

TSX:OSP, OSP.PR.A

BROMPTON
FUNDS



BROMPTON
OIL SPLIT CORP.

Brompton Oil Split Corp. Interim Report 2022

*Portfolio of the equity securities of at least
15 large capitalization North American oil and gas companies.*

**VALUE
INTEGRITY
PERFORMANCE**

THE FOUNDATION FOR EXCELLENCE

MANAGEMENT REPORT OF FUND PERFORMANCE

August 17, 2022

This interim management report of fund performance for Brompton Oil Split Corp. (the “Fund”) contains financial highlights but does not contain the unaudited interim financial statements of the Fund. The unaudited interim financial statements follow this report. You may obtain a copy of the audited annual or unaudited interim financial statements, at no cost, by calling 1-866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com. Shareholders may also contact Brompton Funds by 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.

THE FUND

Brompton Oil Split Corp. is a mutual fund corporation managed by Brompton Funds Limited (the “Manager”). The Fund has Class A shares and Preferred shares which trade on the Toronto Stock Exchange (“TSX”) under the symbols OSP and OSP.PR.A, respectively. The Class A and Preferred shares are RRSP, DPSP, RRIF, RESP and TFSA eligible.

Preferred shares of the Fund receive fixed, cumulative quarterly payments. Payments may consist of ordinary dividends, capital gains dividends or returns of capital. Preferred shares have a priority claim ahead of the Class A shares on the Fund’s assets in the event of termination. However, the Net Asset Value of Preferred shares generally does not benefit from growth in the value of the underlying stock. Class A shares capture the movement of the underlying stocks, but in a more magnified way than if an investor owned the underlying portfolio of securities directly. This magnification of return is commonly known as “leverage”, which is provided by the Preferred shares.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objectives are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions currently in the amount of \$0.1625 per share and to return the original issue price of \$10.00 per Preferred share to shareholders at maturity; and
- ii) to provide holders of Class A shares with regular monthly, non-cumulative cash distributions, targeted to be \$0.10 per share, and the opportunity for growth in Net Asset Value per share.

To achieve these objectives, the Fund invests in a 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. The portfolio is focused primarily on oil and gas issuers that have significant exposure to oil. The Fund 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 Fund’s market capitalization and dividend criteria and that operate in energy subsectors including equipment, services, pipelines, transportation and infrastructure.

The Fund’s portfolio may be reconstituted and is rebalanced at least semi-annually at the Manager’s discretion. Covered call options may be written in respect of the portfolio to generate additional distributable income for the Fund and to reduce overall volatility. In addition, the Fund will hedge substantially all of its US dollar exposure to securities in the portfolio back to the Canadian dollar.

RECENT DEVELOPMENTS

Maturity Date Extension

On August 10, 2022, the Fund approved an extension of the maturity date of the Class A and Preferred shares of the Fund for an additional period of one to three years from its current maturity date of March 30, 2023. The extended term allows shareholders to continue their investment in the North American oil and gas issuers, primarily focused on those with significant exposure to oil. The new term and the proposed rate for the preferred share dividend will be announced at least 60 days prior to the current March 30, 2023 maturity date. At that time of announcement, the preferred share dividend rate for the extended term will be based on market yields for preferred shares with similar terms. The extension of the term of the Fund is not expected to be a taxable event.

Market Conditions

Fiscal and monetary policy responses to increased levels of inflation have led to higher interest rates and to fluctuations in securities prices. In addition, global political tension and military events in Ukraine and Russia have also caused increased volatility and disruptions in global financial markets. The Fund's Net Asset Value reflecting the value of the Fund's portfolio based on the most recent valuation date can be found on the Fund's webpage at www.bromptongroup.com.

Net Asset Value of the Class A shares and Preferred shares

As a result of the improvement in portfolio value of the Fund amid a recovery in oil, the Fund's Class A share resumed to have a positive Net Asset Value since the first trading day of 2022 and throughout the first half of 2022 after having a nil value between January 29, 2020 and December 31, 2021.

When the Class A share Net Asset Value was nil in 2020 and 2021, the impact of the fluctuation of the Fund's portfolio value and the expenses of the Fund were borne by the Preferred shareholders. When the Net Asset Value per Unit is above \$10, the Net Asset Value per Preferred share will maintain at \$10.00 in par value, with the fluctuation of the Fund's portfolio and the expenses of the Fund to be borne by the Class A shareholders.

RISKS

Risks associated with an investment in the shares of the Fund are discussed in the Fund's 2021 annual information form which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes during the period ended June 30, 2022 that materially affected the risks associated with an investment in the shares of the Fund as they were discussed in the annual information form.

RESULTS OF OPERATIONS

Distributions

There were no distributions paid to Class A shareholders in the first six months of 2022 and 2021 as the Net Asset Value per unit (consisting of one Class A share and one Preferred share) was below the \$15.00 threshold during the period. Distributions per Preferred share were \$0.32 for the first six months of 2022, unchanged from the same period in 2021. Since inception, the Fund has paid \$3.22 per Class A shareholders and \$4.01 per Preferred shareholders.

Income and Expenses

The Fund's investment portfolio earned income of \$0.27 per unit in the first six months of 2022, which is a \$0.16 per unit increase, in comparison to the \$0.11 per unit income in the same period in 2021. The \$0.11 per unit increase was contributed by the portfolio constituents increasing their dividends on average by 326.8% per share in comparison to the similar period in the prior year. The Fund's holdings in Pioneer Natural Resources Company, and Diamondback Energy Inc. had paid a base-plus-variable cash dividends, respectively \$6.82 per share and \$3.05 per share, while EOG Resources Inc. had paid special distributions of \$1.39 per share in excess during the current period ended June 30, 2022 in comparison their payments during the same period in 2021. Total expenses were \$0.16 per unit in the first six months of 2022, up from \$0.11 per unit in the same period in 2021. The \$0.05 per unit increase in expenses primarily reflects the impact on management fees arising from higher Net Asset Value per unit.

Net Asset Value

The Net Asset Value per Class A share was \$2.84 at June 30, 2022, compared to \$nil at December 31, 2021. This increase was contributed by the positive performance of the Fund's portfolio constituents during the period. The Net Asset Value per Preferred share was \$10.00 per share, up from \$9.74 at December 31, 2021. The Net Asset Value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. For the purpose of calculating the Net Asset Value of the Fund as a whole, the Preferred shares are not considered a liability of the Fund. The aggregate Net Asset Value of the Fund was \$12.2 million at June 30, 2022 compared to \$9.3 million at December 31, 2021, reflecting an increase of 31.2% or \$2.9 million. The increase was contributed by the net investment income of \$3.2 million, which was partially offset by \$0.3 million Preferred share distributions.

Investment Portfolio

At June 30, 2022, the Fund's portfolio held 19 securities, which remains unchanged from December 31, 2021. As reported in the table below, the Fund had a net realized and change in unrealized gain of \$3.2 million. In response to market conditions, the Fund selectively wrote call options on securities in the portfolio. The Fund generated premiums of \$0.09 million and had a net realized and change in unrealized loss of \$40.3 thousand, which represented premium income, less amounts paid to close out the options at expiry. During the first six months of 2022, the Fund wrote call options on an average notional value of 10.8% of the Fund's portfolio. At June 30, 2022, there were 65 option contracts outstanding, representing 3.9% of the portfolio.

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The Fund's investment portfolio included US-dollar denominated securities during the period and the Fund's exposure to US dollar foreign exchange was substantially hedged through its foreign currency forward contracts. During the first six months of 2022, the Fund had a net realized and change in unrealized loss of \$0.2 million from foreign currency forward contracts. This loss was largely offset by foreign currency gains of the US dollar denominated securities in the investment portfolio.

Portfolio Sectors

Net Gains (Losses) by Sector (millions)	% of Portfolio as of 30-Jun-22	Realized \$	Change in Unrealized \$	Total \$
Oil and gas investments	100.0	0.5	2.9	3.4
Foreign currency forward contracts	-	0.1	(0.3)	(0.2)
Total	100.0	0.6	2.6	3.2

Geographic Split	% of Portfolio as of 30-Jun-22
United States	56.4
Canada	43.6
	100.0

Liquidity

To provide liquidity for shareholders, the Class A shares and Preferred shares of the Fund are listed on the TSX. Investors may also retract their shares in accordance with the Fund's retraction provisions for each class of share.

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

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.70% per annum of the Net Asset Value of the Fund. The management fee is used by the Manager to cover its costs to obtain the Fund's assets, the cost to administer the Fund, the cost of investment management services and for profit. In the first six months of 2022, management fees amounted to \$0.05 million.

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 unaudited interim and audited annual financial statements. *The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per Class A share.* The increase (decrease) in Net Assets from operations is based on average shares outstanding during the period, and all other numbers are based on actual shares outstanding at the relevant point in time.

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Net Assets per unit¹

For the period/year ended	June 30, 2022	December 31				
		2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$	\$
Net Assets, beginning of period/year ²	9.74	6.15	10.80	10.06	15.44	19.62
Increase (decrease) from operations:³						
Total revenue	0.27	0.29	0.29	0.34	0.36	0.37
Total expenses	(0.16)	(0.23)	(0.18)	(0.19)	(0.22)	(0.30)
Preferred share distributions	(0.32)	(0.65)	(0.57)	(0.50)	(0.50)	(0.51)
Realized gains (losses)	0.60	0.44	(7.72)	(1.43)	(1.33)	(0.12)
Unrealized gains (losses)	2.71	3.75	4.06	2.52	(3.30)	(3.03)
Total increase (decrease) in Net Assets from operations	3.10	3.60	(4.12)	0.74	(4.99)	(3.59)
Distributions to Class A shareholders:^{4,5}						
Return of capital	-	-	-	-	0.40	0.60
Total distributions to Class A shareholders	-	-	-	-	0.40	0.60
Net Assets, end of period/year²	12.84	9.74	6.15	10.80	10.06	15.44
Net Assets per Class A share	2.84	-	-	0.80	0.06	5.44
Net Assets per Preferred share	10.00	9.74	6.15	10.00	10.00	10.00
Net Assets per unit, end of period/year	12.84	9.74	6.15	10.80	10.06	15.44

¹ Financial information was prepared in accordance with International Financial Reporting Standards.

² Net Assets per unit is based on the aggregate Net Asset Value divided by the number of units outstanding at the relevant time.

³ The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period. In 2020, Net Assets from operations per Class A share reflects the decline of the Net Assets per Class A share to \$0.00 at the end of the year.

⁴ Distributions per Class A share is based on the actual number of Class A shares outstanding at the relevant time.

⁵ Allocations for tax purposes for the period ended June 30, 2022 are not available until year end.

Ratios and Supplemental Data (Based on Net Asset Value)

As at	June 30, 2022	December 31				
		2021	2020	2019	2018	2017
Net Asset Value (\$) (000s) - including Preferred shares	12,208	9,261	5,850	34,672	32,287	49,584
Number of Class A and Preferred shares outstanding (000s)	951	951	951	3,211	3,211	3,211
Management expense ratio ("MER") –						
Class A shares ¹	28.06%	-	84.38%	78.98%	16.22%	15.29%
Preferred shares ¹	1.96%	2.35%	2.27%	-	-	-
Trading expense ratio ²	0.08%	0.20%	0.28%	0.09%	0.08%	0.09%
Portfolio turnover rate ³	9.59%	55.59%	19.04%	41.17%	38.31%	28.61%
Net Asset Value per unit (\$) ⁴	13.00	9.90	6.31	10.93	10.18	15.57
Net Asset Value per Class A share (\$)	2.84	-	-	0.80	0.06	5.44
Net Asset Value per Preferred share (\$) ⁵	10.00	9.74	6.15	10.00	10.00	10.00
Closing market price - Class A shares (\$)	4.52	1.86	0.50	1.41	2.39	6.15
Closing market price - Preferred shares (\$)	9.75	8.90	6.70	9.70	9.05	10.05

¹ MER for Class A/Preferred shares is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including distributions on Preferred shares (for Class A shares) and issuance costs, but excluding brokerage commissions on securities transactions, and is expressed as an annualized percentage of the average Net Asset Value of the Fund for Class A shares and the Fund, respectively, over the period. Please see the Expense Ratio section following this table for further discussion of the calculation.

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

³ The Fund's portfolio turnover rate indicates how actively the Fund 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 is not provided when the Fund is less than one year old. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of such investments during the period.

⁴ A unit includes one Class A share and one Preferred share. Net Asset Value per unit is determined by the Net Asset Value of the Fund, for which the Preferred shares are not treated as liabilities. Net Asset Value per unit includes any distributions declared and not paid that are payable to Shareholders.

⁵ Net Asset Value per Preferred share does not include accrued Preferred share distributions.

Expense Ratio

During the first half of 2022, with the Class A share Net Asset Value being positive, expenses were borne by Class A shareholders. MER per Class A shares were nil in 2021 as the Net Asset Value was \$0 during the period. The MER per Class A share, which includes Preferred share distributions was 28.06% in June 30, 2022. The MER per Class A share, excluding Preferred share distributions was 7.98% for the period ended June 30, 2022. The MER per unit of the Fund, excluding Preferred share distributions, was 1.96% for June 30, 2022, compared to 2.35% in 2021. The decrease in MER by 0.39% was contributed by the higher average Net Asset Value, which made the impact of the fixed costs in the Fund lower. This ratio is more representative of the ongoing efficiency of the administration of the Fund.

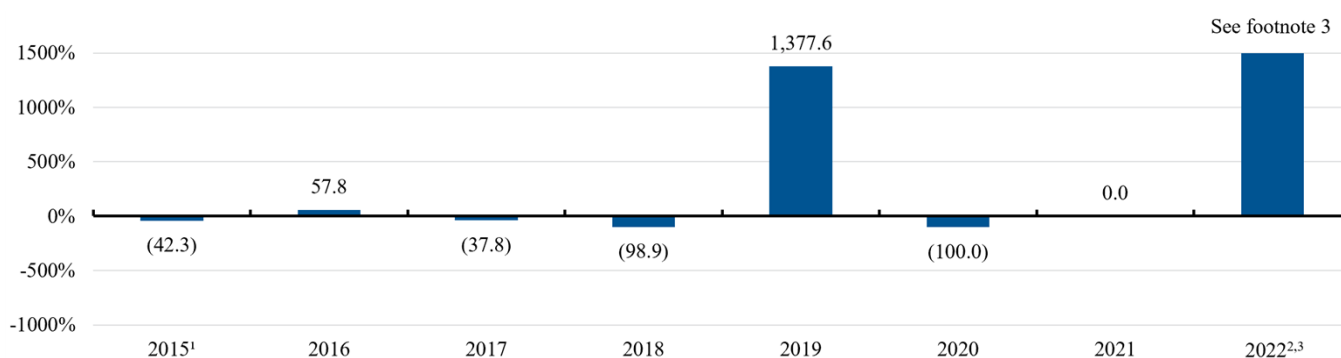
PAST PERFORMANCE

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 Class A share and per unit (each unit includes one Class A share and one Preferred share) and assumes that distributions made by the Fund on the Class A shares and units in the periods shown were reinvested (at Net Asset Value per Class A share and per unit, respectively) in additional Class A shares and units of the Fund.

The bar chart shows the Fund's returns for a Class A share and a unit since inception to June 30, 2022. The chart shows, in percentage terms, how investments held in a Class A share and a unit of the Fund on the first day of the fiscal period would have changed by the last day of the fiscal period.

Year-by-Year Returns

Class A

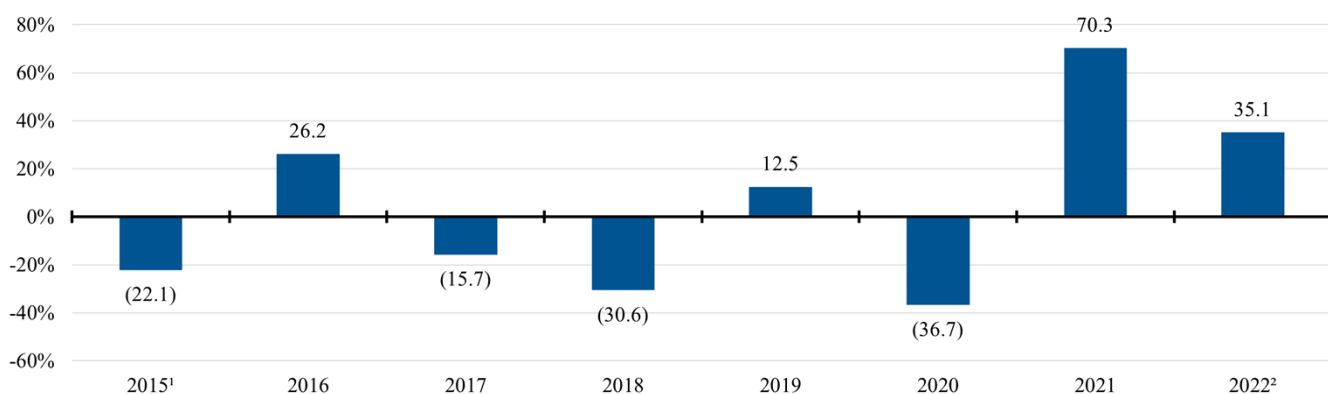


¹ Period from February 24, 2015 (commencement of operations) to December 31, 2015.

² Period from January 1, 2022 to June 30, 2022.

³ The return for OSP Class A share is not determinable, as the Net Asset Value per Class A share rose during the period from no value to \$2.84 on June 30, 2022.

Unit



¹ Period from February 24, 2015 (commencement of operations) to December 31, 2015.

² Period from January 1, 2022 to June 30, 2022.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2022

Total Net Asset Value¹		
	\$	12,208,085
Portfolio Composition	% of Portfolio	% of Net Asset Value
Oil and Gas Investments		
United States	54.4	56.0
Canada	42.0	43.5
Total oil and gas investments	96.4	99.5
Cash and short-term investments	3.6	3.7
Other net liabilities	-	(3.2)
Total	100.0	100.0
Holdings	% of Portfolio	% of Net Asset Value
Suncor Energy Inc.	5.8	6.0
Imperial Oil Ltd.	5.8	6.0
Occidental Petroleum Corp.	5.8	6.0
Cenovus Energy Inc.	5.4	5.6
Tourmaline Oil Corp.	5.4	5.6
Crescent Point Energy Corp.	5.2	5.4
Coterra Energy Inc.	5.2	5.3
EOG Resources Inc.	5.1	5.2
ARC Resources Ltd.	5.0	5.2
Pioneer Natural Resources Co.	5.0	5.1
Marathon Oil Corp.	5.0	5.1
Chevron Corp.	4.9	5.0
Conocophillips	4.9	5.0
Diamondback Energy Inc.	4.8	5.0
APA Corp. (US)	4.8	5.0
Canadian Natural Resources Ltd.	4.8	4.9
Whitecap Resources Inc.	4.6	4.8
Halliburton Co.	4.6	4.8
Baker Hughes Co.	4.3	4.5
Cash and short-term investments	3.6	3.7
Total	100.0	103.2

¹ Net asset value of the Fund includes the value of the Preferred shares.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available on the Fund's website at www.bromptongroup.com within 60 days of each quarter end

MANAGER/PORTFOLIO MANAGER

Founded in 2000, Brompton is an experienced investment fund manager with income focused investment solutions including exchange-traded funds (ETFs) and other TSX traded investment funds. Brompton's Portfolio Management team specializes in Canadian and global equity investments and is a leading manager of covered call writing strategies in Canada. Brompton actively manages 19 investment funds, which are listed on the TSX.



PORTFOLIO MANAGER'S REPORT

July 2022

Crude Oil Review

During the first half of 2022, oil prices surged on the back of rising inflation and geopolitical tensions, reaching decade-high after the Russia's invasion, and remained at elevated levels during the period. West Texas Intermediate (WTI) finished the 6-month period at US\$105.76 per barrel by June 30th. Brent oil prices kept trading at a premium and closed at US\$114.81. In Canada, heavy oil spreads traded at a discount of US\$18.25 by the end of June. The differentials have widened year to date from roughly US\$11 to US\$20 by early June, largely driven by the U.S. Strategic Petroleum Reserve release of sour barrels as well as higher natural gas prices.

During the 6-month period, strong demand continued to drive oil prices amid global reopening from the pandemic. Moreover, the geopolitical tensions between Russia and Ukraine along with the consequent Western's sanction against Russian oil imports sent oil prices even higher, exacerbating the already-high inflation and supply chain disruptions. With Brent oil prices surging approximately five times from pandemic low, oil & gas producers have become the main beneficiary of this price rally. As a result, Energy was undoubtedly the best-performing sector across major global bourses in the first half of this year. The sector has become the one of the few places to hide in this turbulent market, with fund flows rotating into the energy space at the expense of growth companies. The International Energy Agency (IEA) forecasts that the global oil demand will grow by 1.8 million barrels per day in 2022 and a further 2.2 million barrels per day in 2023. The forecast also expects that global demand to surpass pre-pandemic levels in 2023. Seasonal demand for gasoline and jet fuel will pick up, while China's recovery from lockdown should also boost demand growth.

During the most recent OPEC+ meeting, the alliance decided to adjust upward the August production by 648 thousand barrels per day from the 432 thousand baseline set in the previous meeting. U.S. President Biden's visit to Saudi Arabia in July will give better visibility to see if the Kingdom will further ramp up production to compensate for the group underperformance. However, both Saudi and UAE's spare capacity is already being utilized at a fast pace, which may be close to maximum—as French President Macron told his U.S. counterpart during the G7 meeting. Meanwhile, the EU's embargo on seaborne imports from Russia will only exacerbate the already tight oil supply to Europe. We believe it is questionable that additional OPEC volumes can fully compensate for Russia's absence. Geopolitics have also kept Iranian oil out of global markets, with no progression made on the nuclear negotiation. In short, we believe supply-demand imbalance is likely to persist over the midterm amid demand recovery and supply shortages.

Portfolio Review

Units (1 Class A share plus 1 Preferred share) of Brompton Oil Split Corp. were up 35.1% in the first half of 2022. This compares to the S&P/TSX Capped Energy Index, which was up 42.3%, and the S&P 500 Energy Index, which was up 31.6% over the same period. Top performers included Occidental Petroleum, Tourmaline Oil, and Cenovus Energy, which returned +104.0%, +73.5% and +58.8% respectively in local currency terms. Upstream players involved in the exploration and production (E&P) process outperformed midstream players during the period.

The portfolio was rebalanced and reconstituted in late March and the number of holdings remains at 19 North American oil companies. We sold one Canadian E&P stock and added one U.S. energy service company, adding up to 11 names in the U.S. and 8 names in Canada. We currently favor upstream players who produce oil and gas since they are more sensitive to oil price increases. Fracking spreads and rig counts picked up steadily throughout the 6-month period. North American energy stocks continued to trade at a significant discount relative to the broader market, although the discount narrowed during the period. On an absolute basis, the group kept trading at cycle low EV/EBITDA valuations. Despite strong outperformance over the past 18 months, investor exposure to North American energy stocks remains near 30-year lows. It is worth noting that both U.S. and Canadian Energy sector earnings and free cash flow have made much larger contributions—relative to their weightings—to S&P and TSX respectively. In addition, with debt/cash flow ratio at historical lows and return on invested capital at all-time highs, North American energy players are well positioned in this monetarily restrictive and inflationary environment. Q1 earnings profile remained robust, as management continued to focus on generating returns to shareholders in the form of more dividend increases and buyback announcements. Our portfolio is well positioned to benefit from a sustained rebound in global oil and gas demand. The portfolio holdings are primarily spread across exploration & production companies and a few integrated oils to provide investors with exposure to key resource plays that we believe have the strongest return potential.

Looking out to the rest of 2022, we believe the supply-demand imbalance of crude oil will persist amid demand recovery from pandemic and Russia-induced supply constraints. We have seen modest improvement in investors' engagement into the sector this year, driven by concerns over inflation overshoot and geopolitical uncertainties. With recession fears and oil prices on the rise, we believe it is still too early to worry about demand destruction in the near term, as the pace of global reopening remains resilient. History also suggests that recessions in most cases did not lead to demand destruction. In this regard, oil producers will still be comfortable with projecting low-to-mid single digit production growth and generating strong cash flow at current oil price levels. We also believe free cash flow is poised to advance further on existing capex estimates, allowing for acceleration of returns to shareholders. Even after waves of cash returns, there is still massive remaining cash flow unallocated. In addition, demand for travel sees no sign of reversal even though jet fuel and gasoline prices are high. In short, we think current macro environment and sector fundamentals should continue to catalyze further share appreciation in the North American energy space.

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, except as required by law.

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STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at	June 30, 2022	December 31, 2021
Assets		
Current assets		
Investments	\$ 12,153,478	\$ 9,356,183
Cash	449,413	109,544
Income receivable	27,342	19,205
Prepaid expenses	47,689	-
Total assets	12,677,922	9,484,932
Liabilities		
Current liabilities		
Option contracts written, at fair value (note 10)	3,752	9,149
Unrealized loss on foreign currency forward contracts (note 9)	265,395	3,106
Distributions payable to shareholders (note 6)	154,524	154,524
Accounts payable and accrued liabilities (note 7)	46,166	56,736
Class J shares (note 4)	100	100
Preferred shares (note 4)	9,509,140	9,261,317
Total liabilities (excluding Net Assets attributable to holders of redeemable Class A shares)	9,979,077	9,484,932
Net Assets attributable to holders of redeemable Class A shares	\$ 2,698,845	\$ -
Redeemable shares outstanding (note 4)		
Preferred shares	950,914	950,914
Class A shares	950,914	950,914
Class J shares	100	100
Net Assets attributable to holders of redeemable shares per share		
Preferred share (\$)	10.00	9.74
Class A share (\$)	2.84	-
Class J share (\$)	1.00	1.00

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STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the six months ended June 30	2022	2021
Income		
Securities lending income (note 11)	\$ 173	\$ 203
Net gain (loss) on foreign exchange on cash	(3,634)	(513)
Net gain (loss) on investments and derivatives:		
Dividend income	254,986	106,221
Net realized gain (loss) on sale of investments (note 8)	529,385	(196,331)
Net change in unrealized gain (loss) on investments	2,839,692	3,059,292
Net realized gain (loss) on options (note 8)	(43,709)	3,978
Net change in unrealized gain (loss) on options	3,382	(714)
Net realized gain (loss) on foreign currency forward contracts (note 9)	86,681	285,077
Net change in unrealized gain (loss) on foreign currency forward contracts (note 9)	(262,289)	(189,748)
Total net gain (loss) on investments and derivatives	3,408,128	3,067,775
Total income (loss), net	3,404,667	3,067,465
Expenses		
Management fees (note 7)	48,790	28,687
Audit fees	12,231	12,386
Independent Review Committee fees (note 7)	1,271	992
Custodial fees	873	829
Legal fees	818	814
Shareholder reporting costs	11,275	6,320
Other administrative expenses	47,524	40,727
Transaction costs	4,697	10,315
Total expenses before withholding taxes	127,479	101,070
Withholding taxes	21,473	7,067
Net investment income (loss) before distributions on Preferred shares	3,255,715	2,959,328
Distributions on Preferred shares (note 6)	(309,047)	(309,047)
Net change in unrealized gain (loss) on Preferred shares	(247,823)	(2,650,281)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	\$ 2,698,845	\$ -
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares per share	\$ 2.84	\$ -

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STATEMENTS OF CASH FLOWS (Unaudited)

For the six months ended June 30	2022	2021
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations	\$ 2,698,845	\$ -
Adjustments to reconcile net cash provided by (used in) operations:		
Net change in unrealized (gain) loss on foreign exchange on cash	(146)	(1,520)
Net realized (gain) loss on sale of investments (note 8)	(529,385)	196,331
Net change in unrealized (gain) loss on investments	(2,839,692)	(3,059,292)
Net realized (gain) loss on options (note 8)	43,709	(3,978)
Net change in unrealized (gain) loss on options	(3,382)	714
Net change in unrealized (gain) loss on foreign currency forward contracts (note 9)	262,289	189,748
Net change in unrealized (gain) loss on Preferred shares	247,823	2,650,281
Decrease (increase) in income receivable	(8,137)	9,013
Decrease (increase) in prepaid expense	(47,689)	-
Increase (decrease) in accounts payable and accrued liabilities	(10,570)	(17,754)
Purchase of investments and options (note 8)	(1,173,180)	(2,804,324)
Proceeds from sale of investments and options (note 8)	1,699,238	2,957,056
Cash provided by (used in) operating activities	339,723	116,275
Net increase (decrease) in cash	339,723	116,275
Net change in unrealized gain (loss) on foreign exchange on cash	146	1,520
Cash, beginning of period	109,544	129,775
Cash, end of period	\$ 449,413	\$ 247,570
Distributions paid on Preferred shares (note 6) (\$)	309,047	309,047
Supplemental information:¹		
Dividends received, net of withholding taxes (\$)	225,376	108,167

¹ Included in cash flows from operating activities.

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STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES
(Unaudited)

For the six months ended June 30	2022	2021
Net Assets attributable to holders of redeemable Class A shares, beginning of period	\$ -	\$ -
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	2,698,845	-
Net increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	2,698,845	-
Net Assets attributable to holders of redeemable Class A shares, end of period	\$ 2,698,845	\$ -

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SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2022

	Number of Shares	Cost \$	Carrying Value \$	% of Portfolio
Oil and Gas Investments				
Canada				
ARC Resources Ltd.	39,100	234,753	634,593	
Canadian Natural Resources Ltd.	8,700	350,907	601,779	
Cenovus Energy Inc.	27,900	265,608	683,271	
Crescent Point Energy Corp.	71,800	442,030	656,970	
Imperial Oil Ltd.	12,000	350,168	728,160	
Suncor Energy Inc.	16,300	433,582	736,107	
Tourmaline Oil Corp.	10,200	225,553	682,686	
Whitecap Resources Inc.	65,100	354,007	581,994	
Total Canada		2,656,608	5,305,560	43.6
United States				
APA Corp. (US)	13,500	670,692	606,464	
Baker Hughes Co.	14,700	399,709	546,274	
Chevron Corp.	3,300	415,153	614,991	
Conocophillips	5,300	238,584	612,698	
Coterra Energy Inc.	19,700	562,667	653,979	
Diamondback Energy Inc.	3,900	454,052	608,183	
EOG Resources Inc.	4,500	395,645	639,713	
Halliburton Co.	14,400	685,390	581,279	
Marathon Oil Corp.	21,600	293,334	625,023	
Occidental Petroleum Corp.	9,600	327,198	727,587	
Pioneer Natural Resources Co.	2,200	397,230	631,727	
Total United States		4,839,654	6,847,918	56.4
Embedded Broker Commission		(14,857)		
Total		7,481,405	12,153,478	100.0

1. GENERAL INFORMATION

Brompton Oil Split Corp. (the “Fund”) is a mutual fund corporation established under the laws of the Province of Ontario on December 30, 2014. Brompton Funds Limited (the “Manager”) is responsible for managing the affairs of the Fund and manages the Fund’s portfolio and options program. The Fund is listed on the Toronto Stock Exchange and commenced operations on February 24, 2015. CIBC Mellon Trust Company is the custodian of the Fund’s assets and prepares the daily valuations of the Fund. The address of the Fund’s registered office is Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

The Fund invests in a 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.

These financial statements were approved by the Board of Directors of Brompton Oil Split Corp. on August 10, 2022.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

a) Financial Instruments

The Fund’s portfolio of investments is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“FVOCI”). The contractual cash flows of the Fund’s debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the objective of the Fund’s business model. Consequently, all investments are measured at fair value through profit or loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

The Fund’s obligations for Net Assets attributable to holders of redeemable Class A shares, Preferred shares and Class J shares are measured assuming the redemption of shares at Net Asset Value on the valuation date. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument’s effective interest rate. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are the same as those used in measuring its published Net Asset Value. The carrying values of the Fund’s financial assets and liabilities that are not carried at FVTPL approximate their fair values due to their short-term nature.

b) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

c) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants that make the maximum use of observable inputs. Refer to note 13 for further information about the Fund's fair value measurements.

d) Cash

Cash is comprised of demand deposits with financial institutions.

e) Investment Transactions and Income and Expense Recognition

Net realized gain (loss) on sale of investments and net change in unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities. Dividend income is recognized on the ex-dividend date. Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis.

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities.

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration, repurchase or exercise of the options are included in net realized gains or losses on options.

f) Transaction Costs

Transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

g) Income Taxes

The Fund is a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38½% under Part IV of the Act on taxable dividends received from Canadian corporations in the year. This tax is fully refundable upon payment of sufficient dividends.

The Fund is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid by the Fund on taxable preferred shares as defined in the Act.

Given the investment and dividend policy of the Fund and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Fund does not expect to be subject to any appreciable amount of non-refundable Canadian income tax. Accordingly, no income tax provision has been recorded.

h) Foreign Currency Translation

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as "Net gain (loss) on foreign exchange on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss)" and "Net change in unrealized gain (loss)" in the Statements of Comprehensive Income.

i) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

j) Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities, unless certain criteria are met. Under IFRS, the Fund's Preferred shares and Class J shares are classified as liabilities as they are not the most subordinate class of shares. The Class A shares contain multiple redemption features and, therefore are considered to have more than one contraction obligation to its Class A shareholders. As a result, the Fund's Class A shares have been classified as financial liabilities.

4. REDEEMABLE SHARES

Units

A unit means a notional unit consisting of one Preferred share and one Class A share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders, less (iii) the stated capital of Class J shares (\$100).

Class J Shares

The Fund is authorized to issue an unlimited number of Class J shares.

As of June 30, 2022, 100 (December 31, 2021 – 100) Class J shares were outstanding.

Class J shares are not entitled to receive dividends but are entitled to one vote per share. The Class J shares are redeemable and retractable at a price of \$1.00 per share.

Redeemable Class A Shares

Authorized

The Fund is authorized to issue an unlimited number of Class A shares.

The Fund intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) distributions payable on the Preferred shares are in arrears or (ii) in respect of a cash distribution, after the payment of a cash distribution by the Fund, the Net Asset Value per share is less than \$15.00.

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 on the dissolution, liquidation or winding-up of the Fund. Each Class A share is entitled to one vote on certain shareholder matters.

The current issued and outstanding Class A shares have a maturity date of March 30, 2023. The redemption price paid by the Fund for a Class A share on that date was equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of \$10.00, plus any accrued and unpaid distributions on the Preferred shares, and (ii) nil.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

Class A shares may be surrendered for retraction by the Fund at least 10 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a price per Class A share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the relevant Retraction Date and (ii) the cost to the Fund of the purchase of a Preferred share for cancellation. The cost of the purchase of a Preferred share includes the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase.

A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the second last business day of March of each year ("Annual Retraction Date") at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A shares and the Preferred shares must both be surrendered for retraction at least 10 business days prior to the Annual Retraction Date.

The Fund's Class A shares are classified as financial liabilities on the Statements of Financial Position.

Issued

	2022 Number of Shares	2021 Number of Shares
Redeemable Class A shares, outstanding at January 1	950,914	950,914
Redeemable Class A shares, outstanding at June 30	950,914	950,914
Weighted average number of redeemable Class A shares outstanding	950,914	950,914

During the periods ended June 30, 2022 and 2021, no Class A shares were retracted pursuant to the annual retraction option.

On June 30, 2022, the Class A share closing market price on the Toronto Stock Exchange was \$4.52 per share (December 31, 2021 - \$1.86).

Redeemable Preferred Shares

Authorized

The Fund is authorized to issue an unlimited number of Preferred shares.

Holders of Preferred shares were entitled to receive fixed, cumulative, preferential quarterly cash distributions of \$0.1250 per share for the term ending March 31, 2020. Effective April 1, 2020, the annual distribution rate was changed to \$0.65 per Preferred share for the term ending March 30, 2023. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding-up of the Fund. Each Preferred share is entitled to one vote on certain shareholder matters.

The current issued and outstanding Preferred shares have a maturity date of March 30, 2023. The redemption price paid by the Fund on that date for a Preferred share was equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred shares then outstanding.

Preferred shares may be surrendered at any time for retraction by the Fund at least 10 business days prior to the second last business day of a month. Shareholders whose Preferred shares are retracted will be entitled to receive a price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A share for cancellation, and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of Preferred shares may also concurrently retract an equal number of Preferred shares and Class A shares on the second last business day of March of each year at a price per unit equal to the Net Asset Value 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. The Preferred shares and Class A shares must both be surrendered for retraction at least 10 business days prior to the Annual Retraction Date.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

Issued

	2022 Number of Shares	2021 Number of Shares
Redeemable Preferred shares, outstanding at January 1	950,914	950,914
Redeemable Preferred shares, outstanding at June 30	950,914	950,914

During the periods ended June 30, 2022 and 2021, no Preferred shares were retracted pursuant to the annual retraction option.

On June 30, 2022, the Preferred shares' closing market price on the Toronto Stock Exchange was \$9.75 per share (December 31, 2021 - \$8.90).

5. CAPITAL MANAGEMENT

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable units. The Fund's objectives in managing its capital are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions per share and to return the original issue price to the holders of the shares on the maturity date, and
- ii) to provide holders of Class A shares with regular monthly cash distributions targeted to be \$0.10 per share and the opportunity for growth in Net Asset Value per share.

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 shareholders or return capital to shareholders.

6. DISTRIBUTIONS TO SHAREHOLDERS

Distributions are made on a quarterly basis, record date being last business day of March, June, September and December, on the Preferred shares and on a monthly basis on the Class A shares. Distributions are payable no later than the tenth business day of the following month.

For the periods ended June 30, 2022 and 2021, the Fund did not declare distributions per Class A share. For the period ended June 30, 2022, the Fund had accrued distributions of \$0.33 (six-month period ended June 30, 2021 - \$0.33) per Preferred share, which amounted to \$309,047 (six-month period ended June 30, 2021 - \$309,047). Under the Fund's distribution reinvestment plan, Class A shareholders may elect to reinvest monthly distributions in additional Class A shares of the Fund, which may be purchased in the open market.

7. RELATED PARTY TRANSACTIONS

a) Management Fees

Pursuant to a management agreement, the Manager provides management and administrative services, including key management personnel, to the Fund. In consideration for these services, the Fund pays a management fee equal to 0.70% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Net Asset Value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. For these purposes, the Preferred shares are not considered a liability of the Fund. This fee is calculated and payable monthly.

For the period ended June 30, 2022, the management fee amounted to \$48,790 (six-month period ended June 30, 2021 - \$28,687), of which \$8,976 was payable as of June 30, 2022 (December 31, 2021 - \$33 prepaid). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

b) Independent Review Committee Fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2022 was \$1,271 (six-month period ended June 30, 2021 - \$992) and consisted only of fees. As at June 30, 2022 and December 31, 2021, there was no Independent Review Committee fees payable.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

8. INVESTMENT TRANSACTIONS

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

	2022 \$	2021 \$
Proceeds from sale of investments and options	1,699,238	2,957,056
Less cost of investments and options sold:		
Investments and options at cost, beginning of period	7,515,280	7,641,205
Investments purchased and options written during the period	1,173,180	2,804,324
Investments and options at cost, end of period	(7,474,898)	(7,296,120)
Cost of investments sold and options written during the period	1,213,562	3,149,409
Net realized gain (loss) on sale of investments and options	485,676	(192,353)

There were no soft dollar commissions paid by the Fund for the periods ended June 30, 2022 and 2021.

9. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund uses foreign currency forward contracts to hedge foreign exchange risks associated with its US dollar investment portfolio. During the period ended June 30, 2022, the Fund realized gain in the amount of \$86,681 (six-month period ended June 30, 2021 – gain of \$285,077) on the close-out of certain contracts.

The Fund had entered into the following foreign currency forward contracts with a Canadian chartered bank with a DBRS rating of AA:

As at June 30, 2022:

Canadian Dollars Purchased (Sold)	US Dollars Purchased (Sold)	Delivery Date	Forward Rate (USD/CAD)	Fair Value (CAD) \$
8,976,313	(7,163,000)	15-Jul-22	0.79799	(244,032)
(1,670,232)	1,281,000	15-Jul-22	0.76696	(21,305)
(499,499)	388,000	15-Jul-22	0.77678	(58)
6,806,582	(5,494,000)			(265,395)

As at December 31, 2021:

Canadian Dollars Purchased (Sold)	US Dollars Purchased (Sold)	Delivery Date	Forward Rate (USD/CAD)	Fair Value (CAD) \$
5,085,836	(4,023,000)	14-Jan-22	0.79102	(3,106)
5,085,836	(4,023,000)			(3,106)

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

10. OPTION CONTRACTS

The Fund may write covered call or cash covered put options to generate additional income for the Fund.

As at June 30, 2022, the Fund had the following option contract outstanding:

Underlying Interest	Number of Contracts ¹	Expiration Date	Currency	Strike Price per Contract \$	Premium Received (CAD) \$	Fair Value (CAD) \$
Apache Corp.	27	15-Jul-22	USD	42.50	3,014	(695)
Occidental Petroleum Corp.	19	15-Jul-22	USD	65.00	2,196	(2,287)
Occidental Petroleum Corp.	19	15-Jul-22	USD	70.00	1,297	(770)
	65				6,507	(3,752)

¹ Each contract was written for 100 shares of the underlying security.

As at December 31, 2021, the Fund had the following option contract outstanding:

Underlying Interest	Number of Contracts ¹	Expiration Date	Currency	Strike Price per Contract \$	Premium Received (CAD) \$	Fair Value (CAD) \$
Apache Corp.	27	21-Jan-22	USD	27.50	1,489	(3,364)
Apache Corp.	27	21-Jan-22	USD	30.00	1,383	(1,093)
Chevron Corp.	5	21-Jan-22	USD	120.00	614	(719)
ConocoPhillips	7	21-Jan-22	USD	75.00	516	(801)
Coterra Energy Inc.	25	21-Jan-22	USD	21.50	1,098	(237)
Diamondback Energy Inc.	6	21-Jan-22	USD	115.00	1,151	(1,499)
Diamondback Energy Inc.	6	21-Jan-22	USD	120.00	1,294	(759)
EOG Resources Inc.	6	21-Jan-22	USD	98.00	384	(250)
Pioneer Natural Resources Co.	3	21-Jan-22	USD	197.50	593	(427)
	112				8,522	(9,149)

¹ Each contract was written for 100 shares of the underlying security.

11. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Trust Company (and certain of its affiliates). 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 National Instrument 81-102. There were no securities on loan and related collateral as at June 30, 2022 and December 31, 2021.

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Trust Company (and certain of its affiliates), is entitled to receive. The security lending income details as following:

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

For the periods ended June 30,	2022 \$	2021 \$
Gross securities lending income	313	336
Securities lending charges	(93)	(100)
Net securities lending income	220	236
Withholding taxes on securities lending income	(47)	(33)
Net securities lending income received by the Fund	173	203

During the period ended June 30, 2022, securities lending charges represented 30% (six-month period ended June 30, 2021 – 30%) of the gross securities lending income.

12. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2022, and groups the securities by market segment. The following comparative summary represents the investment sectors held by the Fund as at December 31, 2021. Significant risks that are relevant to the Fund are discussed below.

As at	December 31, 2021
Investment Sector	% of Portfolio
Oil and gas	100.0

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

The investment portfolio is primarily comprised of Canadian- and US-dollar-denominated, exchange-listed equity securities.

a) 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 and derivatives present a risk of loss of capital. The Investment Manager attempts to moderate this risk through the careful management of securities and derivatives within the parameters of the investment strategy. Except for options written, the maximum risk of loss resulting from financial instruments is equivalent to their fair value. There were no cash covered put options outstanding as at June 30, 2022 and December 31, 2021. No additional risk is introduced by covered call options written.

The Fund is exposed to other price risk from its investment in equity securities and option contracts. As at June 30, 2022, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable class A shares would have increased by approximately \$1.2 million or 44.8% (December 31, 2021 – approximately \$0.9 million increase in Net Assets of the Fund). Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable class A shares would have decreased by approximately \$1.2 million or 44.9% (December 31, 2021 – approximately \$0.9 million decrease in Net Assets of the Fund). As at December 31, 2021, the impact as a percentage of Net Asset Value is not determinable as the Net Asset Value for the Class A shares was nil on December 31, 2021. In practice, the actual trading results may differ, and the difference could be material.

b) 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 Fund did not have significant credit risk exposure as at June 30, 2022 and December 31, 2021. The carrying amount of income receivable represents the maximum credit risk exposure as it will be settled in the short term.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

All transactions in securities are settled/paid for upon delivery using approved brokers. 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 11. 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.

The Fund is also exposed to credit risk for the amount of unrealized gains under the foreign currency forward contracts (note 9) with a Canadian chartered bank with a DBRS rating of AA.

c) 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 retractions of Class A shares and Preferred shares. For the monthly and annual retractions of Class A shares and Preferred shares, the Fund receives notice at least 10 business days prior to the Retraction Date and has up to 10 business days after the Retraction Date to settle the retractions, which gives the Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price. All Class A shares and Preferred shares outstanding on March 30, 2023 are scheduled to be redeemed by the Fund on that date unless the term of the Fund is extended. As at June 30, 2022 and December 31, 2021, all the Fund's other financial liabilities had maturities of less than three months.

d) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The investment portfolio of the Fund includes cash and equities that are US-dollar-denominated. The Fund's exposure to US dollar currency was substantially hedged through its US-dollar-denominated foreign currency forward contracts.

The tables below indicate the foreign currency investment holdings in the Fund and the corresponding foreign currency hedges as at June 30, 2022 and December 31, 2021 in Canadian dollar terms. The tables also illustrate the potential impact to the Fund's Net Assets attributable to holders of redeemable Class A shares, all other variables held constant, as a result of a 5% change in the foreign currency related to the Canadian dollar. In practice, the actual trading results may differ, and the difference could be material.

As at June 30, 2022	Investments and Options \$	Cash and Other Receivables \$	Foreign Currency Forward Contracts (note 9) \$	Total Currency Exposure \$	Impact on Net Assets \$	Impact on Net Assets %
US dollars	6,844,166	123,199	(7,071,977)	(104,612)	(5,231)	(0.19)
	6,844,166	123,199	(7,071,977)	(104,612)	(5,231)	(0.19)

As at December 31, 2021	Investments and Options \$	Cash and Other Receivables \$	Foreign Currency Forward Contracts (note 9) \$	Total Currency Exposure \$	Impact on Net Assets \$	Impact on Net Assets ¹ %
US dollars	4,873,451	84,441	(5,088,942)	(131,050)	(6,553)	-
	4,873,451	84,441	(5,088,942)	(131,050)	(6,553)	-

¹ Impact is not determinable as the Net Asset Value for the Class A shares was nil on December 31, 2021.

e) Interest Rate Risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. Interest bearing investments are namely, bonds, money market investments, short-term investments, debentures and mortgages or other income-producing securities, whose value increases if interest rates fall and decreases if interest rates rise. As of June 30, 2022 and December 31, 2021, the Fund had no exposure to interest rate risk.

13. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are:

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

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

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

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

Assets and liabilities at fair value as at June 30, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	12,153,478	-	-	12,153,478
Foreign currency forward contracts loss	-	(265,395)	-	(265,395)
Options contracts written	(3,752)	-	-	(3,752)
Total	12,149,726	(265,395)	-	11,884,331

Assets and liabilities at fair value as at December 31, 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	9,356,183	-	-	9,356,183
Foreign currency forward contracts loss	-	(3,106)	-	(3,106)
Options contracts written	(9,149)	-	-	(9,149)
Total	9,347,034	(3,106)	-	9,343,928

The Preferred shares issued and outstanding as at June 30, 2022 had a retraction price per share of \$10.00 (December 31, 2021 – \$9.74) and a TSX closing market price per share of \$9.75 (December 31, 2021 – \$8.90).

There were no transfers of financial assets and liabilities between the levels during the period ended June 30, 2022 and the year ended December 31, 2021.

All fair value measurements above are recurring. The carrying values of cash, income receivable, distributions payable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3.

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

a) Equities

The Fund's equity positions are classified as level 1 as the securities are actively traded and a reliable price is observable. The net realized and change in unrealized gain from equity securities during the period ended June 30, 2022 was \$3,369,077 (six-month period ended June 30, 2021 – gain of \$2,862,961).

b) Option Contracts

The Fund's option contracts written are classified as level 1, as the options are based on unadjusted quoted prices in active markets. The net realized and change in unrealized loss from option contracts during the period ended June 30, 2022 was \$40,327 (six-month period ended June 30, 2021 – gain of \$3,264).

c) Foreign Currency Forward Contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The fair value of such contracts will fluctuate with changes in currency exchange rates. The forward contracts' value is the value that could be realized if the forward contracts were closed out on the financial reporting date and the change in fair value recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed. Foreign currency forward contracts are classified as level 2. The net realized and change in unrealized loss from foreign currency forward contracts during the period ended June 30, 2022 was \$175,608 (six-month period ended June 30, 2021 – gain of \$95,329).

14. OFFSETTING OF FINANCIAL INSTRUMENTS

The Fund has a foreign exchange settlement and novation netting agreement in place for its foreign currency forward contracts that does not meet the criteria for offsetting in the Statements of Financial Position but still allows for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangement and similar agreements. The tables are presented by type of financial instrument, as at June 30, 2022 and December 31, 2021.

As at June 30, 2022

Financial Assets and Liabilities	Amounts eligible for offset			
	Gross Amounts of Recognized Financial Assets/Liabilities \$	Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position \$	Financial Instruments Eligible for Offset \$	Net Amount \$
Derivative Assets	-	-	-	-
Derivative Liabilities	(265,395)	(265,395)	-	(265,395)
Total	(265,395)	(265,395)	-	(265,395)

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NOTES TO THE FINANCIAL STATEMENTS (Unaudited) (cont'd)

June 30, 2022 and 2021

As at December 31, 2021

Financial Assets and Liabilities	Amounts eligible for offset			Net Amount \$
	Gross Amounts of Recognized Financial Assets/Liabilities \$	Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position \$	Financial Instruments Eligible for Offset \$	
Derivative Assets	-	-	-	-
Derivative Liabilities	(3,106)	(3,106)	-	(3,106)
Total	(3,106)	(3,106)	-	(3,106)

15. INCOME TAXES

As at December 31, 2021, the Fund had non-capital loss carry-forwards for income tax purposes of \$5,399,500 (year ended December 31, 2020 - \$5,399,500). The non-capital loss carry-forwards will expire as follows:

	2021 \$
2035	663,029
2036	1,077,733
2037	1,302,345
2038	1,072,284
2039	1,068,015
2040	216,094
	5,399,500

The Fund also had a capital loss carry-forward of \$42,493,596 (year ended December 31, 2020 - \$42,581,493), which can be carried forward for an indefinite period.

CORPORATE INFORMATION

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