	2005	2004 <sup>(1)</sup>
Net Asset Value (in 000s)	\$ 128,347	\$ 84,348	\$ 203,011	\$ 293,727	\$ 449,986	\$ 397,824
Number of units outstanding (in 000s)	31,792	21,719	31,301	36,250	36,654	41,747
Management expense ratio ("MER") <sup>(2)</sup>	1.99%	1.94%	1.54%	1.43%	1.39%	7.19%
Trading expense ratio <sup>(3)</sup>	0.05%	0.19%	0.16%	0.07%	0.14%	N/A
Portfolio turnover rate <sup>(4)</sup>	15.01%	24.98%	24.75%	46.90%	45.92%	N/A
Net Asset Value per unit	\$ 4.04	\$ 3.88	\$ 6.49	\$ 8.10	\$ 12.28	\$ 9.53
Closing market price – unit	\$ 3.82	\$ 3.36	\$ 6.07	\$ 7.75	\$ 12.06	\$ 10.15
Closing market price – warrant	\$ N/A	\$ 0.09	\$ N/A	\$ N/A	\$ N/A	\$ N/A

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

<sup>(2)</sup> MER is based on the requirements of NI 81-106 and includes the total expenses (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.

<sup>(3)</sup> The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period. This disclosure was a new requirement in 2005 under NI 81-106 and was not applied retroactively.

<sup>(4)</sup> 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. The portfolio turnover rate was not provided when the Fund was 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.

## Expense Ratio

The MER of the Fund increased slightly from 1.94% as at December 31, 2008 to 1.99% as at June 30, 2009. The increase in the ratio was the result of the increased weighting of fixed costs on the lower average Net Asset Value in 2009, as well as the increase in management and service fee rates following the reorganization of the Fund in June 2008, partly offset by lower interest expense due to a lower debt to asset ratio in 2009 and lower interest rates during the period. This ratio 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.

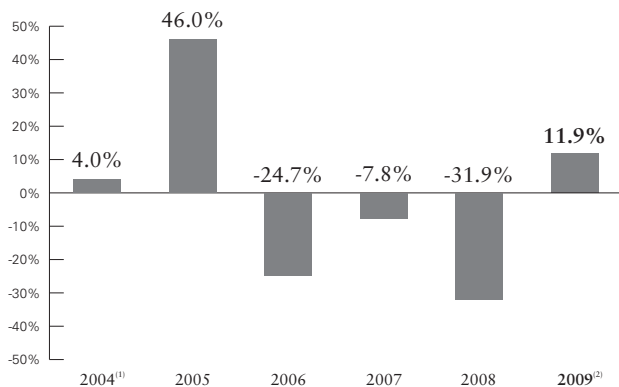
The MER, excluding interest expense and issuance costs, was 1.64% as at June 30, 2009 up from 1.18% the previous year, as a result of the increased burden of fixed costs on the lower average Net Asset Value in 2009, and the increase in management fees. This latter ratio is more representative of the 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 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, 2009. 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



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

<sup>(2)</sup> Period from January 1, 2009 to June 30, 2009.

The following table shows the Fund's compound return for each period, compared with the S&P/TSX Capped Energy Trust Index ("Energy Trust Index") and the S&P/TSX Composite Index ("Composite Index"). The Energy Trust Index is a subset of the S&P/TSX Capped Income Trust Index, based on the energy sector of the Global Industry Classification Standard. Income trusts that qualify for inclusion must derive their distribution income from actual operating entities. The Composite Index tracks the performance, on a market weight basis, of approximately 300 large stocks listed on the TSX. The Energy Trust 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, 2009	Since Inception <sup>(1)</sup>
Brompton Oil & Gas Income Fund <sup>(2)</sup>	11.9%	(4.5%)
S&P/TSX Capped Energy Trust Index	16.0%	5.9%
S&P/TSX Composite Index	18.7%	6.3%

<sup>(1)</sup> Period from October 7, 2004 (commencement of operations) to June 30, 2009.

<sup>(2)</sup> Based on Net Asset Value per unit and assuming that distributions 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 Fund provided a high return of approximately 11.9% over the six-month period, buoyed by higher oil prices, but underperformed the Energy Trust Index. Underperformance was largely due to the administration costs as represented in the MER. The Energy Trust Index does not include such costs. In addition, the Fund's warrants, which were issued at a premium to Net Asset Value in December 2008, were mostly exercised in May 2009 after the portfolio had experienced significant growth, which benefited those who exercised their warrants, but lessened the performance of the Fund on a per unit basis.

### Summary of Investment Portfolio

As at June 30, 2009

Total Net Asset Value	\$ 128,347,048
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Portfolio Composition	% of Portfolio	% of Net Asset Value
Oil and gas	92.8%	94.6%
Cash and short-term investments	7.2%	7.3%
Total investment portfolio	100.0%	101.9%
Other net liabilities		(1.9%)
<b>Total Net Asset Value</b>		<b>100.0%</b>

Holdings	% of Portfolio	% of Net Asset Value
Crescent Point Energy Trust	8.6%	8.8%
Vermilion Energy Trust	7.5%	7.6%
Cash and short-term investments	7.2%	7.3%
Baytex Energy Trust	7.0%	7.1%
NAL Oil & Gas Trust	6.8%	6.9%
Bonterra Oil & Gas Ltd.	6.3%	6.4%
Progress Energy Trust	6.1%	6.3%
Bonavista Energy Trust	6.1%	6.2%
Zargon Energy Trust	6.0%	6.1%
ARC Energy Trust	5.9%	6.0%
Enerplus Resources Fund	5.7%	5.8%
Peyto Energy Trust	4.9%	5.0%
Daylight Resources Trust	4.4%	4.5%
Freehold Royalty Trust	4.4%	4.5%
TransCanada Corporation	3.9%	4.0%
Penn West Energy Trust	3.6%	3.7%
Nexen Inc.	2.2%	2.3%
Inter Pipeline Fund	1.9%	2.0%
OPTI Canada Inc.	1.5%	1.5%

*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 Global Investment Management (Canada) (“MFC”) 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, a division of Elliott & Page Limited, is the asset management division of Manulife Financial Corporation, a top-ranked portfolio manager of income-oriented investments, with extensive experience in income trusts, dividend-paying equities and both high-yield and investment-grade fixed income investments. MFC has more than 100 years of experience managing portfolios for the Manufacturers Life Insurance Company, John Hancock Life Insurance Company, and other major clients. MFC and related entities managed approximately \$291 billion in assets as at June 30, 2009.



## Portfolio Manager’s Report

After reaching a low on March 9, 2009, equities and income trusts staged a sharp rally during the latter half of March through to May before trading within a range during the month of June. Market sentiment has turned more positive as the economic and company-specific results improved through the period and were not as bad as expected. Oil and gas trusts outperformed the income trust index, with the S&P/TSX Capped Energy Trust Index providing a return of 16% over the period. The strong performance in energy stocks and royalty trusts was due primarily to rising oil prices. Oil gained approximately 56% from US\$44/bbl to US\$69/bbl due to an improved outlook for the global economy. Natural gas meanwhile did not participate in the rally, declining from US\$5.63/mmbtu to US\$3.84/mmbtu due partly to seasonality.

We were not overly active during the period. The Fund initiated positions in TransCanada Corporation, Inter Pipeline Fund and OPTI Canada Inc. We remain cautious with regards to the markets over the near-term given the magnitude and duration of the rally. As such, we would prefer to be selective and move into positions on weakness.

While we manage the portfolio with a fairly neutral stance between natural gas and oil, we feel there is greater upside potential with natural gas producers over oil in the mid term. We have seen significant capital expenditure reductions from the natural gas producers. Additionally, drilling is down substantially and existing wells are experiencing high decline rates. Longer term, there is a ceiling on natural gas prices given the advancement of new technologies and an abundance of natural gas in North America.

Commodities were up significantly during the period. Canada, with its index skewed to energy and materials, is outperforming other developed markets year-to-date. Over the near term, we are mindful regarding commodity prices, specifically crude oil; the current weaker global fundamentals do not support today’s high prices. Once global demand picks up again, however, there may be dramatic price increases in commodities again, which would be good for energy companies and for the Fund.

## 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, 2009 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 13, 2009

(Signed)

**Craig T. Kikuchi**  
*Chief Financial Officer*

## Statements of Net Assets (Unaudited)

As at	June 30, 2009	Dec. 31, 2008
<b>Assets</b>		
Investments, at fair value	\$ 121,035,092	\$ 108,576,917
Cash and short-term investments	9,381,328	73,885
Income receivable	917,197	1,581,072
<b>Total assets</b>	<b>131,333,617</b>	<b>110,231,874</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	341,317	344,941
Amounts payable for investments purchased	1,717,730	—
Distributions payable to unitholders (note 7)	1,271,664	1,520,322
Loans payable (note 11)	—	24,881,631
<b>Total liabilities</b>	<b>3,330,711</b>	<b>26,746,894</b>
<b>Unitholders' equity</b>		
Unitholders' capital (note 4)	253,871,173	217,949,022
Contributed surplus (note 4)	32,456,333	31,835,061
Deficit	(158,324,600)	(166,299,103)
<b>Net Assets representing unitholders' equity</b>	<b>\$ 128,002,906</b>	<b>\$ 83,484,980</b>
<b>Units outstanding (note 4)</b>	<b>31,791,612</b>	<b>21,718,890</b>
<b>Net Assets per unit (note 5)</b>	<b>\$ 4.03</b>	<b>\$ 3.84</b>

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

## Statements of Operations and Deficit (Unaudited)

For the six months ended June 30	2009	2008
<b>Income</b>		
Distributions and dividend income	\$ 5,372,029	\$ 14,733,989
Securities lending income (note 10)	153,911	313,332
Interest income	6,512	22,679
	<u>5,532,452</u>	<u>15,070,000</u>
<b>Expenses</b>		
Management fees (note 8)	398,733	614,602
Service fees (note 8)	200,675	403,124
Audit fees	14,975	19,731
Independent review committee fees	14,793	14,959
Trustee fees	8,093	10,724
Custodial fees	1,519	9,375
Legal fees	11,020	65,880
Unitholder reporting costs	7,871	32,738
Other administrative expenses	65,036	49,332
Interest and bank charges (note 11)	153,857	792,132
	<u>876,572</u>	<u>2,012,597</u>
Net investment income	4,655,880	13,057,403
Net realized loss on sale of investments (note 9)	(13,788,485)	(5,021,258)
Transaction costs	(20,244)	(123,144)
Net change in unrealized gain/loss on investments and short-term investments	23,593,416	100,064,547
Increase in Net Assets from operations	14,440,567	107,977,548
Deficit, beginning of period	(166,299,103)	(129,967,308)
Issuance costs of warrants (note 5)	210,000	—
Distributions to unitholders (note 7)	(6,676,064)	(13,262,615)
Deficit, end of period	\$(158,324,600)	\$ (35,252,375)
Increase in Net Assets from operations per unit <sup>(1)</sup>	\$ 0.61	\$ 3.46

<sup>(1)</sup> 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	2009	2008
<b>Cash flows from operating activities:</b>		
Increase in Net Assets from operations	\$ 14,440,567	\$ 107,977,548
Adjustments to reconcile net cash provided by operations:		
Net realized loss on sale of investments (note 9)	13,788,485	5,021,258
Net change in unrealized gain/loss on investments	(23,591,910)	(100,064,547)
Decrease (increase) in income receivable	663,875	(107,419)
Increase (decrease) in accounts payable and accrued liabilities	(3,624)	92,226
Purchase of investments (note 9)	(16,662,029)	(40,918,278)
Proceeds from sale of investments (note 9)	15,725,009	53,426,671
<b>Cash provided by operating activities</b>	<b>4,360,373</b>	<b>25,427,459</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in loans payable	(24,881,631)	(10,794,515)
Distributions paid to unitholders (note 7)	(6,924,722)	(13,533,968)
Proceeds from issuance of units upon exercise of warrants, net (note 4)	37,130,472	—
Proceeds from distribution reinvestment plan (note 7)	38,856	—
Repurchase of units (note 4)	(412,939)	(1,201,113)
Amounts paid for redemption of units (note 4)	(2,966)	—
<b>Cash provided by (used in) financing activities</b>	<b>4,947,070</b>	<b>(25,529,596)</b>
Net increase (decrease) in cash and short-term investments	9,307,443	(102,137)
Cash and short-term investments, beginning of period	73,885	331,204
<b>Cash and short-term investments, end of period</b>	<b>\$ 9,381,328</b>	<b>\$ 229,067</b>
<b>Supplemental information:</b>		
Interest paid	\$ 156,720	\$ 928,981

## Statements of Changes in Net Assets (Unaudited)

For the six months ended June 30	2009	2008
Net Assets, beginning of period (note 3)	\$ 83,484,980	\$ 202,078,565
<b>Operations:</b>		
Increase in Net Assets from operations	14,440,567	107,977,548
<b>Unitholder transactions:</b>		
Distributions to unitholders (note 7)	(6,676,064)	(13,262,615)
Proceeds from issuance of units upon exercise of warrants, net (note 4)	37,130,472	—
Proceeds from distribution reinvestment plan (note 7)	38,856	—
Redemption of units (note 4)	(2,966)	—
Repurchase of units (note 4)	(412,939)	(1,201,113)
Total unitholder transactions	30,077,359	(14,463,728)
Net increase in Net Assets	44,517,926	93,513,820
<b>Net Assets, end of period</b>	<b>\$ 128,002,906</b>	<b>\$ 295,592,385</b>
<b>Distributions per unit</b>	<b>\$ 0.27</b>	<b>\$ 0.43</b>

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

## Statement of Investments (Unaudited)

As at June 30, 2009		Cost	Fair Value	% of Portfolio
<b>No. of Units</b>	<b>Oil and Gas</b>			
430,830	ARC Energy Trust	\$ 7,676,040	\$ 7,673,082	
464,771	Baytex Energy Trust	6,740,051	9,072,330	
442,180	Bonavista Energy Trust	11,950,062	7,950,396	
376,821	Bonterra Oil & Gas Ltd.	11,491,702	8,252,380	
327,519	Crescent Point Energy Trust	6,431,929	11,227,352	
779,763	Daylight Resources Trust	8,875,230	5,746,853	
298,180	Enerplus Resources Fund	12,954,394	7,493,263	
412,668	Freehold Royalty Trust	7,525,605	5,670,058	
289,856	Inter Pipeline Fund	2,391,312	2,524,646	
950,929	NAL Oil & Gas Trust	13,580,430	8,910,205	
115,687	Nexen Inc.	4,121,041	2,923,410	
981,560	OPTI Canada Inc.	1,717,730	1,904,226	
317,835	Penn West Energy Trust	16,436,406	4,700,780	
687,217	Peyto Energy Trust	13,823,611	6,411,735	
791,069	Progress Energy Trust	9,136,847	7,981,886	
162,980	TransCanada Corporation	5,133,870	5,091,495	
335,322	Vermilion Energy Trust	7,880,569	9,731,045	
491,769	Zargion Energy Trust	13,994,628	7,769,950	
	<b>Total Oil and Gas</b>	<b>161,861,457</b>	<b>121,035,092</b>	<b>100.0%</b>
	<b>Embedded Broker Commission</b>	<b>(135,253)</b>	<b>—</b>	
	<b>Total</b>	<b>\$ 161,726,204</b>	<b>\$ 121,035,092</b>	<b>100.0%</b>

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

## Notes to the Financial Statements (Unaudited)

June 30, 2009 and 2008

### 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.

At a special meeting held on June 9, 2008, unitholders of Brompton Equal Weight Oil & Gas Income Fund approved an extraordinary resolution to make the following changes to the Fund:

- i) Amend the name of the Fund to Brompton Oil & Gas Income Fund;
- ii) Amend the investment strategies and restrictions of the Fund to provide exposure to a portfolio that includes income trusts, dividend-paying common equities, and convertible debt and to broaden the investment universe beyond oil and gas producers to include securities issued by energy service and pipeline entities;
- iii) Adopt an active investment management strategy, with MFC Global Investment Management being appointed as Portfolio Manager;
- iv) Adopt fees which reflect active investment management by paying a management fee of 0.85% of Net Asset Value per annum and a service fee of 0.40% of Net Asset Value per annum; and
- v) Amend the redemption provisions of the Fund, including the annual redemption date.

These changes became effective on June 19, 2008.

### 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, 2008. 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

The Canadian Accounting Standards Board (“AcSB”) has confirmed its plan to adopt all International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board, on or by January 1, 2011. In accordance with Canadian GAAP and AcSB’s plan, the Fund will adopt IFRS.

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 in the financial statements of the Fund.

### 3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

In accordance with National Instrument (“NI”) 81-106, a reconciliation is required to the opening Net Assets of the Fund 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”).

	June 30, 2009		December 31, 2008	
	Total	Per Unit	Total	Per Unit
Net Asset Value	\$ 128,347,048	\$ 4.04	\$ 84,347,680	\$ 3.88
Section 3855 adjustment	(344,142)	(0.01)	(862,700)	(0.04)
Net Assets	\$ 128,002,906	\$ 4.03	\$ 83,484,980	\$ 3.84

#### 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. At a special meeting on June 9, 2008, unitholders approved a change in the annual redemption date from the second last business day in December to the second last business day of August, commencing August 2008. 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, 2007 to November 5, 2008. Pursuant to the issuer bid, the Fund could purchase up to 3,562,600 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, 2008 to November 5, 2009, which allows the Fund to purchase up to 2,176,500 units. The Fund may repurchase units when the Net Asset Value per unit exceeds its trading price. During the period ended June 30, 2009, 107,700 (2008 – 165,100) units were purchased for cancellation.

##### Issued

During the period ended June 30, 2009, 10,172,732 units were issued upon the exercise of warrants for net proceeds of \$37,130,472 (note 5).

On February 26, 2009, 1,000 units were redeemed at \$2.98 per unit. Pursuant to the monthly redemption option, 1,000 units were redeemed at an average price of \$2.98 per unit during the period.

As at June 30, 2009, the Fund had accumulated contributed surplus of \$32,486,102 (2008 – \$31,835,061) 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.

As at June 30, 2009, 31,791,612 units were issued and outstanding.

The weighted average number of units outstanding for the six months ended June 30, 2009 was 23,663,588 (2008 – 31,210,461).

#### 5. WARRANTS

Unitholders received warrants on the basis of one-half of one warrant for each unit held on December 8, 2008. A 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. 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.

The Fund issued 10,865,945 warrants to unitholders of record on December 8, 2008. During the period ended June 30, 2009, 10,172,730 warrants were exercised. No warrants were exercised during the year ended December 31, 2008. The fair value of each warrant on the date of issuance was nil. Costs associated with the issuance of these warrants amounted to \$210,000.

Diluted Net Assets per unit is calculated when the closing price of the Fund’s units on a valuation date is greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets are increased by the net proceeds received from the exercise of all warrants and units are increased by the number of units issued from the exercise of all warrants. As at December 31, 2008, the diluted Net Assets per unit was \$3.84.

Increase (decrease) in diluted Net Assets from operations per unit is calculated using the treasury stock method.

#### 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’ capital 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.

## Notes to the Financial Statements (Unaudited) (continued)

### 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, 2009, the Fund declared total distributions of \$0.27 (2008 – \$0.43) per unit, which amounted to \$6,676,064 (2008 – \$13,262,615). 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, 2009, 10,690 units (2008 – nil) were issued by the Fund pursuant to the reinvestment plan.

### 8. MANAGEMENT AND SERVICE FEES

Commencing on June 19, 2008, 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.

Until June 19, 2008, pursuant to a management agreement, the Manager provided management and administrative services to the Fund, for which it was paid a management fee equal to 0.45% per annum of the Net Asset Value of the Fund, plus applicable taxes. The management fee could be paid in cash or units at the option of the Manager. To the extent that units were issued from treasury for this purpose, they were issued at the Net Asset Value per unit. The Manager was responsible for paying fees to Brompton Capital Advisors Inc. for its services to the Fund.

### 9. INVESTMENT TRANSACTIONS

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

	2009	2008
Proceeds from sale of investments	\$ 15,725,009	\$ 54,972,827
Less cost of investments sold:		
Investments at cost, beginning of period	172,859,939	295,332,400
Investments purchased during the period	18,379,759	40,918,278
Investments at cost, end of period	(161,726,204)	(276,256,593)
Cost of investments sold during the period	29,513,494	59,994,085
Net realized loss on sale of investments	\$ (13,788,485)	\$ (5,021,258)

For the periods ended June 30, 2009 and 2008, there were no soft dollar amounts paid.

### 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, 2009, were \$49.9 million (2008 – \$43.3 million) and \$53.0 million (2008 – \$46.0 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 \$58.8 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There was nil (2008 – \$26.4 million) outstanding under this facility as at June 30, 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, 2009, the minimum and maximum amounts of borrowings were nil (2008 – \$26.0 million) and \$25.9 million (2008 – \$37.7 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, 2009. 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. Commencing on June 19, 2008, these risks are managed by diversifying the investment portfolio within the constraints of the investment objectives. Prior to June 19, 2008, the Fund was passively managed with periodic rebalancing. 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, 2009, 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, 2009, 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, respectively, by approximately \$13.0 million (approximately 10.2% of total Net Assets) (December 31, 2008 – \$10.9 million, approximately 13.0% of total 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 represent 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 a sufficient, approved credit rating 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, 2009, 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.

## Corporate Information

### Independent Review Committee

James W. Davie, BComm, MBA

Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

### Directors and Officers

Peter A. Braaten, BA, MBA

Director

Raymond R. Pether, BA, MBA

Director

Mark A. Caranci, BComm, CA

Director, President,  
Chief Executive Officer

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

Ann P. Wong, BA, MAcc, CA,

CPA (Delaware), CFA

Vice President and Controller

Christopher Cullen, BASc, MBA, CFA

Vice President

### Continuous Disclosure Manager

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### Trustee

Computershare Trust Company  
of Canada

### Custodian

RBC Dexia Investor Services Trust

### Auditors

PricewaterhouseCoopers LLP

### Banker

Royal Bank of Canada

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