

This short form base shelf prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Brompton Oil Split Corp. at its head office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario M5J 2T3, or by calling 1-866-642-6001, and are also available electronically at www.sedar.com.

New Issue

SHORT FORM BASE SHELF PROSPECTUS

December 7, 2016



\$200,000,000

Preferred Shares and Class A Shares

During the 25-month period that this short form base shelf prospectus, including any amendments hereto, remains effective, Brompton Oil Split Corp. (the “Company”) may from time to time offer and issue preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) in an aggregate principal amount of up to \$200,000,000. Preferred Shares and Class A Shares may be offered in such amount as may be determined in light of market conditions. The specific terms of the Preferred Shares and Class A Shares in respect of which this short form base shelf prospectus is being delivered will be set forth in one or more prospectus supplements (each a “Prospectus Supplement”) to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder. Each such Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of each such Prospectus Supplement and only for the purposes of the distribution of Preferred Shares and Class A Shares to which such Prospectus Supplement pertains.

Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all times. The Company is a mutual fund corporation incorporated under the laws of the Province of Ontario. The Company invests in a portfolio (the “Portfolio”) of approximately equal weighted positions in equity securities of at least 15 large capitalization North American oil and gas issuers selected by the Manager (defined herein) from the S&P 500 Index and the S&P/TSX Composite Index. The Portfolio is focused primarily on oil and gas issuers that have significant exposure to oil. To be considered for inclusion in the Portfolio, at the time of investment and at the time of each periodic reconstitution and rebalancing, an oil and gas issuer must be a constituent of the S&P 500 Index or the S&P/TSX Composite Index, must have a market capitalization of at least \$2 billion and must pay a dividend.

The Company may sell Preferred Shares and Class A Shares to or through underwriters or dealers or directly to investors or through agents. The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each entity who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions

and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Company’s outstanding Preferred Shares and Class A Shares are listed on the Toronto Stock Exchange under the symbol OSP.PR.A and OSP, respectively. On December 6, 2016, the closing price on the TSX of the Preferred Shares was \$10.00 and of the Class A Shares was \$10.49.

An investment in the Preferred Shares or the Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors described in this short form base shelf prospectus. See “*Risk Factors*”.

All shelf information permitted under applicable law to be omitted from this short form base shelf prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each prospectus supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of the Preferred Shares and Class A Shares to which the prospectus supplement pertains.

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GLOSSARY OF TERMS

In this short form base shelf prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form base shelf prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Annual Retraction Date**” means the second last Business Day of the month of March, other than in a year which contains a maturity date.

“**Basic Payout Ratio**” means the ratio of dividends paid to cash flow available to pay dividends.

“**Business Day**” means any day on which the TSX is open for business.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Company’s custodian;
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the federal or provincial Governments of Canada;
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another designated rating organization; or
- (c) other cash cover as defined in NI 81-102.

“**Class A Shares**” means the class A shares of the Company.

“**Class J Shares**” means the class J shares of the Company.

“**Company**” means Brompton Oil Split Corp., a mutual fund corporation incorporated under the laws of the Province of Ontario.

“**CRA**” means the Canada Revenue Agency.

“**DBRS**” means DBRS Limited.

“**IRC**” means the independent review committee of the Company.

“**Investment Guidelines**” means the investment guidelines of the Company described under “*The Company – Investment Guidelines*” in this short form base shelf prospectus.

“**Investment Objectives**” means the investment objectives of the Company described under “*The Company – Investment Objectives*” in this short form base shelf prospectus.

“**Investment Restrictions**” means the investment restrictions of the Company, including without limitation those described under “*The Company – Investment Restrictions*” in this short form base shelf prospectus.

“**Manager**” means Brompton Funds Limited, in its capacity as manager and portfolio manager of the Company, or if applicable, its successor.

“**Management Agreement**” means the management agreement dated as of January 29, 2015 between the Company and the Manager as it may be amended from time to time.

“**Management Fee**” has the meaning given to such term under “*Fees and Expenses – Management Fee*”.

“**Maturity Date**” means March 31, 2020, subject to extension for successive terms of up to five years as determined by the Company’s board of directors. See “*The Company – Maturity Date*”.

“**NAV**” means net asset value.

“**NAV per Unit**” means the NAV of the Company divided by the number of Units then outstanding.

“**NAV of the Company**” means (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class J Shares (\$100) as described in the current annual information form of the Company.

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds*.

“**NI 81-106**” means National Instrument 81-106 – *Investment Fund Continuous Disclosure*.

“**NI 81-107**” means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

“**Portfolio**” means the Company’s investment portfolio.

“**Portfolio Companies**” has the meaning given to such term under “*Investment Overview*”.

“**Preferred Shares**” means the preferred shares of the Company.

“**Prospectus Supplement**” means a prospectus supplement to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Preferred Shares and Class A Shares offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Company or the holder.

“**Rebalancing Criteria**” means the Rebalancing Criteria of the Company described in the Company’s most recent annual information form.

“**Retraction Date**” means the second last Business Day of a month.

“**Retraction Payment Date**” means the day that is on or before the tenth Business Day of the month following the Retraction Date or Annual Retraction Date, as applicable.

“**Service Fee**” has the meaning given to such term under “*Fees and Expenses – Service Fee*”.

“**Shareholder**” means a holder of a Preferred Share or a Class A Share.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share. The number of Units outstanding at any time will be equal to the sum of the number of Preferred Shares and Class A Shares then outstanding divided by two.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

“**volatility**” means, in respect of the price of a security, a numerical measure of the tendency of the price to vary over time.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form base shelf prospectus may be forward-looking statements. The use of 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 involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although Brompton Funds Limited (the “Manager”) believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this short form base shelf prospectus:

- (a) the annual information form of the Company dated March 15, 2016 for the year ended December 31, 2015;
- (b) the annual financial statements of the Company dated March 7, 2016, together with the accompanying report of the auditor, for the fiscal year ended December 31, 2015;
- (c) the management report of fund performance of the Company dated March 7, 2016 for the fiscal year ended December 31, 2015;
- (d) the unaudited interim financial statements of the Company dated August 9, 2016 for the period ended June 30, 2016; and
- (e) the management report of fund performance of the Company dated August 9, 2016 for the period ended June 30, 2016.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Company with a securities commission or similar authority in Canada after the date of this short form base shelf prospectus and prior to the termination of an offering of Preferred Shares and Class A Shares, will be deemed to be incorporated by reference in this short form base shelf prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form base shelf prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form base shelf prospectus.

Upon a new annual information form, semi-annual or annual financial statements and management report on fund performance being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this short form base shelf prospectus, the previous annual information form, semi-annual or annual

financial statements and management report on fund performance and all material change reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this short form base shelf prospectus for purposes of future offers and sales of Preferred Shares and Class A Shares hereunder.

A Prospectus Supplement containing the specific terms of an offering of Preferred Shares and Class A Shares will be delivered to purchasers of such Preferred Shares and Class A Shares together with this short form base shelf prospectus and will be deemed to be incorporated into this short form base shelf prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Preferred Shares and Class A Shares covered by that Prospectus Supplement.

THE COMPANY

Brompton Oil Split Corp. (the “Company”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 30, 2014 with a registered office located at Bay Wellington Tower, Brookfield Place, 181 Bay Street Suite 2930, Toronto, Ontario, M5J 2T3.

In January 2015, the Company completed its initial public offering of 2,800,000 Preferred Shares and 2,800,000 Class A Shares pursuant to a prospectus dated January 29, 2015. Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be issued and outstanding at all times.

While the Company is technically considered to be a mutual fund under the securities legislation of certain provinces of Canada, the Company is not a conventional mutual fund.

The Preferred Shares and Class A Shares are listed on the TSX under the symbols OSP.PR.A and OSP, respectively.

Investment Objectives

The investment objectives for the Preferred Shares are to provide their holders with fixed cumulative preferential quarterly cash distributions in the amount of \$0.1250 per Preferred Share (\$0.50 per annum) until March 31, 2020 and to return the original issue price to holders of Preferred Shares on the Maturity Date.

The investment objectives for the Class A Shares are to provide their holders with regular monthly non-cumulative cash distributions targeted to be \$0.10 per Class A Share and to provide holders of Class A Shares with the opportunity for growth in the NAV per Class A Share.

In order to achieve its investment objectives, the Company invests in a portfolio (the “Portfolio”) of equity securities of at least 15 large capitalization North American oil and gas issuers selected by the Manager from the S&P 500 Index and the S&P/TSX Composite Index, may selectively write covered call options from time to time in order to enhance the Company’s total returns and to mitigate the overall volatility of the Portfolio and will hedge substantially all of its U.S. dollar exposure back to the Canadian dollar.

Investment Guidelines

To achieve its investment objectives, the Company invests in a portfolio of approximately equal-weighted positions in equity securities of at least 15 large capitalization North American oil and gas issuers selected by the Manager from the S&P 500 Index and S&P/TSX Composite Index. The Portfolio is focused primarily on oil and gas issuers that have significant exposure to oil.

To be considered for inclusion in the Portfolio, at the time of investment and at the time of each periodic reconstitution and rebalancing, an oil and gas issuer must be a constituent of the S&P 500 Index or the S&P/TSX Composite Index, must have a market capitalization of at least \$2 billion and must pay a dividend.

After applying the above mentioned criteria, the Manager will select at least 15 oil and gas issuers to comprise the Portfolio, giving consideration to, among other metrics, as applicable: valuation (on an enterprise value/EBITDA, price/cash flow and/or price/net asset value ratio basis); growth prospects (in terms of expected cash flows and/or reserves); profitability (in terms of return on equity); liquidity (of both listed stock and options); sustainability of dividends (in terms of Basic Payout Ratio, as defined herein); and a strong balance sheet (in terms of debt/EBITDA and debt/capital ratios).

If less than 15 oil and gas issuers included in the S&P 500 Index and S&P/TSX Composite Index satisfy the market capitalization or dividend criteria, the Portfolio will include all issuers that satisfy the criteria together with such other issuers selected by the Manager at its discretion, giving consideration to the principles noted above.

The Company may also invest up to 25% of the Portfolio value, as measured at the time of investment, in equity securities of issuers listed on the S&P 500 Index or the S&P/TSX Composite Index that satisfy the market

capitalization and dividend criteria noted above operating in energy subsectors including equipment, services, pipelines, transportation and infrastructure.

The Manager is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria. The Company may selectively write covered call options from time to time in respect of all or a portion of the securities in the Portfolio in order to enhance the Company's total returns, enhance the dividend yield on the securities in the Portfolio and to mitigate the overall volatility of the Portfolio. The Company may from time to time hold cash and cash equivalents.

Call Option Writing

The Company may, from time to time, sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. Since call options will be written only in respect of securities that are in the Portfolio and the Investment Restrictions of the Company prohibit the sale of securities subject to an outstanding option, the call options will be covered call options at all times.

The holder of a call option purchased from the Company will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Company at the strike price per security. By selling call options, the Company will receive option premiums, which are generally paid within one Business Day of the writing of the option. If at any time during the term of a call option or at expiry the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Company will be obligated to sell the securities to the holder at the strike price per security. Alternatively, the Company may repurchase a call option it has written that is in-the-money by paying the market value of the call option. If, however, the option is out-of-the-money at expiration of the call option, the holder of the option will likely not exercise the option, the option will expire and the Company will retain the underlying security. In each case, the Company will retain the option premium.

The amount of option premium depends upon, among other factors, the volatility of the price of the underlying security: generally, the higher the volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium.

When a call option is written on a security in the Portfolio, the amounts that the Company will be able to realize on the security during the term of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Company will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium.

Rebalancing Criteria

The Portfolio is rebalanced and may be reconstituted at least semi-annually but may be rebalanced and reconstituted more frequently at the Manager's discretion. In the event of an announcement of a merger, takeover, dividend reduction or other fundamental corporate action affecting a Portfolio constituent, or if in the view of the Manager such an event is likely, the Manager may reduce such position and reinvest the proceeds in a new constituent.

The Portfolio shall not include less than 15 investments. In addition, between the rebalancing dates, the Company may sell Portfolio securities for working capital purposes or replace Portfolio securities with proceeds from the exercise of covered call options previously written. In order to rebalance the Portfolio, the Manager will, at the time of rebalancing, calculate the market value of the Portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the Portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares in the Portfolio between rebalancing dates, it is not expected that the issuers included in the Portfolio will be exactly equally-weighted at any given time.

The Portfolio may also be rebalanced in the event of any future offering of Preferred Shares and Class A Shares by the Company.

Investment Restrictions

The Company is subject to the Investment Restrictions that, among other things, limit the equity securities and other securities that the Company may acquire for the Portfolio. The Company's Investment Restrictions may not be changed without the approval of the holders of the Preferred Shares and Class A Shares, each voting separately as a class by an extraordinary resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Company has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time) other than in respect of exemptions therefrom that it has obtained.

Maturity Date

The Maturity Date of the Company, on which date it will redeem all of the Preferred Shares and Class A Shares is March 31, 2020, subject to extension for successive terms of up to 5 years as determined by the Board of Directors.

Securities Lending

In order to generate additional returns, the Company may lend Portfolio securities to securities borrowers acceptable to the Company pursuant to the terms of the Securities Lending Agreement (defined herein) under which: (i) the borrower will pay to the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the *Income Tax Act* (Canada); and (iii) the Company will receive collateral security. The Company may only lend the portion of the securities of a Portfolio issuer that is not subject to a covered call option. The Company has appointed the Custodian to act as securities lending agent in the event that it lends Portfolio securities to securities borrowers. Such agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis. Acceptable collateral would generally be limited to Government of Canada or provincial treasury securities or other liquid collateral as approved by the Board of Directors, in each case with a value equal to 105% of the value of the securities on loan. Any securities lending transactions entered into by the Company may be terminated by the Company at any time.

DESCRIPTION OF THE SHARES OF THE COMPANY

The following description sets forth certain general terms and provisions of the Preferred Shares and Class A Shares. The particular terms and provisions of the Preferred Shares and Class A Shares offered by a Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in such Prospectus Supplement.

Certain Provisions of the Preferred Shares

Distributions

Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last Business Day of March, June, September and December will be entitled to receive fixed, cumulative preferential quarterly cash distributions of \$0.1250 per share (\$0.50 per annum) until March 31, 2020 and will be paid on or before the tenth Business Day in the month following the end of the period in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Preferred Shares.

Redemptions

All Preferred Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

Retraction Privileges

Monthly

Preferred Shares may be surrendered at any time for retraction to TSX Trust Company, the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder (as defined herein) will be paid on the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Preferred Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Preferred Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the NAV per Unit determined as of such Retraction Date less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. If the NAV per Unit is less than \$10.00 plus any accrued and unpaid distributions on the Preferred Shares, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Preferred Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on an Annual Retraction Date, at a retraction price per Unit equal to the NAV per Unit determined on that date, less any costs associated with the retraction, including commissions and other such costs if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. For the purpose of calculating the NAV per Unit, the value of securities comprising the Portfolio will be equal to the weighted average trading price of such securities over the last three Business Days of the month in which the Annual Retraction Date occurs. The Preferred Shares and Class A Shares must both be surrendered for retraction at least ten Business Days prior to an Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the tenth Business Day of the month following the Annual Retraction Date.

Non-Concurrent Retraction Right

On March 31, 2020 and upon the announcement of each extension of a subsequent maturity date as determined by the Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days' notice to holders of Preferred Shares of such right. The redemption price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

If more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the

Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

General

Any and all Preferred Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

Priority

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

Certain Provisions of the Class A Shares

Distributions

The policy of the Board of Directors of the Company is to pay monthly non-cumulative distributions to the holders of Class A Shares. The Company intends to pay monthly non-cumulative distributions to the holders of Class A Shares in an amount targeted to be \$0.10 per Class A Share. Such distributions will be paid on or before the tenth Business Day of the month following the month in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Class A Shares.

No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution, if after payment of the distribution by the Company, the NAV per Unit would be less than \$15.00. In addition, the Company will not pay distributions in excess of \$0.10 per month, on the Class A Shares if, after payment of the distribution, the NAV per Unit would be less than \$23.50 unless the Company would need to make such distributions so as to fully recover refundable taxes.

Subject to the dividend entitlement of the holders of the Preferred Shares, the Board of Directors shall allocate return of capital distributions first to holders of the Class A Shares before paying distributions representing return of capital to holders of the Preferred Shares. The Company may, at its option, make a special year end capital gains distribution in certain circumstances, including where the Company has net realized capital gains, in Class A Shares and/or cash. Any capital gains distribution payable in Class A Shares will increase the aggregate adjusted cost base to holders of Class A Shares of such shares. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution.

Distributions are payable to holders of Class A Shares of record at 5:00 p.m. (Toronto time) on the last Business Day of each month.

Redemptions

All Class A Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit determined on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

Retraction Privileges

Monthly

Class A Shares may be surrendered at any time for retraction to TSX Trust Company, the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on the tenth Business Day prior to the monthly Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth Business Day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Class A Shares may concurrently retract an equal number of Class A Shares and Preferred Shares on an Annual Retraction Date, at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. For the purpose of calculating the NAV per Unit, the value of securities comprising the Portfolio will be equal to the weighted average trading price of such securities over the last three Business Days of the month in which the Annual Retraction Date occurs. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 pm (Toronto time) on the tenth Business Day prior to an Annual Retraction Date. Payment of the proceeds will be made on or before the tenth Business Day of the following month.

Non-Concurrent Retraction Right

On March 31, 2020 and upon the announcement of each extension of a subsequent maturity date as determined by the Board of Directors, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days' notice to holders of Class A Shares of such right. The redemption price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the NAV per Unit determined on that date minus \$10.00 plus any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

If more Preferred Shares than Class A Shares have been redeemed pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been redeemed pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

General

Any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

Priority

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital out of the Portfolio on the dissolution, liquidation or winding up of the Company.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per Class J Share. The Class J Shares are redeemable and retractable at a price of \$1.00 per Class J Share. The Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company. There are 100 Class J Shares issued and outstanding. A trust established for the benefit of the holders of the Preferred Shares and the Class A Shares owns all of the issued and outstanding Class J Shares.

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, the net proceeds from the sale of Preferred Shares and Class A Shares will be used to fund the purchase securities for the Portfolio in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions.

PLAN OF DISTRIBUTION

The Company may sell Preferred Shares and Class A Shares to or through underwriters, dealers or agents and also may sell Preferred Shares and Class A Shares directly to purchasers or through agents.

The distribution of Preferred Shares and Class A Shares may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

In connection with the sale of Preferred Shares and Class A Shares, underwriters or agents may receive compensation from the Company (a portion of which may be paid by the Manager, in its sole discretion) or from purchasers of Preferred Shares and Class A Shares for whom they may act as agents in the form of concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Preferred Shares and Class A Shares may be deemed to be underwriters and any commissions received by them from the Company and any profit on the resale of Preferred Shares and Class A Shares by them may be deemed to be underwriting commissions. Any such person that may be deemed to be an underwriter with respect to Preferred Shares and Class A Shares will be identified in the Prospectus Supplement relating to such shares.

The Prospectus Supplement relating to the Preferred Shares and Class A Shares offered by the Company will identify each entity who may be deemed to be an underwriter with respect to such Preferred Shares and Class A Shares and will set forth the terms of the offering of such Preferred Shares and Class A Shares, including, to the extent applicable, the offering price, the proceeds to the Company, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Preferred Shares and Class A Shares sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Preferred Shares and Class A Shares may be entitled to indemnification by the Company against certain liabilities, including liabilities under Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the Company or its subsidiaries in the ordinary course of business.

In connection with any underwritten offering of Preferred Shares and Class A Shares, the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares and/or Class A Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Preferred Shares and the Class A Shares will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons.

ORGANIZATION AND MANAGEMENT OF THE COMPANY

Manager and Portfolio Manager

Pursuant to the management agreement dated as of January 29, 2015 between the Company and the Manager (the “Management Agreement”), the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so. The Manager is also responsible for the portfolio management of the Company including writing call options and put options in accordance with the Investment Objectives, Investment Guidelines and Investment Restrictions of the Company.

In consideration for the services provided by the manager to the Company, the Company pays a fee to the Manager equal to 0.70% per annum of the NAV of the Company calculated and payable monthly in arrears plus applicable taxes. The Company reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Company. The Manager is also paid a service fee by the Company which is applied to pay the service fee payable to dealers based on the number of Class A Shares held by clients of such dealers at the end of each relevant quarter. The service fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to 0.40% per annum of the value of the Class A Shares held at the end of the relevant quarter by clients of dealers, plus applicable taxes. For these purposes, the value of a Class A Share is the NAV per Class A Share.

Transfer Agent and Registrar

TSX Trust Company is the registrar and transfer agent for the Class A Shares and Preferred Shares.

Custodian and Securities Lending Agent

CIBC Mellon Trust Company is the Company’s custodian and is responsible for certain aspects of the day-to-day administration of the Company and provides safekeeping and custodial services in respect of the Company’s assets. The address of the Custodian is 320 Bay Street, P.O. Box 1, 6th Floor, Toronto, Ontario, M5H 4A6. CIBC Mellon Global Securities Services Company is the securities lending agent of the Company pursuant to a securities lending agreement between the Manager, in its capacity as manager of the Company and CIBC Mellon Global Securities Services Company (the “Securities Lending Agreement”). See “*The Company – Securities Lending*”.

Auditor

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

RISK FACTORS

Certain risk factors relating to the Company, the Preferred Shares and the Class A Shares are described below. Additional risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Preferred Shares and Class A Shares, could be materially adversely affected.

Performance of the Portfolio Companies and Other Considerations

The NAV per Unit varies as the value of the securities in the Portfolio changes. The Company has no control over the factors that affect the value of the securities in the Portfolio. Factors unique to each company included in the Portfolio, such as changes in its management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of its securities in the Portfolio. A substantial drop in equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Preferred Shares or Class A Shares.

Shares of the Company may trade in the market at a discount to their NAV and there can be no assurance that such shares will trade at a price equal to their NAV. The NAV will vary in accordance with the value of the securities acquired by the Company. The value of the securities acquired by the Company will be affected by business factors and risks that are beyond the control of the Company, including: (a) operational risks related to specific business activities of the respective issuers; (b) quality of underlying assets; (c) financial performance of the respective issuers and their competitors; (d) volatility in the price of oil, natural gas and other commodity prices; (e) environmental risks; (f) political risks; (g) fluctuations in exchange rates; (h) fluctuations in interest rates; and (i) changes in government regulations.

Risks Relating to the Oil and Gas Industry

The securities in the Portfolio may be subject to a number of risks specific to the energy sector, such as: (a) changes in industrial, government and consumer demand, which will be affected by levels of industrial and commercial activities that are associated with high levels of energy demand; (b) price changes in alternative sources of energy; (c) disruptions in the supply chain or in the production or supply of energy sources; (d) adjustments to inventories; (e) variations in production and shipping costs; and (f) costs associated with regulatory compliance, including environmental regulations. These factors interrelate in complex ways, and the effect of one factor on the Company and the value of its Preferred Shares and Class A Shares may increase or reduce the effect of another factor.

Oil markets and issuers involved in all aspects of the oil and energy markets have experienced significant volatility and price declines in recent months. Many such issuers have cut revenue and capital expenditure targets as well as distributions to their shareholders. There can be no assurance that such recent volatility and declines will not continue, which could have an adverse impact on the Company and returns to Shareholders.

Commodity Price Fluctuations and Volatility of Oil and Gas Prices

The operations and financial condition of the majority of issuers in which the Company will invest and, accordingly, the amount of distributions paid on such securities, will be dependent on commodity prices applicable to such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of distributions paid on such securities. In particular, the operational results and financial condition of issuers included in the Portfolio are especially sensitive to oil and gas prices. Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand factors, political events, weather and general economic conditions, among other things. Any decline in oil and gas prices could have an adverse effect on the distributions received from the issuers included in the Portfolio and the value of the Portfolio securities.

Nature of Oil and Gas Exploration and Development

Oil and gas exploration and development is very competitive and involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Furthermore, the marketability of oil and gas may be affected by numerous factors beyond issuers' control, including: market fluctuations of prices, proximity and capacity of pipelines and processing equipment, equipment availability and government regulations (including, without limitation, regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and gas and environmental protection). The extent of these factors cannot be accurately predicted and will change from time to time, but the combination of these factors may result in issuers not receiving an adequate return on invested capital.

There is no assurance that the companies operating in the oil and gas sectors will produce oil and gas in quantities or at costs anticipated. Actual operating costs may differ materially from such current estimates. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies thereunder could result in substantial costs and liabilities, delays or an inability to complete projects.

Oil and gas exploration and development including operations and pipelines are subject to environmental regulation pursuant to federal and provincial legislation and regulations. These laws require various approvals and provide for restrictions and prohibitions on releases or emissions of various substances produced or used in association with such operations. Risks of substantial costs and liabilities are inherent in such operations and a violation of any such law may result in the issuance of remedial orders, the suspension of approvals or the imposition of significant fines or penalties.

Greater Volatility of the Class A Shares

An investment in the Class A Shares represents a leveraged investment by virtue of the Preferred Shares which are entitled to a fixed amount upon the termination or winding-up of the Company in priority to the Class A Shares. This leverage amplifies the potential return to investors of Class A Shares in so far as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the portfolio first accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

Recent and Future Global Financial Developments

Global financial markets have experienced increased volatility in the last several years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as global governments have worked to restore much needed liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. No assurance can be given that efforts to respond to the crisis will continue or that, if continued, they will be successful or these economies will not be adversely affected by the inflationary pressures resulting from such efforts or central banks' efforts to slow inflation. A substantial decline in equities markets could be expected to have a negative effect on the Company and the market prices of the Preferred Shares and/or Class A Shares.

Market Disruptions

War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Portfolio.

Concentration Risk

The Company may invest in as few as 15 issuers and is limited to generally investing its assets in oil and gas issuers. Accordingly the Company's holdings are concentrated in the securities of such issuers and may be considered to be less diversified and the NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Preferred Shares and the Class A Shares.

Sensitivity to Interest Rates

The market prices of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative impact on the market prices of the Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Preferred

Shares or Class A Shares prior to the Maturity Date will therefore be exposed to the risk that the market prices of the Preferred Shares and the Class A Shares will be negatively affected by interest rate fluctuations. In addition the Distribution rate on Preferred Shares may be changed at the time of an extension of the Maturity Date, which may also affect the market price of such Shares.

Changes in Credit Rating

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

No Assurances on Achieving Objectives

There is no assurance that the Company will be able to achieve its distribution objective or will return to investors an amount equal to or in excess of the original issue price of the Preferred Shares or the Class A Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of option premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change, such changes could have a negative effect upon the value of the Company, the Shares and upon the investment opportunities available to the Company.

Reliance on the Manager

The Manager is responsible for providing, or managing for the provision of, management and administrative services including investment and portfolio management services required by the Company. Investors who are not willing to rely on the Manager should not invest in Shares.

The Manager will manage the investment portfolio of the Company in a manner consistent with the Investment Objectives, Investment Guidelines and Rebalancing Criteria of the Company. The employees of the Manager who will primarily be responsible for the management of the Portfolio have extensive experience in managing investment portfolios including writing covered call options and cash covered put options. There is no certainty that the employees of the Manager who will be primarily responsible for the management of the Portfolio will continue to be employees of the Manager throughout the term of the Company.

Conflicts of Interest

The Manager and its directors and officers and its respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust with similar investment objectives and/or similar investment strategies to those of the Company. Although none of the directors or officers of the Manager devotes his or her full time to the business and affairs of the Company, each devotes as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Company and the Manager, as applicable.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and those securities underlying put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options or purchase put options on desired terms or to close out option positions should the Manager desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Company will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Sensitivity to Volatility Levels

The Company intends to sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Manager or the Company.

Securities Lending

The Company may engage in securities lending. Although the Company will receive collateral for the loans and such collateral is marked-to-market, the Company will be exposed to the risk of loss should the borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the Portfolio of loaned securities.

Taxation

In determining its income for tax purposes, the Company treats option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the Canada Revenue Agency's (the "CRA") published administrative policy. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, are treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If, contrary to the CRA's published administrative policy, some or all of the transactions undertaken by the Company in respect of options are treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive Capital Gains Dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company or the Company's investments, or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

Significant Retractions

If a significant number of Preferred Shares or Class A Shares are retracted, the trading liquidity of the Preferred Shares and Class A Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Preferred Shares and Class A Shares resulting in a potentially lower NAV.

Loss of Investment

An investment in the Company is appropriate only for investors who have the capacity to absorb investment losses.

Non-Concurrent Retraction

Holders of Preferred Shares and Class A Shares will be offered a non-concurrent retraction right on March 31, 2020 and upon any subsequent extension of the maturity date as determined by the Company's Board of Directors. To the extent that there are unmatched numbers of Preferred Shares and Class A Shares tendered for retraction, the Preferred Shares or the Class A Shares, as the case may be, may be called by the Company for redemption on a pro rata basis in order to maintain the same number of Preferred Shares and Class A Shares outstanding for a redemption price equal to the price that would have been payable on a retraction of such shares by the holder. The number of retractions by holders of Preferred Shares and Class A Shares may be influenced by the performance of the Company, the management expense ratio, and the trading discount to NAV, among other things.

Changes in Legislation and Regulatory Risk

There can be no assurance that certain laws applicable to the Company, including securities legislation, will not be changed in a manner which adversely affects the Company or Shareholders. If such laws change then such changes could have a negative effect upon the value of the Company, the Shares and upon investment opportunities available to the Company.

Accrued Gains

The adjusted cost base to the Company for tax purposes of shares of certain securities in the Portfolio may be less than their fair market value. Accordingly, all Shareholders may be liable for tax on capital gains attributable to such securities to the extent such capital gains tax is not refundable to the Company and such capital gains are therefore distributed as a Capital Gains Dividend.

Currency Exposure

As the Portfolio will include securities denominated in U.S. dollars, the NAV of the Company, when measured in Canadian dollars will, to the extent that this has not been hedged against, be effected by changes in the value of the U.S. dollar relative to the Canadian dollar.

Currency hedges entail a risk of illiquidity and, to the extent that the U.S. dollar appreciates in Canadian dollar terms, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the Company if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances. Currency hedges also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange-traded instruments or other third party in the case of over-the-counter instruments) in that it may be unable to meet its obligations.

Foreign Market Exposure

The Company's investments may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than

a Canadian or U.S. company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Exchange of Tax Information

The Company is required to comply with due diligence and reporting obligations in the *Income Tax Act* (Canada) enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Shares continue to be listed on the TSX, the Company should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Shareholders. However, dealers through which Shareholders hold their Shares are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Shareholders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Shares. If a Shareholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Shareholder does not provide the requested information, the Shareholder's dealer will be required under Part XVIII of the *Income Tax Act* (Canada) to report certain information about the Shareholder's investment in the Company to the CRA, unless the Shares are held by a registered plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service. On April 15, 2016, the Department of Finance (Canada) released for consultation proposals to amend the *Income Tax Act* (Canada) to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Proposals"). Pursuant to the CRS Proposals, Canadian financial institutions would be required to have procedures in place to identify accounts held by residents of foreign countries that have agreed to bilateral information exchange with Canada under the Common Reporting Standard ("Participating Jurisdictions") or by certain entities any of whose "controlling persons" are resident in a Participating Jurisdiction and to report required information to the CRA. Such information would be exchanged on a reciprocal, bilateral basis with the Participating Jurisdictions in which the account holders or such controlling persons are resident. Under the CRS Proposals, Shareholders will be required to provide such information regarding their investment in the Company to their dealer for the purpose of such information exchange, unless the investment is held by a registered plan.

FEES AND EXPENSES

Management Fee

The Manager receives an annual management fee (the "Management Fee") from the Company equal to 0.70% per annum of NAV, calculated and payable monthly in arrears, plus any applicable taxes for providing management, administrative and investment advisory services to the Company. The Manager manages the day-to-day business and operations of the Company and provides all general management and administrative services including but not limited to providing portfolio management and investment advisory services, making investment decisions and making brokerage arrangements for the purchase and sale of securities including in respect of the Company's covered call writing program.

Service Fee

The Company pays to the Manager a service fee (the "Service Fee") at the end of each calendar quarter equal to 0.40% per annum plus applicable taxes of the value of Class A Shares. The Service Fee will be applied by the Manager to pay a Service Fee in an equivalent aggregate amount, plus any applicable taxes to dealers, for the ongoing administration and servicing of clients accounts, based on the number of Class A Shares held by clients of such dealers at the end of the relevant quarter. For these purposes, the value of a Class A Share will be the NAV per Unit less \$10.00 plus any accrued and unpaid distributions on the Preferred Share. The Company may from time to time, pay the Service Fee more frequently than quarterly, in which event the Service Fee will be pro rated for the period to which it relates.

Ongoing Expenses

The Company also pays for all expenses incurred in connection with its operation and administration including, without limitation, all costs of Portfolio transactions, fees payable to the Manager, debt service costs, the Service

Fee, custodial fees, legal, audit and valuation fees and expenses, expenses of the directors of the Manager, fees and expenses of the members of the independent review committee (the “IRC”), expenses related to compliance with NI 81-107, premiums for directors’ and officers’ insurance coverage for the directors and officers of the Manager and the Company and the members of the IRC, costs of reporting to Shareholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Company and investor relations, fees and expenses relating to any services provided by third parties, taxes, brokerage commissions, costs and expenses relating to the issue of shares, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Company may incur and all amounts paid on account of indebtedness of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian and/or any of their respective officers, directors, the IRC members, employees, consultants or agents is entitled to indemnity by the Company. The Company will also pay for all expenses incurred in connection with its termination on or about the Maturity Date.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to the Offering will be passed upon by Osler, Hoskin & Harcourt LLP, Toronto, Ontario. As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, own less than 1% of the outstanding Preferred Shares or Class A Shares of the Company.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY AND THE MANAGER

Dated: December 7, 2016

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

Brompton Oil Split Corp.

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director

**Brompton Funds Limited
(as Manager)**

(signed) Mark A. Caranci
President and Chief Executive Officer

(signed) Craig T. Kikuchi
Chief Financial Officer

On behalf of the Board of Directors

(signed) Christopher S.L. Hoffmann
Director

(signed) Raymond R. Pether
Director