



BROMPTON
EQUAL WEIGHT OIL & GAS
I N C O M E F U N D

Maximum **\$400,000,000** (40,000,000 Units)

Brompton Equal Weight Oil & Gas Income Fund, a closed-end investment trust established under the laws of the Province of Ontario, proposes to offer transferable, redeemable Units at a price of \$10.00 per Unit. The Fund's investment objectives are to provide Unitholders with the benefits of high monthly cash distributions and low management fees together with the opportunity for capital appreciation by investing in an equally weighted diversified portfolio of Oil & Gas Income Trusts on a passive basis.

The Fund will invest in a Portfolio which will comprise an approximate equal dollar amount of securities of each Oil & Gas Income Trust listed on the TSX that pays a regular distribution and that has a Float Capitalization of at least \$500 million at the time of investment. The Units of the Fund would have a Current Yield as at September 27, 2004 of approximately 11.85% based on the Indicative Portfolio and certain other assumptions described in this prospectus under "The Portfolio — Indicative Portfolio". The Portfolio will be rebalanced quarterly so that immediately following such rebalancing the Oil & Gas Income Trusts included in the Portfolio are equally weighted. Between quarterly rebalancing dates the Fund may, at the discretion of the Manager, invest in public offerings of new Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. See "Investment Guidelines, Rebalancing Criteria and Investment Restrictions — Rebalancing Criteria".

The Fund intends to pay monthly distributions to the extent of the distributions paid by the Oil & Gas Income Trusts included in the Portfolio, less the Fund's expenses. The level of distributions paid by the Fund to Unitholders will depend upon the distributions received from the Oil & Gas Income Trusts included in the Portfolio and therefore is expected to fluctuate from month to month. See "Distributions and Reinvestment — Monthly Distributions". The initial distribution will be payable to Unitholders of record on October 29, 2004 and will be paid no later than November 12, 2004. The first distribution will reflect a partial period (from the Closing Date to October 31, 2004) and will not be an amount that reflects a full distribution.

Prospective purchasers may purchase Units either by: (a) cash payment; or (b) an exchange of freely tradeable units of any Exchange Eligible Issuer. The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer. The number of Units issuable in exchange for the units of an Exchange Eligible Issuer deposited by a prospective purchaser pursuant to the Exchange Option will be determined by dividing (i) the weighted average trading price of such units on the TSX during the three consecutive trading days ending on September 27, 2004, adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund by, (ii) \$10.00. Prospective purchasers under the Exchange Option will be required to deposit units of Exchange Eligible Issuers with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on September 27, 2004. All prospective purchasers (whether subscribing for Units by cash payment or through the Exchange Option) will be entitled to withdraw their purchase on or before midnight on the second business day after receipt or deemed receipt of the final prospectus and any amendment in accordance with applicable securities laws. See "Exchange Option" and "Purchasers' Statutory Rights".

Price: \$10.00 per Unit

	Price to the Public⁽¹⁾	Agents' Fee	Net Proceeds to the Fund⁽²⁾
Per Unit	\$10.00	\$0.525	\$9.475
Minimum Total Offering ⁽³⁾⁽⁴⁾	\$300,000,000	\$15,750,000	\$284,250,000
Maximum Total Offering ⁽⁴⁾	\$400,000,000	\$21,000,000	\$379,000,000

- Notes:
- (1) The price to the public per Unit is payable in cash or units of Exchange Eligible Issuers deposited pursuant to the Exchange Option.
 - (2) Before deducting the expenses of the Offering, estimated to be \$800,000, which, together with the Agents' fee, will be paid by the Fund from the proceeds of the Offering.
 - (3) There will be no closing unless a minimum of 30,000,000 Units are sold.
 - (4) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Units in an amount up to 15% of the aggregate number of Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, under the maximum Offering the price to the public, Agents' fee and net proceeds will be \$460,000,000, \$24,150,000 and \$435,850,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. See "Plan of Distribution".

Units may be surrendered for redemption in November of each year commencing in November 2005 subject to certain conditions. Unitholders whose Units are redeemed will receive a redemption price equal to 100% of Net Asset Value per Unit less any costs of funding the redemption, including commissions. For the purposes of calculating this Net Asset Value, the value of the units of the Oil & Gas Income Trusts comprising the Portfolio will be equal to the weighted average trading price of such units over the last three Business Days of the month of November as described under “Valuation, Total Assets and Net Asset Value”. Payment of the redemption price will be made on or before the tenth Business Day in December, subject to the Manager’s right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on a number of factors. See “Redemption of Units” and “Risk Factors”.

There is currently no market through which the Units may be sold and purchasers may not be able to resell securities purchased under the prospectus. The terms of the Offering were established through negotiation between the Agents and the Manager on behalf of the Fund. The TSX has conditionally approved the listing of the Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before December 22, 2004, including distribution of the Units to a minimum number of public holders.

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term nor is there any guarantee that the Net Asset Value per Unit will be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of a distribution not being made in any period. There are certain risk factors associated with an investment in Units. See “Risk Factors”.

Following the Closing, it is intended that the Fund will enter into a Loan Facility with one or more lenders which are anticipated to be Canadian chartered bank affiliates of one or more of the Agents. Accordingly, the Fund may be considered to be a “connected issuer” to such Agents. See “Plan of Distribution”.

RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., Raymond James Ltd., Acadian Securities Incorporated, Newport Securities Inc., Research Capital Corporation and Wellington West Capital Inc., as agents, conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued, sold and delivered by the Fund in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Fund by Stikeman Elliott LLP and on behalf of the Agents by Davies Ward Phillips & Vineberg LLP. This prospectus also qualifies the distribution to the Manager at Closing of a right entitling the Manager to receive, upon exercise on or before the last Business Day of each month for so long as the Manager acts as manager to the Fund, payment of the Management Fee for such month in Units.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. The Agents may over-allot or effect transactions as described under “Plan of Distribution”. Registrations of interests in and transfers of Units will be made only through a book-based system administered by The Canadian Depository for Securities Limited. A book-entry only certificate representing the Units will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of Closing, which is expected to occur on or about October 7, 2004 or such later date as the Fund and the Agents may agree, but in any event not later than October 29, 2004. A purchaser of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased, and will not have the right to receive physical certificates evidencing their ownership. See “Details of the Offering — Delivery Form and Denomination”.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel for the Fund, and Davies Ward Phillips & Vineberg LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust or a registered investment within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. Provided that the Fund qualifies as a mutual fund trust and complies with its Investment Restrictions relating to the acquisition and holding of foreign property or is a registered investment as defined in the Tax Act, Units will not constitute foreign property for the purposes of Part XI of the Tax Act. If these conditions are not satisfied, Units may be foreign property in certain circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined, in this summary are defined in the "Glossary of Terms".

The Fund

Brompton Energy Trust Management Limited has established Brompton Equal Weight Oil & Gas Income Fund, a closed-end investment trust established under the laws of the Province of Ontario. The Fund's investment objectives are to provide Unitholders with the benefits of high monthly cash distributions and low management fees together with the opportunity for capital appreciation by investing in an equally weighted diversified portfolio of Oil & Gas Income Trusts on a passive basis.

Rationale for the Fund

The Fund will invest in a diversified portfolio of Oil & Gas Income Trusts to provide investors with a high level of current distributions and the opportunity for capital appreciation from growth in production and reserves of the Portfolio investments and/or high commodity prices. The Portfolio investments will provide diversification in production area and geological formation, with 54% of production of the Indicative Portfolio currently weighted towards natural gas. The equal weight approach reduces the risk to investors of exposure to any single investment. The Fund will invest in the more senior Oil & Gas Income Trusts listed on the TSX as measured by Float Capitalization. These trusts generally have demonstrated track records of growing production, reserves and market value. It is estimated that initially a significant portion of the Distributions will be a return of capital for tax purposes which provides tax advantage to Unitholders since, to the extent that such Distributions are a return of capital, they are not included in income but will reduce the adjusted cost base of a Unitholder's Units.

The Offering

The Offering	A minimum of 30,000,000 and a maximum of 40,000,000 Units.
Amount	A minimum of \$300,000,000 and a maximum of \$400,000,000.
Price	\$10.00 per Unit.
Monthly Distributions and Distribution Reinvestment Plan	The Fund intends to pay monthly Distributions to the extent of the distributions received by the Portfolio, less the Fund's expenses. The level of Distributions paid by the Fund to Unitholders will depend upon the distributions received from the Oil & Gas Income Trusts included in the Portfolio and therefore is expected to fluctuate from month to month. See "Distributions and Reinvestment – Monthly Distributions". The Units of the Fund would have had a Current Yield as at September 27, 2004 of approximately 11.85% based on the Indicative Portfolio and certain other assumptions as described in this prospectus under "The Portfolio – Indicative Portfolio". The Fund intends that Distributions will be payable to Unitholders of record on the last Business Day of the month and will be paid no later than the tenth Business Day of the subsequent month. The initial Distribution will be payable to Unitholders of record on October 29, 2004 and will be paid no later than November 12, 2004. The first Distribution will reflect a partial period (from the Closing Date to October 31, 2004) and will not be an amount that reflects a full Distribution. See "Risk Factors".

Subject to obtaining any necessary regulatory approvals and the requirements of the Plan Participant's broker dealer, the Fund will make available to Unitholders the opportunity to reinvest Distributions from the Fund in additional Units by participating in the Distribution Reinvestment Plan. See "Distributions and Reinvestment – Distribution Reinvestment Plan".

Oil & Gas

Natural gas reserves in North America have declined by approximately 30% over the past 20 years while consumption of natural gas has increased by 36% over the same period. The share of total energy consumption in Canada supplied by natural gas has increased from 26% in 1998 to 31% in 2002, during a period of rising overall energy demand. In the past five years 200,000 megawatts of new electrical generating capacity has been constructed in the U.S. Approximately 94% of these new plants utilize natural gas fired turbines, contributing to the increased demand for natural gas. Major new exploration opportunities, such as in the Beaufort Sea, are becoming increasingly limited and will require construction of pipelines that will not be available for several years. The supply of natural gas in North America is generally constrained by pipeline transportation, thereby limiting the available supply to North American consumers. Alternative sources of supply such as liquefied natural gas from offshore suppliers are increasing but are not expected to have a significant impact on the natural gas market for several years. As the largest supplier of imported gas to the United States, Canadian exports have doubled over the decade.

Over the past ten years worldwide consumption of oil has increased by 17%, whereas the supply of oil, measured by worldwide reserves, has increased by only 12%. Demand in developing countries has increased dramatically and now accounts for a much greater proportion of worldwide consumption than just ten years ago. For example, China and India now account for 11% of world consumption compared to less than 7% in 1993. This rising trend is expected to continue. However, it has become more difficult and expensive to find and develop significant oil deposits to match this increasing level of demand. This supply and demand disparity has contributed to the upward trend in the price of oil.

Oil & Gas Income Trusts

An Oil & Gas Income Trust is an Income Fund where the principal underlying business is the conventional production and sale of oil and/or natural gas. These trusts pay out a high percentage of the cash flow received from the production and sale of underlying crude oil and natural gas to unitholders in a tax efficient manner. As at September 27, 2004 the Oil & Gas Income Trusts listed on the TSX had a Float Capitalization of \$32 billion, and the Oil & Gas Income Trusts included in the Indicative Portfolio represented approximately 92% of the Float Capitalization and 20 of the 27 Oil & Gas Income Trusts listed on the TSX. These Oil & Gas Income Trusts had an average reserve life index of 10.6 years based on production rates for the first quarter of 2004 and 2003 year end reserves. The Indicative Portfolio was slightly gas weighted with an average of 54% of production from natural gas. See "Oil & Gas Income Trusts".

The Portfolio

The net proceeds of the Offering, together with borrowings of up to 10% of the Total Assets of the Fund, will be used by the Fund to acquire an equal dollar amount of securities of the Oil & Gas Income Trusts that will form the Portfolio. The Portfolio will consist of all Oil & Gas Income Trusts listed on the TSX having a Float Capitalization of at least \$500 million at the time of

investment and that pay a regular distribution. The Portfolio will, at the time of acquisition, be equally weighted based on the Total Assets of the Fund divided by the number of Oil & Gas Income Trusts included in the Portfolio.

Quarterly Rebalancing The Fund will rebalance the Portfolio quarterly to adjust for changes in the market value of investments, to add any Oil & Gas Income Trusts which at the time of rebalancing newly qualify for inclusion and to remove any Oil & Gas Income Trusts that have a Float Capitalization of less than \$350 million or that otherwise no longer meet the Investment Guidelines. Between quarterly rebalancing dates the Fund, at the discretion of the Manager, may invest in public offerings of new Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. As a result of changes in market prices of the Oil & Gas Income Trusts in the Portfolio and possible investment in public offerings of new Oil & Gas Income Trusts between rebalancing dates, it is not expected that the Oil & Gas Income Trusts included in the Portfolio will be exactly equally weighted at any given time. See “Investment Guidelines, Rebalancing Criteria and Investment Restrictions”.

The Indicative Portfolio The following table sets forth the 20 Oil & Gas Income Trusts, securities of which would have comprised the Portfolio assuming the Portfolio was acquired and equally weighted as at September 27, 2004:

Brompton Equal Weight Oil & Gas Income Fund
Indicative Portfolio
As at September 27, 2004

Issuer	Symbol	Current Yield	Float Capitalization	Portfolio Weighting
			(\$millions)	
Acclaim Energy Trust	AE.UN	13.0%	1,472	5.0%
Advantage Energy Income Fund	AVN.UN	12.9%	857	5.0%
APF Energy Trust	AY.UN	16.0%	697	5.0%
ARC Energy Trust	AET.UN	10.5%	3,039	5.0%
Baytex Energy Trust	BTE.UN	13.8%	822	5.0%
Bonavista Energy Trust	BNP.UN	11.5%	1,400	5.0%
Enerplus Resources Fund	ERF.UN	10.1%	4,518	5.0%
Focus Energy Trust	FET.UN	9.8%	647	5.0%
Harvest Energy Trust	HTE.UN	12.1%	660	5.0%
NAL Oil & Gas Trust	NAE.UN	13.7%	737	5.0%
Paramount Energy Trust	PMT.UN	15.1%	710	5.0%
Pengrowth Energy Trust	PGF.B	13.5%	2,979	5.0%
Petrofund Energy Trust	PTF.UN	11.9%	1,606	5.0%
Peyto Energy Trust	PEY.UN	5.5%	1,703	5.0%
PrimeWest Energy Trust	PWI.UN	13.6%	1,826	5.0%
Progress Energy Trust	PGX.UN	11.1%	997	5.0%
Provident Energy Trust	PVE.UN	12.7%	1,470	5.0%
Shiningbank Energy Income Fund	SHN.UN	12.5%	1,188	5.0%
Vermilion Energy Trust	VET.UN	10.2%	1,204	5.0%
Viking Energy Royalty Trust	VKR.UN	14.9%	698	5.0%
Average		12.2%		

Source: Bloomberg.

The information in the table above is based on publicly available information, is historical and is not intended to be, and should not be construed as, an indication of the future levels of market value or Current Yield. This table is for illustrative purposes only and should not be construed as a forecast or projection. The Portfolio may or may not include securities of the foregoing Oil & Gas Income Trusts and may include securities of Oil & Gas Income Trusts which are not set out above.

Exchange Option

Investors who currently hold units in any of the Exchange Eligible Issuers may tender their holdings for Units of the Fund, thereby gaining the benefit of increased diversification while maintaining their exposure to the Canadian oil and gas industry.

The price for each Unit purchased may be paid either by cash or by an exchange of freely tradeable units of any Exchange Eligible Issuers. The maximum number of units of any one Exchange Eligible Issuer which the Fund may acquire pursuant to the Exchange Option is that number which constitutes 9.9% of the outstanding units of such Exchange Eligible Issuer.

In order to utilize the Exchange Option, a prospective purchaser is required to deposit units of an Exchange Eligible Issuer with the Exchange Agent, through CDS, prior to 5:00 p.m. (Toronto time) on September 27, 2004. Such deposit must be made by way of book-entry deposit through a CDS Participant. CDS Participants may have an earlier deadline for receiving instructions from their clients to make deposits into the Exchange Option.

The Exchange Ratio will be determined by dividing the weighted average trading price of the units of such Exchange Eligible Issuer on the TSX during the three consecutive trading days ended on September 27, 2004, adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by \$10.00. See “Exchange Option”.

To the extent that the number of securities of an Exchange Eligible Issuer deposited under the Exchange Option and not withdrawn exceeds the number of securities which would give the Fund an equal weight of the securities of such Exchange Eligible Issuer in the Portfolio, such excess will be sold by the Fund in the market at then current prices, which may be different than the weighted average trading price used to calculate the Exchange Ratio applicable to such Exchange Eligible Issuer. The Fund will use the net proceeds of such sale to purchase additional Oil & Gas Income Trust securities to comprise the Portfolio.

A purchaser who holds units of an Exchange Eligible Issuer as capital property may realize a capital gain or capital loss on the exchange of units of an Exchange Eligible Issuer for Units of the Fund pursuant to the Exchange Option, as such exchange will be a disposition by the purchaser of the units of the Exchange Eligible Issuer for tax purposes. See “Canadian Federal Income Tax Considerations – Taxation of Unitholders”. All prospective purchasers (whether subscribing for Units by cash payment or through the Exchange Option) will be entitled to withdraw or rescind their purchase on or before midnight on the second business day after receipt or deemed receipt of the final prospectus and any amendment in accordance with applicable securities laws. See “Exchange Option” and “Purchasers’ Statutory Rights”.

Loan Facility

Following Closing, it is intended that the Fund will enter into the Loan Facility with one or more Canadian chartered banks or other lending institutions in order to provide the Fund with the ability to utilize leverage to enhance the Fund’s total return.

A portion of the Loan Facility, not to exceed 10% of the Total Assets determined at the time of borrowing, will be used by the Fund to purchase additional securities of Oil & Gas Income Trusts to be included in the Portfolio. In the event that the total amount borrowed by the Fund under this portion of the Loan Facility at any time exceeds 20% of the Total Assets, the Manager will sell securities of Oil & Gas Income Trusts held by the Fund in an orderly manner and use the proceeds thereof to reduce indebtedness so that the amount borrowed by the Fund under this portion of the Loan Facility does not exceed 20% of Total Assets. In addition to the prior portion of the Loan Facility, the Fund may borrow up to 5% of the Total Assets determined at the time of borrowing for working capital purposes and to invest in public offerings of Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. See “Loan Facility”.

Redemption of Units Units may be surrendered for redemption in November of any year, commencing in November 2005, but must be surrendered at least 20 Business Days prior to the Redemption Date.

Units surrendered for redemption will be redeemed on the Redemption Date at a redemption price per unit equal to 100% of the Net Asset Value on the Redemption Date less any costs of funding the redemption, including commissions. For the purposes of calculating this Net Asset Value, the value of the units of the Oil & Gas Income Trusts comprising the Portfolio will be equal to the weighted average trading price of such units over the last three Business Days of the month of November as described under “Valuation, Total Assets and Net Asset Value”. Payment of the redemption price will be made on or before the tenth Business Day in December, subject to the Manager’s right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on a number of factors. See “Redemption of Units” and “Risk Factors”.

Repurchase of Units The Declaration of Trust provides that, subject to applicable law, the Fund may, in its sole discretion, from time to time purchase (in the open market or by invitation for tenders) Units for cancellation up to a maximum in any 12 month period of 10% of the number of Units outstanding, in all cases at a price per Unit not exceeding the Net Asset Value per Unit on the Valuation Date immediately prior to the date of any such purchase of Units. See “Declaration of Trust – Repurchase of Units”.

Manager Brompton Energy Trust Management Limited is the Manager of the Fund and is responsible for providing or arranging for the provision of management and administrative services required by the Fund. Affiliates of the Manager are the managers or administrators of Brompton Equal Weight Income Fund, Brompton VIP Income Trust, Brompton MVP Income Fund, Brompton Stable Income Fund, Business Trust Equal Weight Income Fund, USA REIT Fund LLC, Brompton Equity Split Corp. and Flaherty & Crumrine Investment Grade Preferred Fund (listed on the TSX as EWI.UN, VIP.UN, MVP.UN, BSR.UN, BWI.UN, URF, BE and BE.PR.A and FAC.UN respectively), which are public entities that invest in diversified portfolios consisting of units of income funds, high yield debt, investment grade debt, U.S. REITS, U.S. equities, Canadian equities and/or preferred securities.

Trustee Computershare Trust Company of Canada

Registrar, Transfer Agent and Distribution Agent Computershare Trust Company of Canada

Termination of the Fund The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days’ written notice to the Manager from the Trustee with the approval of Unitholders by an Ordinary Resolution and passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution. After paying outstanding liabilities, the Fund will distribute its remaining assets *pro rata* to Unitholders. See “Declaration of Trust-Termination of the Fund”.

Use of Proceeds The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents' fee and the offering expenses are estimated to be \$379,000,000 (\$284,250,000) if the minimum number of Units is issued), and will be used by the Fund, together with borrowings of up to 10% of the Total Assets of the Fund, to acquire securities of the Oil & Gas Income Trusts that comprise the Portfolio.

Summary of Fees and Expenses Payable by the Fund

The following table contains a summary of the fees and expenses payable by the Fund. For further particulars, see "Fees and Expenses Payable by the Fund".

<u>Type of Charge</u>	<u>Description of Charge</u>
Agents' Fee	\$0.525 per Unit (5.25%).
Expenses of the Issue	The expenses of the Offering are estimated to be \$800,000 which, together with the Agents' fee, will be paid by the Fund.
Management Fee	The Manager will receive a Management Fee equal to 0.45% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. The Management Fee may be paid in cash or Units at the option of the Manager. To the extent that Units are issued from treasury for this purpose, Units will be issued at the Net Asset Value per Unit. See "Fees and Expenses Payable by the Fund – Management Fee".
Service Fee	The Fund will pay to the Manager a Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) equal to 0.30% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Service Fee will be applied by the Manager to pay a service fee in an equivalent aggregate amount, plus applicable taxes, to dealers based on the number of Units held by clients of such dealers at the end of the relevant quarter. See "Fees and Expenses Payable by the Fund – Service Fee".
Ongoing Expenses of the Fund	The Fund will also pay for all expenses incurred in connection with its operation and administration, estimated to be \$800,000 per annum (assuming an offering size of approximately \$400 million). See "Fees and Expenses Payable by the Fund – Ongoing Expenses".

Risk Factors

An investment in Units is subject to certain risk factors, including: (i) volatility of the price of oil and natural gas; (ii) the fact that reserve and recovery estimates are only estimates; (iii) fluctuations in distributions and the value of the Oil & Gas Income Trusts included in the Portfolio, including as a result of general risks inherent in equity investments and risks relating to the specific business activities of Oil & Gas Income Trusts such as commodity prices; (iv) the effect of interest rate fluctuations; (v) the fact that Units may trade in the market at a discount to the Net Asset Value per Unit; (vi) the possibility of the Fund being unable to acquire or dispose of illiquid securities; (vii) the possibility that the Fund may

become taxable; (viii) the possibility that the deductibility of interest for tax purposes by the Fund may be reduced and the Fund could be subject to non-refundable income tax; (ix) changes in legislation; (x) risks associated with the Fund's use of leverage; (xi) the possible loss of investment; (xii) the potential for unlimited liability for Unitholders in respect of obligations incurred by the Fund; (xiii) the Fund's lack of operating history and the current absence of a public trading market for the Units; (xiv) the risks associated with securities lending; (xv) the potential for conflicts of interest; and (xvi) the Fund not being subject to regulation as a mutual fund. See "Risk Factors".

Canadian Federal Income Tax Considerations

A Unitholder will generally be required to include in computing income for a taxation year that part of the net income, including the taxable portion of the net realized capital gains, of the Fund, if any, that is paid or becomes payable to the Unitholder by the Fund in that year. To the extent that amounts payable to a Unitholder who is an individual are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules relating to the taxation of those dividends will apply to the Unitholder. To the extent that amounts payable to a Unitholder are designated as taxable capital gains, those amounts will be treated as taxable capital gains realized by the Unitholder.

Distributions by the Fund to a Unitholder in excess of the Unitholder's share of the Fund's net income and net realized capital gains will reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to that negative amount.

A Unitholder who holds units of an Exchange Eligible Issuer as capital property and acquires Units pursuant to the Exchange Option generally will realize a capital gain (or a capital loss) in the taxation year of the Unitholder in which the disposition of the units of the Exchange Eligible Issuer occurs to the extent that the proceeds of disposition of the units of the Exchange Eligible Issuer, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such units to the Unitholder. For this purpose, the proceeds of disposition of the units of the Exchange Eligible Issuer will be equal to the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units on the exchange. See "Canadian Federal Income Tax Considerations".

GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated:

“**Additional Distribution**” means a distribution that, if necessary, will be made in each year to Unitholders of record on December 31 in order that the Fund will generally not be liable to pay income tax, as described under “Distribution and Reinvestment – Monthly Distributions”.

“**Agency Agreement**” means the agency agreement dated as of September 28, 2004 among the Fund, the Manager and the Agents.

“**Agents**” means, collectively, RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., Raymond James Ltd., Acadian Securities Incorporated, Newport Securities Inc., Research Capital Corporation and Wellington West Capital Inc.

“**BCA**” means Brompton Capital Advisors Inc.

“**Book-Entry Only System**” means the book-based system administered by CDS.

“**Brompton**” means the Brompton Group of companies operating out of its offices in Toronto.

“**Business Day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

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

“**CDS**” means The Canadian Depository for Securities Limited.

“**CDS Participant**” means a participant in CDS.

“**Closing**” means the issuance of Units pursuant to this prospectus on the Closing Date.

“**Closing Date**” means the date of the Closing, which is expected to be on or about October 7, 2004 or such later date as the Fund and the Agents may agree, but in any event not later than October 29, 2004.

“**Current Yield**” as at any date means, for any issuer, the most recently reported monthly or quarterly per unit distribution for that issuer multiplied by 12 in the case of issuers that make monthly distributions and by four in the case of issuers that make quarterly distributions and divided by the closing price per unit of such issuer on such date.

“**Custodian**” means The Royal Trust Company, in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodian agreement to be entered into on or prior to the Closing Date between the Fund and the Custodian, as it may be amended from time to time.

“**Declaration of Trust**” means the declaration of trust governing the Fund dated as of September 28, 2004, as it may be amended from time to time.

“**Distribution(s)**” means the cash and *in specie* distribution(s) which are paid by the Fund to Unitholders.

“**Distribution Date**” means the date on which cash distributions are paid by the Fund, such date to be no later than the date which is the tenth Business Day after the applicable Record Date.

“**Distribution Reinvestment Plan**” means the Fund’s distribution reinvestment plan, as described under “Distributions and Reinvestment – Distribution Reinvestment Plan”, as it may be amended from time to time.

“**Distribution Reinvestment Plan Agency Agreement**” means the distribution reinvestment plan agency agreement to be entered into among the Fund, the Manager and the Trustee, in its capacity as the Plan Agent, establishing the Distribution Reinvestment Plan, as it may be amended from time to time.

“**Exchange Agent**” means Computershare Trust Company of Canada.

“Exchange Eligible Issuer” means those Oil & Gas Income Trusts which will be included in the Indicative Portfolio.

“Exchange Option” means an option to purchase Units by an exchange of freely tradeable units of any of the Exchange Eligible Issuers, as described under “Exchange Option – Methods to Purchase Units”.

“Exchange Ratio” means the number of Units issuable for each unit of an Exchange Eligible Issuer, determined by dividing (i) the weighted average trading price of the units of such Exchange Eligible Issuer on the TSX during the three consecutive trading days ending on September 27, 2004, adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund, by (ii) \$10.00.

“Extraordinary Resolution” means a resolution passed by the affirmative vote of at least 66 2/3% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“Float Capitalization” means the aggregate market value of an Oil & Gas Income Trust’s issued and outstanding units excluding those units held by any person who, according to publicly available information, beneficially owns or exercises control or direction over 20% or more of the Oil & Gas Income Trust’s issued and outstanding units.

“Fund” means Brompton Equal Weight Oil & Gas Income Fund, a closed-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“Income Fund” means a trust, limited partnership or other entity structured to own, directly or indirectly: (i) debt and/or equity of an underlying company or other entity which carries on an active business; (ii) income producing real estate assets; or (iii) a royalty on revenues generated by an underlying business activity, including consumer funds, industrial funds, oil and gas funds, power and pipeline funds, real estate investment trusts and resource funds.

“Indicative Portfolio” means the Oil & Gas Income Trusts whose securities would have comprised the Portfolio if it had been formed on September 27, 2004, as described under “The Portfolio – Indicative Portfolio”.

“Investment Guidelines” means the investment guidelines to be followed by the Fund set forth in the Declaration of Trust, as described under “Investment Guidelines, Rebalancing Criteria and Investment Restrictions”.

“Investment Restrictions” means the investment restrictions of the Fund set forth in the Declaration of Trust restricting the investment activities of the Fund, as described under “Investment Guidelines, Rebalancing Criteria and Investment Restrictions”.

“Lenders” means one or more Canadian chartered banks or other lending institutions.

“Loan Facility” means the loan facility to be entered into between the Fund and the Lenders as described under “Loan Facility”.

“Management Agreement” means the management agreement dated September 28, 2004 between the Manager and the Fund, as it may be amended from time to time.

“Management Fee” means the management fee payable to the Manager, as more fully described under “Fees and Expenses Payable by the Fund-Management Fee”.

“Manager” means the manager and administrator of the Fund, namely Brompton Energy Trust Management Limited or, if applicable, its successor.

“Market Price” means the weighted average trading price on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX) for the six trading days immediately preceding the relevant Distribution Date, plus applicable commission and brokerage charges.

“**Maximum Ownership Level**” has the meaning ascribed thereto under “Exchange Option – Methods to Purchase Units”.

“**Net Asset Value**” means the net asset value of the Fund, as determined by subtracting the aggregate liabilities of the Fund from the Total Assets, in each case on the date on which the calculation is being made, as more fully described under “Valuation, Total Assets and Net Asset Value”.

“**Net Asset Value per Unit**” means the Net Asset Value divided by the total number of Units outstanding, in each case on the date on which the calculation is being made.

“**Offering**” means the offering of a minimum of 30,000,000 Units and a maximum of 40,000,000 Units at \$10.00 per Unit and the offering of additional Units under the Over-Allotment Option pursuant to this prospectus.

“**Oil & Gas Income Trust**” means an Income Fund where the principal underlying business is the conventional production and sale of oil and/or natural gas.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least 50% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**Over-Allotment Option**” means the option granted by the Fund to the Agents, exercisable for a period of 30 days from Closing, to offer additional Units at \$10.00 per Unit in an amount up to 15% of the aggregate number of Units sold on Closing, solely to cover over-allotments, if any.

“**Plan Agent**” means the Trustee, in its capacity as agent under the Distribution Reinvestment Plan.

“**Plan Participants**” means Unitholders who are participants in the Distribution Reinvestment Plan.

“**Portfolio**” means the portfolio of Oil & Gas Income Trusts, the securities of which are to be acquired and adjusted by the Fund in accordance with the “Investment Guidelines, Rebalancing Criteria and Investment Restrictions”.

“**Rebalancing Criteria**” means the rebalancing criteria as described under “Investment Guidelines, Rebalancing Criteria and Investment Restrictions”.

“**Record Date**” means the last Business Day of each calendar month prior to the Termination Date commencing with the last Business Day of the month in which the Closing Date occurs.

“**Redemption Date**” means the second last Business Day of November of each year commencing in November 2005.

“**Redemption Payment Date**” means the date on or before the tenth Business Day of December in the relevant year on which payment of the redemption price for Units redeemed in that year is made.

“**Service Fee**” means the fee that the Fund will pay to the Manager, who in turn will pay an equivalent amount to dealers, as more fully described under “Fees and Expenses Payable by the Fund – Service Fee”.

“**Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and shall include regulations promulgated thereunder.

“**Termination Date**” means the date the Fund is terminated as more fully described under “Declaration of Trust – Termination of the Trust”.

“**Total Assets**” means the aggregate value of the assets of the Fund determined in accordance with the terms of the Declaration of Trust.

“**Trustee**” means Computershare Trust Company of Canada, in its capacity as trustee under the Declaration of Trust.

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

“**Unitholders**” means, unless the context requires otherwise, the owners of the beneficial interest in the Units.

“**Units**” means the transferable, redeemable trust units of the Fund, each of which represents an equal, undivided beneficial interest in the net assets of the Fund.

“**Valuation Date**” means, at a minimum, Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit.

THE FUND

Brompton Equal Weight Oil & Gas Income Fund is a closed-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. Brompton Energy Trust Management Limited is the Manager and Trustee of the Fund. The Fund's principal office is Suite 2930, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3. The fiscal year-end of the Fund is December 31.

The Fund's investment objectives are to provide Unitholders with the benefits of high monthly cash distributions and low management fees together with the opportunity for capital appreciation by investing in an equally weighted diversified portfolio of Oil & Gas Income Trusts on a passive basis.

The beneficial interest in the net assets and net income of the Fund is divided into a single class of transferable, redeemable units, each of which represents an equal, undivided interest in the net assets and net income of the Fund. Each Unit is entitled to one vote at meetings of Unitholders and to participate equally with all other Units with respect to all payments made to Unitholders out of the Fund's assets. See "Declaration of Trust – Description of Units".

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

RATIONALE FOR THE FUND

The Fund will invest in a diversified portfolio of Oil & Gas Income Trusts to provide investors with a high level of current distributions and the opportunity for capital appreciation from growth in production and reserves of the Portfolio investments and/or high commodity prices. The Portfolio investments will provide diversification in production area and geological formation, with 54% of production currently weighted towards natural gas. The equal weight approach reduces the risk to investors of exposure to any single investment. The Fund will invest in the more senior Oil & Gas Income Trusts listed on the TSX as measured by Float Capitalization. These trusts generally have demonstrated track records of growing production, reserves and market value. It is estimated that initially a significant portion of the Distributions will be a return of capital for tax purposes which provides a tax advantage to Unitholders since, to the extent that such Distributions are a return of capital, they are not included in income but will reduce the adjusted cost base of a Unitholder's Units.

INVESTMENT GUIDELINES, REBALANCING CRITERIA AND INVESTMENT RESTRICTIONS

Investment Guidelines

The Fund will adhere to the following guidelines regarding the investments in the Portfolio:

- (a) each Oil & Gas Income Trust included in the Portfolio will:
 - (i) operate principally as a conventional producer of oil and/or gas;
 - (ii) have a minimum Float Capitalization of at least \$500 million at the time of investment, subject to the Rebalancing Criteria;
 - (iii) currently pay a regular distribution; and
 - (iv) be listed for trading on the TSX;

- (b) at the time of acquisition the Portfolio will be equally weighted based on the Total Assets of the Fund divided by the number of Oil & Gas Income Trusts included in the Portfolio; and
- (c) notwithstanding (a) and (b) above, the Portfolio shall at all times comprise, at a minimum, the 15 largest Oil & Gas Income Trusts measured on the basis of Float Capitalization.

Although it is the Manager's current expectation that, throughout the life of the Fund, the Fund would adhere rigorously to the above criteria, in exceptional circumstances, the Manager may exercise its discretion to exclude or remove from the Portfolio any Oil & Gas Income Trust where the Manager considers that facts unrelated to the business of such Oil & Gas Income Trust may have a material adverse effect on the market price or value of such Oil & Gas Income Trust's securities. These Investment Guidelines will also be subject to the Investment Restrictions. See "Investment Guidelines, Rebalancing Criteria and Investment Restrictions – Investment Restrictions".

Rebalancing Criteria

The Portfolio will be rebalanced quarterly to adjust for changes in the market value of investments, to add any Oil & Gas Income Trusts which at the time of rebalancing newly qualify for inclusion and to remove any Oil & Gas Income Trusts that have a Float Capitalization of less than \$350 million or that otherwise no longer meet the Investment Guidelines or Investment Restrictions. Between rebalancing dates, the Fund, at the discretion of the Manager, may invest amounts available for working capital purposes under the Loan Facility in public offerings of new Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. In order to rebalance the Portfolio or to determine the maximum amount that may be invested in any public offerings of new Oil & Gas Income Trusts that qualify for inclusion in the Portfolio in between rebalancing dates, the Manager will calculate the market value of the Portfolio as at the applicable rebalancing date and divide such market value by the number of Oil & Gas Income Trusts which are then eligible to be included in the Portfolio. Rebalancing transactions will be completed as soon as practicable thereafter. As a result of changes in market prices of the Oil & Gas Income Trusts in the Portfolio and possible investment in public offerings of new Oil & Gas Income Trusts between rebalancing dates, it is not expected that the Oil & Gas Income Trusts included in the Portfolio will be exactly equally weighted at any given time.

Investment Restrictions

The Fund will be subject to certain Investment Restrictions which are set out in the Declaration of Trust. The Investment Restrictions may not be changed without the prior approval of Unitholders by way of an Extraordinary Resolution, unless such change or changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed from time to time by applicable regulatory authorities. See "Declaration of Trust – Modification of Declaration of Trust and Meetings of Unitholders".

The Investment Restrictions provide that the Fund will not:

- (a) invest in an Oil & Gas Income Trust unless it meets the Investment Guidelines or Rebalancing Criteria referred to above;
- (b) purchase the securities of an issuer for the purpose of exercising control over management of that issuer;
- (c) borrow money, except that:
 - (i) short-term credits necessary for settlement of securities transactions are not considered borrowing; and
 - (ii) the Fund may borrow pursuant to the Loan Facility;

- (d) make or hold any investment that would result in the Fund failing to qualify as a “unit trust” within the meaning of paragraph 108(2)(b) of the Tax Act. In order for the Fund to so qualify:
 - (i) at all times at least 80% of the property of the Fund must consist of a combination of: shares; property that, under the terms or conditions of which or under an agreement, is convertible into, exchangeable for, or confers a right to acquire shares; bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations; marketable securities; cash; real property situated in Canada and interests in real property situated in Canada; or rights to and interests in any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada;
 - (ii) not less than 95% of the Fund’s income for each year must be derived from, or from the disposition of, investments described in (i) above; and
 - (iii) at no time may more than 10% of the Fund’s property consist of bonds, securities or shares in the capital stock of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality;
- (e) make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (f) invest in or hold “foreign property” if the “cost amount” (as those terms are defined in the Tax Act) to the Fund of all foreign property held by it would cause the Fund to be subject to tax under Part XI of the Tax Act or would cause Units to be foreign property under the Tax Act or engage in any other transaction that would cause the Fund to be liable to tax under Part XI of the Tax Act;
- (g) with the exception of securities of the Fund’s own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager, BCA or any of their respective affiliates, any officer, director or shareholder of any of them, any person, trust, firm or corporation managed by the Manager, BCA or any of their respective affiliates or any firm or corporation in which any officer, director or shareholder of the Manager or BCA may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, either: (i) any such transaction is effected through normal market facilities, and the purchase price approximates the prevailing market price; or (ii) such purchase or sale is approved by a majority of the Manager’s independent directors;
- (h) invest in the securities of any non-resident corporation or trust or other non-resident entity if the Fund would be required to mark its investment in such securities to market in accordance with proposed section 94.2 of the Tax Act or to include any significant amounts in income pursuant to proposed sections 94.1 or 94.3 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities released on October 30, 2003 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto); or
- (i) invest in any Oil & Gas Income Trust upon the Manager becoming aware of any steps or proceedings under any federal or provincial bankruptcy or insolvency legislation taken by or against such Oil & Gas Income Trust or any announcement of any such steps.

If a percentage restriction on investment or use of assets set forth above as an Investment Restriction is adhered to at the time of the transaction, later changes to the market value of the Oil & Gas Income Trust included in the Portfolio or Total Assets will not be considered a violation of the Investment Restrictions or require the elimination of any Oil & Gas Income Trust included in the Portfolio. If the

Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund's holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the Investment Restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with. Notwithstanding the foregoing, the restrictions in paragraphs (d), (e), (f) and (i) above must be complied with at all times and may necessitate the selling of Oil & Gas Income Trusts included in the Portfolio from time to time on a *pro rata* basis.

Securities Lending

In order to generate additional returns, the Fund may lend securities of Oil & Gas Income Trusts included in the Portfolio to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and such borrower (a "Securities Lending Agreement"). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund 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 Tax Act; and (iii) the Fund will receive collateral security.

OIL & GAS

Natural gas reserves in North America have declined by approximately 30% over the past 20 years while consumption of natural gas has increased by 36% over the same period. The share of total energy consumption in Canada supplied by natural gas has increased from 26% in 1998 to 31% in 2002, during a period of rising overall energy demand. In the past five years, 200,000 megawatts of new electrical generating capacity has been constructed in the U.S. Approximately 94% of these new plants utilize natural gas fired turbines, contributing to the increased demand for natural gas. Major new exploration opportunities, such as in the Beaufort Sea, are becoming increasingly limited and will require construction of pipelines that will not be available for several years. The supply of natural gas in North America is generally constrained by pipeline transportation, thereby limiting the available supply to North American consumers. Alternative sources of supply such as liquefied natural gas from offshore suppliers are increasing but are not expected to have a significant impact on the natural gas market for several years. As the largest supplier of imported gas to the United States, Canadian exports have doubled over the decade.

Over the past ten years, worldwide consumption of oil has increased by 17%, whereas the supply of oil, measured by worldwide reserves, has increased by only 12%. Demand in developing countries has increased dramatically and now accounts for a much greater proportion of worldwide consumption than just ten years ago. For example, China and India now account for 11% of world consumption compared to less than 7% in 1993. This rising trend is expected to continue. However, it has become more difficult and expensive to find and develop significant oil deposits to match this increasing level of demand. This supply and demand disparity has contributed to the upward trend in the high price of oil.

OIL & GAS INCOME TRUSTS

Oil & Gas Income Trusts are Income Funds where the principal underlying business is the conventional production and sale of oil and/or natural gas. These trusts pay out a high percentage of the cash flow received from the production and sale of underlying crude oil and natural gas to unitholders in a tax efficient manner.

Oil & Gas Income Trusts are structured to minimize the double taxation that normally occurs with operating oil and gas companies. By having a trust or partnership own equity and debt securities of an operating business, income tax can be minimized at the operating company level. Distributions from

Oil & Gas Income Trusts typically include the following components: interest, business income, dividends and return of capital. The return of capital is not taxable to a unitholder in the year of distribution, but will reduce the adjusted cost base for tax purposes of the unitholders' trust units. The tax efficiency of an investment in an Oil & Gas Income Trust means investors have been willing to pay higher prices for investments in Oil & Gas Income Trusts compared to investments in traditional common shares of an oil and gas company. This valuation difference has prompted many oil and gas companies to convert to the Income Trust structure. At the same time, the distribution stream from an investment in an Oil & Gas Income Trust gives investors a high level of current income and the potential for capital gains.

The amount of distributions paid on a unit of an Oil & Gas Income Trust will vary from time to time based on production levels, commodity prices, royalty rates, operating and general administrative expenses, debt service charges and deductions, including holdbacks for future capital spending. As a result of distributing a large percentage of their cash flow to unitholders, Oil & Gas Income Trusts are generally constrained in their ability to generate new reserves and production from exploration and, to a lesser extent, development drilling. Therefore, typically the majority of growth and reserve replacement of Oil & Gas Income Trusts is derived through acquisition of producing assets or companies with proven oil and natural gas reserves, funded through the issuance of additional units or through the use of leverage. Consequently, Oil & Gas Income Trusts are considered to be less exposed to drilling risk faced by traditional oil and natural gas exploration and production companies. However, they are still exposed to risks associated with the business of the production and sale of oil and natural gas, including the risks of depletion of reserves, reduced commodity prices, reservoir performance, increasing operating costs and leverage. See "Risk Factors".

Oil & Gas Income Trusts may engage in hedging programs to reduce their sensitivity to short-term movements in oil and gas spot prices. Oil & Gas Income Trusts that utilize hedging programs may enter into forward contracts ranging in maturity from less than one month to several years. The forward contracts specify that a price, or price range, established at the time the contract is entered into will be paid on delivery of the oil or gas at some point in the future.

The total return for the S&P/TSX Capped Energy Trust Index, the benchmark for the Oil & Gas Income Trust sector, has increased at a compound annual percentage rate of 34% from January 1999 to July 2004.

THE PORTFOLIO

The net proceeds of this Offering, together with borrowings under the Loan Facility of up to 10% of the Total Assets of the Fund, will be used by the Fund to acquire an equal dollar amount of securities of the Oil & Gas Income Trusts that will form the Portfolio. The Portfolio will consist of each Oil & Gas Income Trust listed on the TSX that pays a regular distribution and that has a Float Capitalization of at least \$500 million at the time of investment. The policy of the Fund will be to make adjustments for rebalancing purposes in accordance with the Rebalancing Criteria. Between quarterly rebalancing dates, the Fund may, at the discretion of the Manager, invest in public offerings of new Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. As a result of changes in market prices of the Oil & Gas Income Trusts in the Portfolio and possible investment in public offerings of new Oil & Gas Income Trusts between rebalancing dates, it is not expected that the Oil & Gas Income Trusts included in the Portfolio will be exactly equally weighted at any given time.

The Fund is designed to ensure that the Portfolio is well diversified in Oil & Gas Income Trusts and to reduce the Fund's concentration in any one Oil & Gas Income Trust. By employing an equal weighting approach, each Oil & Gas Income Trust would constitute approximately 5.0% of the Indicative Portfolio, as compared to using a Float Capitalization approach under which three Oil & Gas Income Trusts would constitute approximately 36% and a single Oil & Gas Income Trust would constitute up to 15% of the Indicative Portfolio.

Indicative Portfolio

The Indicative Portfolio set out below contains the 20 Oil & Gas Income Trusts, securities of which would comprise the Portfolio if it were formed on September 27, 2004 and sets out for each Oil & Gas Income Trust, the Current Yield, Float Capitalization and the Fund's equal weighting percentage as at such date. As at September 27, 2004, the Oil & Gas Income Trusts listed on the TSX had a Float Capitalization of \$32 billion, and the Oil & Gas Income Trusts included in the Indicative Portfolio represented approximately 92% of the Float Capitalization and 20 of the 27 Oil & Gas Income Trusts listed on the TSX. These Oil & Gas Income Trusts had an average reserve life index of 10.6 years based on production rates for the first quarter of 2004 and 2003 year end reserves. The Indicative Portfolio was slightly gas weighted with an average of 54% of production from natural gas.

As a result of the incurrence by the Fund of offering expenses and operating costs as well as the use of leverage by the Fund as described below under "Loan Facility", the Current Yield on a Unit of the Fund will be different from the yield generated by the underlying Portfolio. Units of the Fund would have had a Current Yield as at September 27, 2004 of approximately 11.85% based on the following assumptions:

1. the gross proceeds of the Offering are \$400 million and the offering expenses (including the fee payable to the Agents) are \$21.8 million;
2. the Fund borrowed throughout the 12 months ended September 27, 2004, 10% of the Total Assets of the Fund bearing interest at an average annual rate of 4.6%;
3. the Fund acquires the Indicative Portfolio with the net proceeds of the Offering and borrowings under the Loan Facility as described above, less commissions; and
4. the annual operating expenses of the Fund are \$450,000 and the Management Fee and the Service Fee are as described under "Fees and Expenses Payable by the Fund".

The level of Distributions paid by the Fund to Unitholders will depend upon the distributions received from the Oil & Gas Income Trusts included in the Portfolio and as such is expected to fluctuate from month to month.

Brompton Equal Weight Oil & Gas Income Fund
Indicative Portfolio
As at September 27, 2004

Issuer	Symbol	Current Yield	Float Capitalization	Portfolio Weighting
			(\$millions)	
Acclaim Energy Trust	AE.UN	13.0%	1,472	5.0%
Advantage Energy Income Fund	AVN.UN	12.9%	857	5.0%
APF Energy Trust	AY.UN	16.0%	697	5.0%
ARC Energy Trust	AET.UN	10.5%	3,039	5.0%
Baytex Energy Trust	BTE.UN	13.8%	822	5.0%
Bonavista Energy Trust	BNP.UN	11.5%	1,400	5.0%
Enerplus Resources Fund	ERF.UN	10.1%	4,518	5.0%
Focus Energy Trust	FET.UN	9.8%	647	5.0%
Harvest Energy Trust	HTE.UN	12.1%	660	5.0%
NAL Oil & Gas Trust	NAE.UN	13.7%	737	5.0%
Paramount Energy Trust	PMT.UN	15.1%	710	5.0%
Pengrowth Energy Trust	PGF.B	13.5%	2,979	5.0%
Petrofund Energy Trust	PTF.UN	11.9%	1,606	5.0%
Peyto Energy Trust	PEY.UN	5.5%	1,703	5.0%
PrimeWest Energy Trust	PWI.UN	13.6%	1,826	5.0%
Progress Energy Trust	PGX.UN	11.1%	997	5.0%
Provident Energy Trust	PVE.UN	12.7%	1,470	5.0%
Shiningbank Energy Income Fund	SHN.UN	12.5%	1,188	5.0%
Vermilion Energy Trust	VET.UN	10.2%	1,204	5.0%
Viking Energy Royalty Trust	VKR.UN	14.9%	698	5.0%
Average		12.2%		

Source: Bloomberg.

The information in the table above is based on publicly available information, is historical and is not intended to be, and should not be construed as, an indication of the future levels of market value or Current Yield. This table is for illustrative purposes only and should not be construed as a forecast or projection. The Portfolio may or may not include securities of the foregoing Oil & Gas Income Trusts and may include securities of Oil & Gas Income Trusts which are not set out above.

Historical Yield

The following table sets forth the historical yields^{1,2} for the periods indicated in respect of the Oil & Gas Income Trusts that comprise the Indicative Portfolio. Based on closing prices on September 27, 2004 and the annualized most recent regular distribution paid by these Oil & Gas Income Trusts, the Indicative Portfolio would have had a Current Yield of 12.2% as at September 27, 2004.

Issuer	2003	2002	2001	2000	1999
Acclaim Energy Trust	18.0%	17.3%	21.6%	—	—
Advantage Energy Income Fund	17.2%	15.5%	30.2%	—	—
APF Energy Trust	19.5%	17.6%	28.7%	22.0%	18.4%
ARC Energy Trust	14.1%	12.7%	19.8%	19.2%	16.7%
Baytex Energy Trust	17.8%	—	—	—	—
Bonavista Energy Trust	17.6%	—	—	—	—
Enerplus Resources Fund	13.1%	12.2%	23.9%	21.1%	15.6%
Focus Energy Trust	13.4%	13.4%	—	—	—
Harvest Energy Trust	20.9%	27.3%	—	—	—
NAL Oil & Gas Trust	18.4%	14.5%	25.1%	19.8%	17.4%
Paramount Energy Trust	30.9%	—	—	—	—
Pengrowth Energy Trust	14.6%	13.5%	18.5%	19.9%	14.2%
Petrofund Energy Trust	14.8%	14.2%	26.2%	25.7%	14.4%
Peyto Energy Trust	8.6%	—	—	—	—
PrimeWest Energy Trust	16.6%	18.1%	27.5%	22.3%	17.7%
Progress Energy Trust	—	—	—	—	—
Provident Energy Trust	18.7%	20.0%	29.0%	—	—
Shiningbank Energy Income Fund	15.9%	15.0%	22.0%	21.1%	15.3%
Vermilion Energy Trust	14.3%	—	—	—	—
Viking Energy Royalty Trust	19.8%	16.1%	25.0%	21.6%	18.9%

Source: Bloomberg

— denotes no distribution as fund was not in existence

- (1) The yield for each full year has been calculated by dividing the distributions paid during the year by the volume weighted average trading price for the year.
- (2) The yield in respect of Oil & Gas Income Trusts that have been in existence for less than a full year has been calculated by dividing the annualized distributions paid during the partial year by the volume weighted average trading price for the year.

The information in the table above is based on publicly available information, is historical and is not intended to be, and should not be construed as, an indication of the future levels of market value or Current Yield. This table is for illustrative purposes only and should not be construed as a forecast or projection. The Portfolio may or may not include securities of the foregoing Oil & Gas Income Trusts and may include securities of Oil & Gas Income Trusts which are not set out above.

Trading History

The following table sets forth the closing prices¹ on the TSX of the units of the Oil & Gas Income Trusts that comprise the Indicative Portfolio as at the dates indicated:

Issuer	Sept. 27, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999
Acclaim Energy Trust	\$15.06	\$12.00	\$9.85	\$ 8.25	—	—
Advantage Energy Income Fund	\$21.44	\$17.94	\$13.00	\$ 8.12	—	—
APF Energy Trust	\$12.00	\$12.54	\$9.79	\$ 9.85	\$9.75	\$ 8.10
ARC Energy Trust	\$17.09	\$14.74	\$11.90	\$12.10	\$11.30	\$ 8.75
Baytex Energy Trust	\$13.09	\$10.85	—	—	—	—
Bonavista Energy Trust	\$25.99	\$20.99	—	—	—	—
Enerplus Resources Fund	\$41.52	\$39.35	\$28.05	\$24.75	\$22.90	\$16.32
Focus Energy Trust	\$18.35	\$15.00	\$10.15	—	—	—
Harvest Energy Trust	\$19.90	\$14.07	\$9.50	—	—	—
NAL Oil & Gas Trust	\$14.01	\$10.94	\$9.00	\$ 9.10	\$8.65	\$ 7.10
Paramount Energy Trust	\$15.91	\$11.68	—	—	—	—
Pengrowth Energy Trust	\$19.61	\$21.25	\$14.52	\$14.22	\$19.20	\$15.50
Petrofund Energy Trust	\$16.16	\$18.79	\$10.85	\$11.97	\$18.00	\$11.40
Peyto Energy Trust	\$37.24	\$27.25	—	—	—	—
PrimeWest Energy Trust	\$26.50	\$27.56	\$25.40	\$25.44	\$35.80	\$26.60
Progress Energy Trust	\$15.09	—	—	—	—	—
Provident Energy Trust	\$11.35	\$11.43	\$10.75	\$ 8.19	—	—
Shiningbank Energy Income Fund	\$22.10	\$18.64	\$15.15	\$13.97	\$17.00	\$10.65
Vermilion Energy Trust	\$20.05	\$15.34	—	—	—	—
Viking Energy Royalty Trust	\$6.44	\$ 5.65	\$ 7.07	\$ 6.42	\$8.55	\$ 6.50

Source: Bloomberg

(1) Where applicable, trading prices have been adjusted for stock splits or stock consolidations

Historical Distributions

The following table sets forth the per unit distributions paid by the Oil & Gas Income Trusts that comprise the Indicative Portfolio during the periods indicated:

Issuer	Year to Date 2004	2003	2002	2001	2000	1999
Acclaim Energy Trust	\$1.30	\$1.95	\$1.74	\$0.65	—	—
Advantage Energy Income Fund	\$1.84	\$2.71	\$1.73	\$1.45	—	—
APF Energy Trust	\$1.37	\$2.18	\$1.80	\$3.05	\$1.90	\$1.56
ARC Energy Trust	\$1.20	\$1.80	\$1.56	\$2.31	\$2.01	\$1.35
Baytex Energy Trust	\$1.20	\$0.60	—	—	—	—
Bonavista Energy Trust	\$2.00	\$1.50	—	—	—	—
Enerplus Resources Fund	\$2.80	\$4.29	\$3.25	\$6.25	\$4.58	\$2.46
Focus Energy Trust	\$1.17	\$1.67	\$0.44	—	—	—
Harvest Energy Trust	\$1.60	\$2.40	\$0.20	—	—	—
NAL Oil and Gas Trust	\$1.37	\$1.78	\$1.40	\$2.39	\$1.60	\$1.28
Paramount Energy Trust	\$1.38	\$2.88	—	—	—	—
Pengrowth Energy Trust	\$1.70	\$2.67	\$1.93	\$3.49	\$3.55	\$2.22
PetroFund Energy Trust	\$1.44	\$2.09	\$1.71	\$4.24	\$1.33	\$0.61
Peyto Energy Trust	\$1.30	\$0.90	—	—	—	—
PrimeWest Energy Trust	\$2.40	\$4.32	\$4.80	\$8.84	\$7.08	\$4.40
Progress Energy Trust	\$0.28	—	—	—	—	—
Provident Energy Trust	\$1.08	\$2.06	\$2.03	\$2.54	—	—
Shiningbank Energy Trust	\$1.84	\$2.68	\$2.16	\$3.40	\$2.76	\$1.60
Vermilion Energy Trust	\$1.36	\$1.87	—	—	—	—
Viking Energy Royalty Trust	\$0.72	\$1.28	\$1.16	\$2.02	\$1.71	\$1.16

Source: Annual and interim reports publicly filed by the applicable Oil & Gas Income Trust.

Reserve Life Index

The reserve life index of an Oil & Gas Income Trust is a measure of the expected life of an Oil & Gas Income Trust's oil and gas reserves based on that Oil & Gas Income Trust's current production levels. The reserve life index for each Oil & Gas Income Trust is calculated by dividing the proven plus probable reserves by that Oil & Gas Income Trust's current production levels.

In September 2003, the Canadian Securities Administrators adopted National Instrument 51-101 (NI 51-101) which established new standards for reporting oil and gas reserves for financial years ending on or after December 31, 2003. Previously, reserves categories included proved, probable and established. Established reserves were defined as proved reserves plus 50 percent of probable reserves, commonly referred to as "risk adjusted probable reserves". The reserve life index was then calculated by dividing the established reserves by that Oil & Gas Income Trust's current production level. Under the new standards, proved reserves are defined to have a 90% probability that at least the estimated proved reserves will be produced and probable reserves are defined to have a 50% probability that at least the estimated probable reserves will be produced.

The reserve life index is an estimate of how many years an Oil & Gas Income Trust could continue producing at current production levels assuming no additional reserves are purchased or

developed. The Oil & Gas Trusts included in the Indicative Portfolio have a simple average reserve life index of approximately 10.6 years based on the proven plus probable reserves as at December 31, 2003 divided by annualized average daily production rate for the quarter ended March 31, 2004.

Issuer	Reserve Life Index¹ March 31, 2004
Acclaim Energy Trust	10.1
Advantage Energy Income Fund	9.1
APF Energy Trust	10.3
ARC Energy Trust	12.6
Baytex Energy Trust	8.4
Bonavista Energy Trust	7.3
Enerplus Resources Fund	13.8
Focus Energy Trust	11.3
Harvest Energy Trust	12.4
NAL Oil & Gas Trust	8.3
Paramount Energy Trust	5.9
Pengrowth Energy Trust	12.5
Petrofund Energy Trust	12.7
Peyto Energy Trust	15.5
PrimeWest Energy Trust	10.0
Progress Energy Trust	7.8
Provident Energy Trust	10.7
Shiningbank Energy Income Fund	10.5
Vermilion Energy Trust	12.1
Viking Energy Royalty Trust	10.0
Average	10.6

Source: Annual and/or quarterly reports publicly filed by the applicable Oil & Gas Income Trust.

- (1) The Reserve Life Index is calculated as the Proven plus Probable reserves as at the year ended December 31, 2003 divided by the annualized average daily production rate for the quarter ended March 31, 2004.

The information in the tables under “Historical Yield”, “Trading History”, “Historical Distributions” and “Reserve Life Index” above is based on publicly available information, is historical and is not intended to be, and should not be construed as, an indication of the future levels of market value or Current Yield, future trading levels, or future levels of distributions of the Oil & Gas Income Trusts that comprise the Indicative Portfolio. The tables show historical performance only and should not be construed as a forecast or projection.

EXCHANGE OPTION

Methods to Purchase Units

Investors who currently hold units in any of the Exchange Eligible Issuers may tender their holdings for Units of the Fund, thereby gaining the benefit of increased diversification while maintaining their exposure to the Canadian oil and gas industry. Exchange Eligible Issuers are any of the Oil & Gas Income Trusts which will be included in the Indicative Portfolio, and are listed under “Exchange Option –

Exchange Eligible Securities”. Prospective purchasers may acquire Units either by: (a) cash payment; or (b) an exchange of freely tradeable units of any of the Oil & Gas Income Trusts included in the Indicative Portfolio. The maximum number of units of any one Exchange Eligible Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number of units which constitutes 9.9% of the outstanding units of such Exchange Eligible Issuer (such number being referred to as the “Maximum Ownership Level”). To the extent the Maximum Ownership Level has been achieved in respect of the units of any one Exchange Eligible Issuer, and an excess of units of such Exchange Eligible Issuer above the Maximum Ownership Level has been deposited and not withdrawn, then the units of such Exchange Eligible Issuer will be accepted by the Manager up to the Maximum Ownership Level on a *pro rata* basis or such other reasonable basis that it may determine to be appropriate. To the extent that the number of securities of an Exchange Eligible Issuer deposited under the Exchange Option and not withdrawn exceeds the number of securities which would give the Fund an equal weight of the securities of such Exchange Eligible Issuer in the Portfolio, such excess will be sold by the Fund in the market at then current prices, which may be different than the weighted average trading price used to calculate the Exchange Ratio applicable to such Exchange Eligible Issuer. The Fund will use the net proceeds of such sale to purchase additional Oil & Gas Income Trust securities to comprise the Portfolio.

Procedure

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option must do so by means of a book-entry deposit through CDS. Prospective purchasers intending to utilize the Exchange Option must deposit the units of the Exchange Eligible Issuer with the Exchange Agent through CDS prior to 5:00 p.m. (Toronto time) on September 27, 2004. Such book-entry deposits must be made by a CDS Participant who may have an earlier deadline for receiving instructions from its clients to deposit units into the Exchange Option. Once submitted to the Exchange Agent through CDS, a deposit of units of an Exchange Eligible Issuer under the Exchange Option (including the transfers authorized thereby) is, subject to the completion of this Offering, irrevocable unless withdrawn or rescinded as described below under the heading “Withdrawal and Rescission of Exchange Option Elections”. By authorizing a deposit of units of an Exchange Eligible Issuer under the Exchange Option through CDS, a prospective purchaser authorizes the transfer to the Fund of each such unit and represents and warrants that the prospective purchaser has full right and authority to transfer the units and is the beneficial owner of such units, that such units have not previously been conveyed, that the transfer of such units is not prohibited by laws applicable to the prospective purchaser and that such units are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such units of Exchange Eligible Issuers. The Manager’s interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option and to accept or reject, in whole or in part, any deposit of units made pursuant to the Exchange Option.

If for any reason units of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such units will be notified of such fact as soon as practicable following the Closing or the termination of this Offering, as the case may be, and such units will be re-credited to their accounts through CDS.

Determination of Exchange Ratios

The number of Units issuable for each unit of an Exchange Eligible Issuer will be determined by dividing (i) the weighted average trading price of the units of such Exchange Eligible Issuer on the TSX during the three consecutive trading days ending on September 27, 2004 as adjusted to reflect distributions declared by any Exchange Eligible Issuer that will not be received by the Fund by (ii) \$10.00. For greater certainty, the distribution payable on the units of any Exchange Eligible Issuer that are deposited under the Exchange Option and which have a record date during or after the three trading day pricing period but before the Closing of the Offering will be received by the prospective purchaser who

deposited such units and not by the Fund. The Exchange Ratios are rounded to four decimal places. If a prospective purchaser of Units has deposited units of one or more Exchange Eligible Issuers pursuant to the Exchange Option, and if the exchange of such units for Units would otherwise result in the issuance of a fractional Unit, the Fund through CDS will, after all applicable withdrawal periods have expired, forward a cash payment to such prospective purchaser equal to \$10.00 multiplied by such fraction of a Unit, in lieu of issuing a fractional Unit.

Exchange Eligible Securities

The following table lists those Exchange Eligible Securities which will be accepted by the Fund pursuant to the Exchange Option and indicates the Exchange Price and the Exchange Ratio for each class or series of Exchange Eligible Security.

Exchange Eligible Security	Exchange Price	Exchange Ratio (Units per Exchange Eligible Security)
Acclaim Energy Trust	\$14.5734	1.4573
Advantage Energy Income Fund	\$20.8598	2.0860
APF Energy Trust	\$11.7751	1.1775
ARC Energy Trust	\$16.8528	1.6853
Baytex Energy Trust	\$12.7546	1.2755
Bonavista Energy Trust	\$25.3673	2.5367
Enerplus Resources Fund	\$40.9320	4.0932
Focus Energy Trust	\$17.9654	1.7965
Harvest Energy Trust	\$18.9179	1.8918
NAL Oil & Gas Trust	\$13.9480	1.3948
Paramount Energy Trust	\$15.5902	1.5590
Pengrowth Energy Trust	\$19.2962	1.9296
Petrofund Energy Trust	\$16.0150	1.6015
Peyto Energy Trust	\$36.5253	3.6525
PrimeWest Energy Trust	\$26.1907	2.6191
Progress Energy Trust	\$14.6990	1.4699
Provident Energy Trust	\$11.2290	1.1229
Shiningbank Energy Income Fund	\$21.6437	2.1644
Vermilion Energy Trust	\$19.8479	1.9848
Viking Energy Royalty Trust	\$ 6.4178	0.6418

Withdrawal and Rescission of Exchange Option Elections

Each prospective purchaser who has authorized the deposit through CDS of units of an Exchange Eligible Issuer under the Exchange Option will have the right to withdraw such deposit by notifying such prospective purchaser's investment advisor or other CDS Participant who effected the deposit at any time prior to the close of business (Toronto time) on September 27, 2004. To be effective, a written notice of

withdrawal must be either delivered in person or by courier to such investment advisor or other CDS Participant within the specified time, who in turn will direct CDS to notify the Exchange Agent of such withdrawal. In addition, prospective purchasers under the Exchange Option will be entitled to withdraw or rescind their purchase on or before midnight on the second Business Day after receipt or deemed receipt of this prospectus and any amendment. To be effective, a written notice of withdrawal or rescission must be either delivered in person or by courier to such prospective purchaser's investment advisor or other CDS Participant who effected the deposit. Any such notice of withdrawal or rescission must specify the units of each Exchange Eligible Issuer to be so withdrawn or rescinded and the name of the prospective purchaser, and notification thereof must be received by the Exchange Agent through CDS prior to the specified time. Each such notice must be signed by the person who authorized the deposit under the Exchange Option. A prospective purchaser also has the rights described under "Purchasers' Statutory Rights".

Maximum Offering

The maximum offering, comprised of the aggregate value of cash subscriptions and Exchange Eligible Securities, shall not be more than \$400,000,000. If the maximum offering is exceeded, the Fund will accept cash subscriptions first and then will accept Exchange Eligible Securities on a *pro rata* basis, or such other reasonable basis that it may determine appropriate, until the maximum offering size of \$400,000,000 is achieved, subject to the conditions set forth above under the heading "Exchange Option - Methods to Purchase Units".

LOAN FACILITY

Following Closing, it is intended that the Fund will enter into the Loan Facility with one or more Canadian chartered banks or other lending institutions in order to provide the Fund with the ability to utilize leverage to enhance the Fund's total return.

A portion of the Loan Facility, not to exceed 10% of the Total Assets determined at the time of borrowing, will be used by the Fund to purchase additional securities of Oil & Gas Income Trusts to be included in the Portfolio. In the event that the total amount borrowed by the Fund under this portion of the Loan Facility at any time exceeds 20% of the Total Assets, the Manager will sell securities of Oil & Gas Income Trusts held by the Fund in an orderly manner and use the proceeds thereof to reduce indebtedness so that the amount borrowed by the Fund under this portion of the Loan Facility does not exceed 20% of Total Assets.

In addition to the prior portion of the Loan Facility, the Fund may borrow up to 5% of the Total Assets determined at the time of borrowing for working capital purposes and to invest in public offerings of Oil & Gas Income Trusts that qualify for inclusion in the Portfolio. Any amount borrowed for the purpose of investing in public offerings of Oil & Gas Income Trusts will be repaid at the time of rebalancing.

The Fund may fix the interest rate on the prior portion of the Loan Facility used to purchase securities of Oil & Gas Income Trusts to be included in the Portfolio to eliminate the risk of rising interest rates on that part of the loan. The Fund expects that the terms, conditions, interest rates, fees and expenses of and under the Loan Facility will be typical for loans of this nature. The Lenders will be at arm's length to the Fund, the Trustee, the Manager and its respective affiliates and associates. The Fund anticipates that the Lenders will require the Fund to provide a security interest in some or all of its assets in favour of the Lenders to secure such borrowings. The Manager will ensure that in the event of default, the Lenders' recourse will be limited to the assets of the Fund. The Fund may refinance the Loan Facility through borrowings or through the issuance of other debt or debt-like instruments.

USE OF PROCEEDS

The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents' fee and the offering expenses are estimated to be \$379,000,000 (\$284,250,000 if the minimum number of Units are issued) and will be used by the Fund, together with borrowings of up to 10% of the Total Assets of the Fund, to acquire securities of the Oil & Gas Income Trusts that comprise the Portfolio in accordance with the Investment Guidelines and subject to the Investment Restrictions.

Pending investment in Oil & Gas Income Trusts, which will be made as expeditiously as prudent investment practice permits, the Fund will invest the proceeds of the Offering in cash and cash equivalents.

THE MANAGER AND THE MANAGEMENT AGREEMENT

The Manager

Brompton Energy Trust Management Limited was incorporated pursuant to the *Business Corporations Act* (Ontario) on August 17, 2004. Its head office is at Suite 2930, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3. The Manager was organized for the purpose of managing and administering closed-end investments including the Fund. The Manager is a member of the Brompton Group of companies.

Brompton Energy Trust Management Limited is the Manager of the Fund and is responsible for providing or arranging for the provision of management and administrative services required by the Fund. Affiliates of the Manager are the managers or administrators of Brompton Equal Weight Income Fund, Brompton VIP Income Trust, Brompton MVP Income Fund, Brompton Stable Income Fund, Business Trust Equal Weight Income Fund, USA REIT Fund LLC, Brompton Equity Split Corp. and Flaherty & Crumrine Investment Grade Preferred Fund (listed on the TSX as EWI.UN, VIP.UN, MVP.UN, BSR.UN, BWI.UN, URF, BE and BE.PR.A and FAC.UN respectively), which are public entities that invest in diversified portfolios consisting of units of income funds, high yield debt, investment grade debt, U.S. REITS, U.S. equities, Canadian equities and/or preferred securities.

Brompton Group of Companies

The Brompton Group of companies provides specialized financial products and services to corporate, institutional and individual clients. Brompton currently manages eight public investment funds and private capital with an aggregate value in excess of \$1 billion. Asset management services are provided by Brompton Management Limited and its affiliates. Brompton also offers financial advisory and merchant banking services to its clients.

Brompton and its directors and officers have extensive experience in managing financial assets and public and private entities, including the management of closed-end funds and the management of several publicly listed oil and gas companies. The Brompton Group of companies operates out of offices in Toronto at Suite 2930, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

Directors and Officers of the Manager

The board of directors of the Manager currently consists of five members. Directors are appointed to serve on the board of directors of the Manager until such time as they retire or are removed and their successors are appointed.

The name, municipality of residence, position with the Manager and principal occupation of each director and officer are set out below:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
PETER A. BRAATEN Toronto, Ontario	Chairman and Director	Chairman, Brompton Limited
JAMES W. DAVIE ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Chairman of the Audit Committee and Director	Corporate director
DONALD L. LENZ Toronto, Ontario	Director	Managing Director, Newport Partners Inc.
ARTHUR R.A. SCACE ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Chairman of the Corporate Governance Committee and Director	Counsel, McCarthy Tétrault LLP
KEN S. WOOLNER ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Lead Director	President and Chief Executive Officer, Lightning Energy Ltd.
RAYMOND R. PETHER Toronto, Ontario	Chief Executive Officer	President and Chief Executive Officer, Brompton Limited
DONALD W.C. LILLIE Toronto, Ontario	President	President and Chief Executive Officer, Brompton Capital Advisors Inc.
MARK A. CARANCI Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Brompton Limited
MOYRA E. MACKAY Toronto, Ontario	Vice-President and Secretary	Vice-President and Corporate Secretary, Brompton Limited
DAVID E. ROODE Toronto, Ontario	Vice-President	Vice-President, Brompton Limited
CRAIG T. KIKUCHI Toronto, Ontario	Vice-President	Vice-President, Brompton Limited
IMRAN PERVAIZ Oakville, Ontario	Controller	Controller, Brompton Limited

Notes:

- (1) Independent director.
- (2) Member of the Corporate Governance Committee.
- (3) Member of the Audit Committee.

A description of the experience and background relevant to the business of the Fund for each of the directors and officers of the Manager is set out below.

Peter A. Braaten (Chairman and Director)

Mr. Braaten has over 30 years experience in the investment business in Canada and the United Kingdom and is Chairman of the Brompton Group of companies. From 1998 to 2000, Mr. Braaten was President and Chief Executive Officer of 2M Energy Corp. and its predecessor Morrison Middlefield

Resources Limited, both public international oil and gas companies with assets in Canada and the U.K. Mr. Braaten was one of the founders of the Middlefield Group in 1979 and was a partner of the group from 1981 to 1998. Mr. Braaten has also held a number of positions with an investment management firm, an investment bank and two Canadian banks including Citibank Canada where he was a Senior Credit Officer. Mr. Braaten received an honours Bachelor of Arts degree in Economics and Mathematics from The University of Western Ontario and a Master of Business Administration degree from the University of British Columbia.

James W. Davie (Chairman of the Audit Committee and Director)

Mr. Davie has over 30 years of investment banking experience and currently serves as a corporate director. Mr. Davie has held a number of senior positions at RBC Dominion Securities Inc. since 1973 including Managing Director of Investment Banking and head of Equity Capital Markets from 1987 to 1999. Mr. Davie received a Bachelor of Commerce degree from the University of Toronto and a Master of Business Administration from Queen's University. In addition to his position as a director of certain of Brompton Funds, Mr. Davie is a director of Profico Energy Management Inc., Navigo Energy Inc. and Taylor Gas Liquids Ltd. and is also a trustee of Oil Sands Split Trust and Bloorview Macmillan Children's Centre.

Donald L. Lenz (Director)

Mr. Lenz has over 30 years of experience in the investment banking business. Mr. Lenz was Vice-President and Director of the Corporate and Investment Banking Division of RBC Dominion Securities Inc. from 1986 to 1999. From 1976 to 1986, Mr. Lenz was employed with Goldman Sachs & Co. in New York as Vice-President Corporate Finance specializing in Canada. Mr. Lenz began his investment career in 1969 with A.E. Ames & Co. Incorporated, initially with the money market department and subsequently as Vice-President, Fixed Income Sales and Trading. In addition to his position as a director of certain of Brompton funds, Mr. Lenz is a member of the Board of Directors of DataMirror Corporation, Mad Catz Interactive, Inc., Trizec Canada Inc., Cancer Care Ontario, The Laidlaw Foundation, Ontario Genomics Institute as well as Vice-Chairman of Ontario Research and Development Challenge Fund. Mr. Lenz received a Bachelor of Science in Chemical Engineering from the University of Saskatchewan in 1970.

Arthur R.A. Scace (Chairman of the Corporate Governance Committee and Director)

Mr. Scace is counsel at McCarthy Tétrault and formerly was a partner of the firm and has over 35 years of legal and business experience. Mr. Scace began his career at McCarthy Tétrault in 1967 and became a partner in 1972. Mr. Scace served as the Managing Partner of the Toronto office from 1989 to 1996 and as the firm's National Chairman from 1997 to 1999. Mr. Scace received a Bachelor of Arts degree from the University of Toronto, a Bachelor of Arts degree from Oxford University as a Rhodes Scholar, a Master of Arts degree from Harvard University, and a Bachelor of Laws degree from Osgoode Hall Law School at York University. Mr. Scace is also a Queen's Counsel and has received honorary Doctorates of Law from The Law Society of Upper Canada and York University. In addition to his position as a director of certain of the Brompton funds, Mr. Scace is Chairman of the board of directors of The Bank of Nova Scotia, a board member of several other Canadian companies and is a former Treasurer of the Law Society of Upper Canada.

Ken S. Woolner (Lead Director)

Mr. Woolner has 20 years experience in the oil and gas industry. Since December 2001, Mr. Woolner has been President and Chief Executive Officer of Lightning Energy Ltd., a public oil and gas company operating in Western Canada. Mr. Woolner was the President and Chief Executive Officer and a director of Velvet Exploration Ltd. from April 1997 to July 2001 when it was acquired by El Paso Oil &

Gas Inc. and was a director of El Paso Oil and Gas Canada Inc. from July 2001 to May 2002. From November 1991 to March 1997, Mr. Woolner was employed by Morrison Petroleums Ltd., a public oil and gas company, in various positions including Vice-President, Marketing and Executive Vice President of CGGS Canadian Gas Gathering Systems Inc., a private company managed by Morrison Petroleums Ltd. In addition, Mr. Woolner was a director of Nevis Ltd., the underlying operating company of Western Facilities Fund, a public income trust. Mr. Woolner is a director of certain Brompton funds. Mr. Woolner is a professional engineer and received a Bachelor of Science in Geological Engineering from the University of Toronto.

Raymond R. Pether (Chief Executive Officer)

Mr. Pether has 28 years experience in the investment business having held numerous high level, oil and gas, banking, real estate finance and investment positions. Mr. Pether co-founded the Brompton Group of companies in 2000 and as Chief Executive Officer of Brompton Limited, provides direction to all activities of the group. Mr. Pether was President and Chief Executive Officer of Western Facilities Fund, a public income trust engaged in the operation of oil and gas midstream assets from June, 1998 to April, 2001. Mr. Pether was also Chief Operating Officer of Morrison Middlefield Resources Limited and its successor 2M Energy Corp., public oil and gas companies, from January, 1994 to November, 2000. Prior thereto, Mr. Pether held several senior positions with the Middlefield Group including President of Middlefield Resources Limited and Executive Vice President of Middlefield Securities Limited and with a number of major banks including Vice President of Citibank Canada. Mr. Pether received a Bachelor of Arts degree in Economics from The University of Western Ontario and a Master of Business Administration degree from McMaster University. Mr. Pether is also a director of Newport Securities Inc. and a director and Chief Executive Officer of Welton Energy Corporation, a junior oil and gas company based in Calgary, Alberta.

Donald W.C. Lillie (President)

Mr. Lillie has over 30 years of business experience and joined Brompton Limited in July 2001. Mr. Lillie is President and Chief Executive Officer of Brompton Capital Advisors Inc. From January 1994 to July 2001, Mr. Lillie was Chairman and Chief Executive Officer of International Strategic Capital Corp., a securities dealer he founded which provided financial management services to small and medium sized ventures. From September 1989 to January 1994, Mr. Lillie was President of Middlefield Securities Limited and was actively involved in corporate finance, venture capital and the creation of a number of resource and real estate investments. Prior to 1989, Mr. Lillie held senior positions with Suncor Inc., Gulf Canada Inc., Canterra Energy Inc. and Shell Canada Ltd. with responsibilities including corporate planning, treasury operations, corporate finance and management of a \$600 million pension fund and an \$800 million short-term investment portfolio. Mr. Lillie also acted as a Pension Fund Portfolio Manager for National Trust Company Ltd. Mr. Lillie received an honours Bachelor of Arts degree in Economics from Lakehead University in 1970 and a Master of Business Administration degree from York University in 1974.

Mark A. Caranci (Chief Financial Officer)

Mr. Caranci has over 12 years of financial experience with public and private companies. Mr. Caranci was appointed as the Chief Financial Officer of Brompton Limited in 2000 and holds that position for all of the Brompton Group of companies. Formerly, Mr. Caranci was Vice-President at the Middlefield Group from 1996 to 2000. Mr. Caranci has held various senior positions with public companies, including Chief Financial Officer of Western Facilities Fund from December 2000 to April 2001, Vice-President of Finance of 2M Energy Corp. from August 1999 to November 2000, and Vice-President, Finance of Morrison Middlefield Resources Limited, from January 1997 to August 1999. Prior to 1996, Mr. Caranci worked at Price Waterhouse, Chartered Accountants. Mr. Caranci is a Chartered

Accountant, a member of the Ontario Institute of Chartered Accountants and received a Bachelor of Commerce degree from the University of Toronto.

Moyra E. MacKay (Vice-President and Secretary)

Ms. MacKay has over 25 years of experience in the investment business having held positions in real estate and resource finance and investment and financial services companies. Ms. MacKay is Vice-President and Corporate Secretary of Brompton Limited. Ms. MacKay was Vice-President of 2M Energy Corp. from August 1999 to November 2000 and a Vice-President of Morrison Middlefield Resources Limited from July 1998 to August 1999. From June 1996 to September 1999, Ms. MacKay was Vice-President of Middlefield International Limited, which is registered with The Securities and Futures Authority in London, U.K. Ms. MacKay received a Bachelor of Arts degree from the University of Western Ontario.

David E. Roode (Vice-President)

Mr. Roode has over 12 years of business experience in merchant banking and public accounting and joined Brompton Limited in 2002 as Vice-President. Mr. Roode was Vice-President at Middlefield Bancorp Limited, a publicly-listed merchant bank from 1999 to 2001. From September 1991 to August 1996, he held progressively senior roles at Ernst & Young LLP, lastly as an audit manager. Mr. Roode is a Chartered Accountant and a member of the Ontario Institute of Chartered Accountants. He received a Bachelor of Arts degree in Economics from Queen's University and a Master of Business Administration degree from the University of Western Ontario.

Craig T. Kikuchi (Vice-President)

Mr. Kikuchi has over seven years of financial experience with public and private companies. Mr. Kikuchi joined Brompton Limited in 2002 as Controller and is currently Vice President. Prior to joining Brompton, Mr. Kikuchi worked for PricewaterhouseCoopers LLP from September 1996 to January 2002 where he held progressively senior roles, including as a manager in both the assurance and business advisory services practice and the taxation and legal services practice. Mr. Kikuchi is a Chartered Accountant and is a member of the Ontario Institute of Chartered Accountants. He is also a CFA charter holder and is a member of the Toronto Society of Financial Analysts. He received a Bachelor of Arts degree in Economics from the University of Western Ontario.

Imran Pervaiz (Controller)

Mr. Pervaiz has over five years experience in financial reporting and compliance with public and private companies. Mr. Pervaiz is the Controller for the Brompton Group of companies. Prior to joining Brompton, Mr. Pervaiz worked for PricewaterhouseCoopers LLP as a manager in the assurance and business advisory services practice, and prior to that, worked at the Ontario Securities Commission within the Capital Markets, Compliance group. Mr. Pervaiz is a Chartered Accountant and a member of the Ontario Institute of Chartered Accountants. He is also a Certified Public Accountant registered in the state of Illinois, USA. He received a Bachelor of Commerce (Honours) degree from McMaster University in 1996 and a Master of Accounting degree from the University of Waterloo in 1999.

No director or officer of the Manager is, or within 10 years prior to the date of this prospectus has been, a director, officer or promoter of any issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subjected to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person, except as follows.

On August 14, 1990, the Ontario Securities Commission made an order ceasing trading by Middlefield Capital Fund and Middlefield Financial Limited in shares of HERO Industries Ltd., a Canadian public corporation, and denying Middlefield Capital Fund and Middlefield Financial Limited access to certain statutory exemptions in respect of trading in shares of HERO Industries Ltd. This cease trade order related to an acquisition of shares of HERO Industries Ltd. by Middlefield Financial Limited for resale to Middlefield Capital Fund, an equity investment fund managed by Middlefield Ventures Limited, an affiliate of Middlefield Financial Limited. This purchase, while made in technical compliance with the requirements of the *Securities Act* (Ontario), was found by the Ontario Securities Commission to violate the spirit of the *Securities Act* (Ontario) as it was designed, and had the effect of, defeating a formal takeover bid for the shares of HERO Industries Ltd. The order provided that it did not apply to trades in respect of the acceptance of a formal takeover bid made for shares of HERO Industries Ltd. in compliance with the *Securities Act* (Ontario) and that it would cease to apply upon the completion of a formal takeover bid made by Middlefield Capital Fund or Middlefield Financial Limited, or an associate or an affiliate thereof, in compliance with the *Securities Act* (Ontario) at a minimum price set out in the order. In October 1996, a wholly-owned subsidiary of Middlefield Financial Limited completed a takeover bid for HERO Industries Ltd. above the threshold price referred to in the order. This resulted in the order ceasing to apply. During the period from July 1990 to October 1996, Peter Braaten was a director and Raymond Pether was an officer of Middlefield Financial Limited.

Remuneration of Directors and Officers

The officers and directors of the Manager, other than the non-management directors of the Manager, will receive their remuneration from the Manager. The fees of the non-management directors of the Manager, expenses of the directors of the Manager and the premiums for directors' and officers' insurance coverage for the directors and officers of the Manager are paid by the Fund. Compensation for the non-management directors of the Manager is currently \$10,000 per director per year.

Management Agreement

Pursuant to the Management Agreement, the Manager has exclusive authority to manage the business and affairs of the Fund and to make all decisions regarding the business of the Fund and has authority to bind the Fund. The Manager may, pursuant to the terms of the Management Agreement, delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. The Manager has engaged BCA, a wholly-owned subsidiary of Brompton Limited, to invest the net proceeds of the Offering, together with amounts borrowed under the Loan Facility, to purchase Oil & Gas Income Trusts to comprise the Portfolio and to maintain the Portfolio in accordance with the Investment Guidelines, Rebalancing Criteria and Investment Restrictions. The Manager will be responsible for paying the fees of BCA out of the Management Fee.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Unitholders and to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in, or any loss or diminution of value of, the Portfolio or any other assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or disregard of its duties or standard of care, diligence and skill or material breach or default of the Manager's obligations under the Management Agreement. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the Fund's affairs except in accordance with the provisions of the Declaration of Trust.

Under the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, including, without limitation:

- (a) monitoring the performance of persons appointed to maintain the Portfolio in accordance with the Investment Guidelines, Rebalancing Criteria and Investment Restrictions, as well as managing relationships with the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund;
- (b) monitoring the suitability of the Investment Guidelines and preparing for adoption by the Unitholders of any amendments to the Investment Guidelines, Rebalancing Criteria and Investment Restrictions which the Manager believes are in the best interests of the Fund and Unitholders;
- (c) the authorization and payment on behalf of the Fund of expenses incurred on behalf of the Fund and the negotiation of contracts with third party providers of services (including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers);
- (d) the provision of office space, telephone service, office equipment, facilities, supplies and executive, secretarial and clerical services;
- (e) the preparation of accounting, management and other reports, including quarterly and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns;
- (f) keeping and maintaining the books and records of the Fund and the supervision of compliance by the Fund with record keeping requirements under applicable regulatory regimes;
- (g) the calculation of the amount, and the determination of the frequency, of Distributions by the Fund;
- (h) communications and correspondence with Unitholders and the preparation of notices of Distributions to Unitholders;
- (i) establishing and monitoring the Distribution Reinvestment Plan, and amending, modifying, suspending or terminating the Distribution Reinvestment Plan in a manner which the Manager believes is in the best interests of Unitholders;
- (j) ensuring that the Net Asset Value per Unit is calculated and provided to the financial press;
- (k) general investor relations and responding to investors' inquiries in respect of the Fund;
- (l) dealing with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing;
- (m) the setting of debt levels of the Fund, subject to the Investment Restrictions;
- (n) liquidating the Portfolio in an orderly manner, to the extent necessary, and using the proceeds therefrom to reduce indebtedness of the Fund or for any other reason where the Fund requires cash to meet its obligations;
- (o) obtaining such insurance as the Manager considers appropriate for the Fund;
- (p) arranging for the provision of services by CDS for the administration of the Book-Entry Only System with respect to the Units;
- (q) reviewing fees and expenses charged to the Fund and ensuring the timely payment thereof; and

- (r) ensuring:
 - (i) that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements;
 - (ii) the preparation and delivery of the Fund's reports to, and dealing with, relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Fund is obligated to report;
 - (iii) the organization of meetings of Unitholders; and
 - (iv) the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

In consideration for these services, the Fund will pay to the Manager the Management Fee and reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. See "Fees and Expenses Payable by the Fund - Management Fee". The Manager, BCA and each of their directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with providing services to the Fund described herein or a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the Manager, the portfolio manager or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, disregard of their duties or standard of care, diligence and skill or material breach or default of their obligations under the Management Agreement.

The Fund will pay to the Manager a Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) equal to 0.30% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Service Fee is applied by the Manager to pay a service fee in an equivalent aggregate amount, plus applicable taxes, to dealers based on the number of Units held by the clients of such dealers at the end of the relevant quarter.

The Management Agreement may be terminated at any time by the Fund on 90 days' written notice with the approval of the Unitholders by an Ordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution. The Management Agreement may be terminated by the Fund at any time on 30 days' written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement. The Management Agreement may be terminated immediately by the Fund in the event of the commission by the Manager of any fraudulent act and shall be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors. The Manager may assign the Management Agreement to an affiliate of the Manager at any time. The Manager may resign upon 120 days notice. If no new manager is appointed within such 120-day period, the Fund will be terminated. Other than fees and expenses payable to the Manager pursuant to the Management Agreement up to and including the date of termination, no additional payments will be required to be made to the Manager as a result of any termination.

The services of the Manager and the officers and directors of the Manager are not exclusive to the Fund. The Manager and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in any other activity including the administration of any other fund or trust.

FEES AND EXPENSES PAYABLE BY THE FUND

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing the prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents) and other incidental expenses will be paid out of the gross proceeds of the Offering. The expenses of the Offering are estimated to be \$800,000. In addition, the Agents' fee will be paid to the Agents from the gross proceeds as described under "Plan of Distribution".

Management Fee

The Manager will receive an annual Management Fee equal to 0.45% per annum of Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. The Management Fee payable to the Manager in respect of the month in which Closing occurs shall be pro rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days in such month. The Manager is responsible for paying the fees payable to BCA out of the Management Fee.

The Management Fee may be paid in cash or Units at the option of the Manager. To the extent that Units are issued from Treasury for this purpose, Units will be issued at their Net Asset Value per Unit. Units that are distributed in this respect will be distributed in accordance with exemptions from applicable securities laws in a manner determined by the Manager. Such distributions will be made in accordance with any applicable securities laws including, without limitation, the *Securities Act* (Ontario) and the rules of the TSX. The distribution of Units to the Manager as payment of the Management Fee will have the effect of providing additional cash flow for distributions to Unitholders of the Fund and increasing the number of issued and outstanding Units once the distribution is made. The Fund has reserved 2,000,000 Units to be issued from treasury to the Manager as payment of the Management Fee for a period of ten years from the Closing Date. At the end of the ten year period from the Closing Date or upon the issuance of all of the Units reserved for payment to the manager, the TSX may require that a meeting of Unitholders be held to approve a further allotment of Units for this purpose.

Service Fee

The Fund will pay to the Manager a Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) equal to 0.30% per annum of the Net Asset Value of the Fund represented by the Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes. The Service Fee will be applied by the Manager to pay a service fee in an equivalent aggregate amount, plus applicable taxes, to dealers based on the number of Units held by clients of such dealers at the end of the relevant quarter. The Service Fee payable to the Manager and the service fee payable by the Manager in respect of the quarter ending December 31, 2004 shall be pro rated based on the fraction that the number of days from and including the Closing Date to and including December 31, 2004 is of the number of days in the quarter ending December 31, 2004.

Ongoing Expenses

The Fund will also pay for all expenses incurred in connection with its operation and administration, including, without limitation, fees payable to the Manager, the Trustee fee, the Service Fee, custodial fees, legal, audit and valuation fees and expenses, fees and expenses of the directors of the Manager, premiums for directors' and officers' insurance coverage for the directors and officers of the Manager, costs of reporting to Unitholders, 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 Fund and investor relations, taxes, brokerage commissions, costs and expenses relating to the issue of Units, 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 and all amounts paid on account of indebtedness of the Fund, but excluding the fees payable to BCA. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, BCA, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The Manager estimates that ongoing expenses, exclusive of the Management Fee, the Service Fee, debt service and other costs related to the Loan Facility and brokerage expenses related to Portfolio transactions, will be approximately \$450,000 per year (assuming an offering size of approximately \$400 million).

Additional Services

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus shall be on terms that are no less favourable to the Fund than those available from arm's length persons (within the meaning of the Tax Act) for comparable services and the Fund shall pay all expenses associated with such additional services.

VALUATION, TOTAL ASSETS AND NET ASSET VALUE

The Net Asset Value per Unit on any Valuation Date shall be calculated by dividing the Net Asset Value on such Valuation Date by the total number of Units outstanding on such Valuation Date. The Manager will calculate the Net Asset Value per Unit as at the close of business on each Valuation Date. At a minimum, the Valuation Date will be Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit. The Fund will make available to the financial press for publication on a weekly basis the Net Asset Value per Unit.

For the purpose of calculating Net Asset Value per Unit on such Valuation Date, Net Asset Value will be calculated by subtracting the aggregate amount of the Fund's liabilities from the Total Assets. The Total Assets on such Valuation Date will be determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note and account receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, dividend or other amount received (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price

and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use, provided that for the purpose of calculating the redemption price of the Units, the value of any security will be equal to the weighted average trading price over the last three Business Days of the month in which the Redemption Date occurs;

- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);
- (f) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Fund from the Custodian on the Valuation Date on which the Total Assets are being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager; and
- (h) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Net Asset Value per Unit will be calculated in Canadian dollars.

DISTRIBUTIONS AND REINVESTMENT

Monthly Distributions

The Fund intends that Distributions will be payable to Unitholders of record on the last Business Day of each month and will be paid no later than the tenth Business Day of the subsequent month. The initial Distribution will be payable to Unitholders of record on October 29, 2004 and will be paid no later than November 12, 2004. The first Distribution will reflect a partial period (from the Closing Date to October 31, 2004) and will not be an amount that reflects a full Distribution. The Fund will include in each monthly Distribution one-third of the quarterly distribution expected to be received from those Oil & Gas Income Trusts included in the Portfolio who pay distributions on a quarterly basis. Unitholders will be entitled to participate equally in respect of each Unit held with respect to any and all Distributions made by the Fund.

It is expected that monthly cash Distributions from the Fund will primarily be derived from distributions received on the Oil & Gas Income Trusts included in the Portfolio less estimated expenses and estimated taxes payable by the Fund, if any. Units of the Fund would have had a Current Yield as at September 27, 2004 of approximately 11.85% based on the Indicative Portfolio and certain other assumptions described in the Prospectus under "The Portfolio-Indicative Portfolio". The level of Distributions paid by the Fund to Unitholders will depend upon the distributions received from the Oil & Gas Income Trusts included in the Portfolio and therefore is expected to fluctuate from month to month.

Many of the issuers of the securities in which the Fund will invest are entitled to tax deductions relating to the nature of their assets, with the result that their cash distributions are anticipated to exceed the amount required to be included in the income of the recipients. As a result, cash Distributions received by Unitholders from the Fund in a year are generally expected to exceed the amount required to be included in their income for tax purposes. The proportion of the Distributions characterized as a return of capital will be affected by net capital gains realized by the Fund. To the extent that the Fund has received distributions from Oil & Gas Income Trusts included in the Portfolio as a return of capital that reduced the adjusted cost base of such securities to the Fund, the Fund may realize a capital gain if such securities are sold, including on rebalancing. In addition, the Fund may realize a capital gain on sales, including rebalancing, if the securities of the Oil & Gas Income Trusts sold have appreciated in value. Such capital gains will reduce the proportion of the Distributions characterized as a return of capital.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes Distributions in each year of its net income and net realized capital gains, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable for income tax under Part I of the Tax Act. In order to ensure this result, the Declaration of Trust provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on December 31. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly Distributions paid or made payable to Unitholders during the year. In the event that the Fund does not have cash in an amount sufficient to pay the full amount of the Additional Distribution, such Additional Distribution may, at the option of the Trustee, be satisfied by the issuance of additional Units having a value equal to the cash shortfall. See “Canadian Federal Income Tax Considerations”. Following such issue of additional Units, the outstanding Units of the Fund will be automatically consolidated on a basis such that the number of consolidated Units (before giving effect to any redemption of Units on such date) is equal to the number of Units outstanding immediately preceding the Additional Distribution, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the distribution.

Each Unitholder will be mailed annually, on or about March 31, the information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund to the Unitholder in the preceding taxation year of the Fund. See “Canadian Federal Income Tax Considerations”.

Distribution Reinvestment Plan

The Fund will adopt, on or prior to the Closing, the Distribution Reinvestment Plan so that, subject to obtaining any necessary regulatory approvals and the requirements of the Plan Participant’s broker dealer, all Distributions shall be automatically reinvested on each Unitholder’s behalf, at the election of each such Unitholder, pursuant to the Distribution Reinvestment Plan in accordance with the provisions of the Distribution Reinvestment Plan Agency Agreement. Notwithstanding the Distribution Reinvestment Plan, all Distributions to non-resident Unitholders will be paid in cash and will not be reinvested. **There is no guarantee that the Fund will receive the requisite regulatory approvals to effect reinvestment of Distributions or avoid resale restrictions in connection with the operation of the Distribution Reinvestment Plan. Such approvals may not be available, or may be conditional upon amendments being made to the Distribution Reinvestment Plan.** In the event that necessary regulatory approvals in respect of the Distribution Reinvestment Plan cannot be obtained, the Fund will, to the extent permitted under applicable laws and stock exchange rules, use Distributions to acquire, through purchases in the market on behalf of each Unitholder that has elected to have his or her Distributions automatically reinvested, additional Units.

It is anticipated that following receipt of all necessary regulatory approvals, any Units issued by the Fund pursuant to the Distribution Reinvestment Plan will be able to be traded following the date upon which the Fund becomes a reporting issuer, being the date of issuance of a receipt for the prospectus.

Distributions due to the Plan Participants shall be applied, on behalf of Plan Participants, to purchase additional Units. Such purchases will either be made from the Fund or in the market. If the Market Price is less than the Net Asset Value per Unit on the Distribution Date, the Plan Agent shall apply the Distributions either to purchase Units in the market or from treasury as follows. Purchases in the market will be made by the Plan Agent on an orderly basis during the six trading day period following the Distribution Date and the price paid for those Units will not exceed 115% of the Market Price of the Units on the relevant Distribution Date. On the expiry of that period, the unused part, if any, of the Distributions attributable to the Plan Participants will be used to purchase Units from the Fund at the Net Asset Value per Unit on the relevant Distribution Date.

If the Market Price is equal to or greater than the Net Asset Value per Unit on the Distribution Date, the Plan Agent shall apply the Distributions to purchase Units from the Fund through the issue of new Units at the higher of (i) the Net Asset Value per Unit on the relevant Distribution Date and (ii) 95% of the Market Price on the relevant Distribution Date.

If the Units are thinly traded, purchases in the market under the Distribution Reinvestment Plan may significantly affect the Market Price. Depending on market conditions, direct reinvestment of cash Distributions by Unitholders in the market may be more, or less, advantageous than the reinvestment arrangements under the Distribution Reinvestment Plan. The Units purchased in the market or from the Fund will be allocated on a *pro rata* basis to the Plan Participants. The Plan Agent will furnish to each Plan Participant a report of the Units purchased for the Plan Participant's account in respect of each Distribution and the cumulative total purchased for that account. The Plan Agent's charges for administering the Distribution Reinvestment Plan and all brokerage fees and commissions in connection with purchases in the market pursuant to the Distribution Reinvestment Plan will be paid by the Fund. **The automatic reinvestment of Distributions under the Distribution Reinvestment Plan will not relieve participants of any income tax applicable to those Distributions.** See "Canadian Federal Income Tax Considerations".

A Unitholder may elect to participate in the Distribution Reinvestment Plan by notifying CDS in writing via the applicable CDS Participant, which will then appropriately instruct the Plan Agent, no later than two Business Days prior to the Record Date in respect of each Distribution in which the Unitholder intends to participate. That notice, if actually received by the Plan Agent no later than the close of business on the Business Day immediately preceding the Record Date, will have effect for the Distribution to be made on the following Distribution Date. Unless the Plan Agent is provided written notice of a Unitholder's intention to participate in the Distribution Reinvestment Plan in such manner, Distributions to Unitholders will be made in cash. The Manager may terminate the Distribution Reinvestment Plan in its sole discretion on not less than 30 days notice to the Plan Participants. The Manager may also amend, modify or suspend the Distribution Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to Unitholders. The Fund is not required to issue Units to Unitholders in any jurisdiction where that issuance would be illegal.

REDEMPTION OF UNITS

Units may be surrendered for redemption in November of any year, commencing in November 2005, but must be surrendered at least 20 Business Days prior to the Redemption Date. Units surrendered for redemption will be redeemed on the Redemption Date at a redemption price per Unit equal to 100% of the Net Asset Value on the Redemption Date less any costs of funding the redemption, including commissions. For the purposes of calculating this Net Asset Value, the value of the units of the Oil &

Gas Income Trusts comprising the Portfolio will be equal to the weighted average trading price of such units over the last three Business Days of the month of November as described under “Valuation, Total Assets and Net Asset Value”. Payment of the redemption price will be made on or before the tenth Business Day in December, subject to the Manager’s right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on a number of factors. See “Risk Factors”.

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder’s intention to redeem Units by no later than 5:00 p.m. on the day which is 20 Business Days prior to a Redemption Date. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. on the day which is 20 Business Days prior to the Redemption Date.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder’s intention to redeem Units, the Unitholder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder’s instructions will not give rise to any obligations or liability on the part of the Fund, the Trustee or the Manager to the CDS Participant or the Unitholder.

The Manager may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Oil & Gas Income Trusts included in the Portfolio (by value) are listed and traded; or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but as for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

DETAILS OF THE OFFERING

The Offering consists of a minimum of 30,000,000 Units and a maximum of 40,000,000 Units at a price of \$10.00 per Unit.

The Units

The Fund is authorized to issue an unlimited number of a single class of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the

Fund. Units are freely transferable, except as provided under “Declaration of Trust – Non-Resident Unitholders” or as otherwise restricted by the Trustee in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units. Each holder of Units is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all Distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding Units of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. See “Declaration of Trust – Description of Units” and “Declaration of Trust – Termination of the Trust”.

Delivery Form and Denomination

Registration of interests in and transfers of the Units will be made only through the Book-Entry Only System. On the Closing Date, the Trustee will deliver to CDS a certificate representing the aggregate number of Units then subscribed for under the Offering. Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the Book-Entry Only System, in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Units for sale to the public, on a best efforts basis, if, as and when issued by the Fund. The Units will be issued at a price of \$10.00 per Unit. In consideration for their services in connection with this Offering, the Agents will be paid a fee of \$0.525 per Unit sold under the Offering and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents’ fees and expenses will be paid by the Fund out of the proceeds of the Offering. The Agents may form a sub-agency group including other qualified investment dealers and limited market dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase any Units which are not sold.

Newport Securities Inc., one of the Agents, is registered as a limited market dealer with the Ontario Securities Commission. Accordingly, Newport Securities Inc. may only make sales pursuant to the Offering for which the exemptions from the registration requirement are not available to it as a market

intermediary by virtue of Subsection 206(1) of the Regulation made under the *Securities Act* (Ontario) or Section 3.4 of Ontario Securities Commission Rule 45-501.

The Fund has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the Closing and gives the Agents the right to offer additional Units in an amount up to 15% of the aggregate number of Units sold on Closing on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised, the additional Units will be offered at \$10.00 per Unit and the Agents will be paid a fee of \$0.525 per Unit sold. This prospectus qualifies the grant of the Over-Allotment Option as well as distribution of the Units issuable upon the exercise of the Over-Allotment Option.

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of the Offering has been obtained. If subscriptions for a minimum of 30,000,000 Units (or \$300,000,000) have not been received by October 29, 2004, the Offering may not continue without the consent of the securities regulatory authorities and those who have subscribed for Units on or before such date. The maximum number of Units which will be sold pursuant to the Offering is 40,000,000 Units or \$400,000,000. Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. In the event the minimum Offering is not achieved by October 29, 2004 and the necessary consents are not obtained or, if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The Closing will take place on or about October 7, 2004 or such later date as the Fund and the Agents may agree, but in any event not later than October 29, 2004.

There is currently no market through which the Units can be sold. Accordingly, \$10.00 per Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. The TSX has conditionally approved the listing of the Units. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before December 22, 2004, including distribution of the Units to a minimum number of public holders.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, an Agent may, in connection with this Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the Agency Agreement, the Fund and the Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

Following the Closing, it is intended that the Fund will enter into the Loan Facility with one or more lenders which are anticipated to be Canadian chartered bank affiliates of one or more of the Agents. Accordingly, the Fund may be considered to be a “connected issuer” to such Agents. See “Loan Facility”.

The Fund has agreed with the Agents not to, directly or indirectly, sell, issue, offer to sell or issue any of its Units or other securities (or announce publicly its intention to do so) for a period of 90 days following the Closing Date, except pursuant to the Distribution Reinvestment Plan, without the consent of RBC Dominion Securities Inc., such consent not to be unreasonably withheld.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Fund, and Davies Ward Phillips & Vineberg LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who is an individual (other than a trust), who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and the Agents and holds the Units as capital property.

Generally, Units will be considered to be capital property to a purchaser provided that the purchaser does not hold Units in the course of carrying on a business of buying and selling securities and has not acquired Units in one or more transactions considered to be an adventure in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have Units treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Tax Proposals"), and counsel's understanding of the current administrative practices of CRA. This summary assumes that the Tax Proposals will be enacted as proposed. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. **Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based upon the investor's particular circumstances.**

This summary is based on the assumption that the Fund will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, the Fund must comply on a continuous basis with certain investment criteria referred to under "Investment Guidelines, Rebalancing Criteria and Investment Restrictions – Investment Restrictions" and certain minimum distribution requirements relating to the Units. In addition, the Fund may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons and, in accordance with the Tax Proposals, at no particular time will more than 50% of the fair market value of the Units be held by non-resident persons or partnerships that are not Canadian partnerships (as defined in the Tax Act). The Manager has advised counsel that the Fund intends to make an election so that it may qualify under the Tax Act as a mutual fund trust from the commencement of its first taxation year. **In the event the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially different.**

This summary is also based on the assumption that none of the issuers of the securities comprising the Portfolio will be foreign affiliates of the Fund or of any Unitholder and that none of the securities comprising the Portfolio will be tax shelter investments or tracked interests or participating interests, other than exempt interests, in foreign investment entities under the proposals to amend the Tax Act released October 30, 2003 (or such proposals as amended or enacted or successor provisions thereto).

Taxation of the Fund

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for the year, including the taxable portion of net realized capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes distributions in each year of its net income and net realized capital gains, as described under “Distributions and Reinvestment”, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable for income tax under Part I of the Tax Act.

With respect to an issuer included in the Portfolio that is a trust, the Fund will be required to include in its income such portion of the net income and the taxable portion of net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund.

The Fund will generally be required to reduce the adjusted cost base of the units of such issuer to the extent that all amounts paid or payable in a year by the issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year and the Fund’s share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of the unit of such an issuer would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Fund and the Fund’s adjusted cost base of such unit will be increased by the amount of such deemed capital gain.

With respect to an issuer included in the Portfolio that is a limited partnership, the Fund will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund’s taxation year, whether or not a distribution is received. In general, the adjusted cost base to the Fund of the interest in such an issuer at a particular time will be equal to the actual cost of such interest plus the share of the income and capital gains of the issuer allocated to the Fund for fiscal periods of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Fund for fiscal periods of the issuer ending before the particular time, and less the Fund’s share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Fund of the interest in such an issuer would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Fund and the Fund’s adjusted cost base of such interest will be increased by the amount of such deemed capital gain.

The Fund will also be required to include in its income for each taxation year, all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest on borrowed funds used to purchase securities to be included in the Portfolio. The Fund may deduct the costs and expenses of this Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

Upon the actual or deemed disposition of a security included in the Portfolio, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security provided such security is capital property to the Fund. The Manager has advised counsel that the Fund intends to make an election under subsection 39(4) of the Tax Act so that all securities included in the Portfolio that are Canadian securities (as defined in the Tax Act) will be deemed to be capital property to the Fund.

The Manager has advised counsel that the Fund will apply to be registered as a registered investment under the Tax Act effective from the date of its creation. As a registered investment, the Fund will be liable for tax under Part XI of the Tax Act if it invests in foreign property in excess of the limits provided in Part XI of the Tax Act or if it enters into certain options or agreements to acquire shares. The Investment Restrictions require the Fund to restrict its investments so that it will not be liable for tax on excess holdings of foreign property or otherwise under Part XI of the Tax Act.

Taxation of Unitholders

The Exchange Option

A Unitholder who disposes of securities of one or more Exchange Eligible Issuers held as capital property (“Exchanged Units”) pursuant to the Exchange Option generally will realize a capital gain (or a capital loss) in the taxation year of the Unitholder in which the disposition of Exchanged Units takes place to the extent that the proceeds of disposition for such Exchanged Units, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Exchanged Units to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value at the time of disposition of the Exchanged Units disposed of in exchange for such Units less any cash received in lieu of fractional Units, which amount would generally be equal to or would approximate the fair market value of the Units received as consideration for the Exchanged Units. To the extent that a Unitholder has received distributions on Exchanged Units which were in excess of the Unitholder’s share of the net income and net realized capital gains of the relevant issuer, those distributions will generally result in a reduction of the holder’s adjusted cost base of the Exchanged Units. In computing the adjusted cost base of a Unit acquired by a Unitholder pursuant to the Exchange Option, the cost of such Unit must be averaged with the adjusted cost base of any other Units then held by that Unitholder as capital property.

Holding and Disposition of Units

A Unitholder will generally be required to include in income for a particular taxation year of the Unitholder such portion of the net income, including the taxable portion of the net realized capital gains, of the Fund for a taxation year as is paid or becomes payable to the Unitholder in that particular taxation year, whether received in cash or reinvested in additional Units. Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends received or deemed received by the Fund on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders.

The non-taxable portion of net realized capital gains of the Fund that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of a Unitholder’s share of the net income of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder’s income for the year but will reduce the adjusted cost base of Units to the Unitholder. To the

extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units, including on the reinvestment of distributions pursuant to the Distribution Reinvestment Plan may become taxable on the Unitholder's share of such income and gains of the Fund.

Any additional Units acquired by a Unitholder on a reinvestment of distributions from the Fund will have an initial cost to the Unitholder equal to the amount of the distribution so reinvested. In computing the adjusted cost base of a Unit so acquired, the cost of such Unit must be averaged with the adjusted cost base of any other Units then held by that Unitholder as capital property. If a Unitholder participates in the Distribution Reinvestment Plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

Upon the disposition or deemed disposition by a Unitholder of a Unit, whether on a sale, redemption, repurchase or otherwise, a capital gain (or capital loss) will be realized by the Unitholder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit to the Unitholder immediately before the disposition.

One-half of any capital gain (a "taxable capital gain") realized by a Unitholder or designated by the Fund in respect of the Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss (an "allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder or designated by the Fund in respect of the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such year, to the extent and under the circumstances provided for in the Tax Act. Capital gains realized on the disposition of Units or amounts designated by the Fund to a Unitholder as taxable capital gains or as dividends from taxable Canadian corporations may give rise to a liability for alternative minimum tax.

RISK FACTORS

There are many risks associated with an investment in the Units some of which are outlined below. Investors should consider the following risk factors before subscribing for Units.

Volatility of Oil and Natural Gas Prices

The operational results and financial condition of the Oil & Gas Income Trusts comprising the Portfolio will be dependent upon the prices received for oil and gas production. 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 Oil & Gas Income Trusts comprising the Portfolio and the value of such Oil & Gas Income Trusts.

Reserve Estimates

The reserve and recovery estimates for the Oil & Gas Income Trusts comprising the Portfolio are only estimates and the actual production and ultimate reserves may be greater or less than the estimates provided.

Fluctuations in Distributions and the Value of the Oil & Gas Income Trusts

The value of the Units will vary according to the value of the Oil & Gas Income Trusts included in the Portfolio, which will depend, in part, upon the performance of such Oil & Gas Income Trusts. The amount of Distributions available for payment to Unitholders will depend on the amount of distributions paid by the Oil & Gas Income Trusts included in the Portfolio. Some of the issuers included in the Portfolio have limited operating histories or limited histories operating as Oil & Gas Income Trusts. The amounts which such issuers have distributed may not be sustainable and the forecast distributions of such issuers may not be realized. The value of the Portfolio will be influenced by factors which are not within the control of the Fund, including the financial performance of the respective issuers, operational risks relating to the conventional production of oil and gas, risks associated with investments in the quality of assets owned by respective issuers, commodity prices, exchange rates, interest rates, the use of leverage, environmental risks, political risks, issues relating to government regulation, including the amount of royalties and other forms of taxation, and other financial market conditions.

Interest Rate Fluctuations

It is anticipated that the market price for the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price of the Units will be negatively affected by interest rate fluctuations.

Trading Levels

Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that the Units will trade at a price equal to the Net Asset Value per Unit.

Illiquid Securities

There is no assurance that an adequate market will exist for the Oil & Gas Income Trusts included in the Portfolio to permit the acquisition of the requisite quantities of securities of the Oil & Gas Income Trusts upon Closing in a short time frame or to permit purchases and sales in accordance with the Rebalancing Criteria in a short time frame. As a result, distributions received by the Fund from the Portfolio during the period immediately following the Closing may be less than the Fund would have received had it been able to acquire the entire Portfolio on the Closing Date. Further, if the market for a specific Oil & Gas Income Trust held or required to be held by the Fund in the Portfolio pursuant to the Investment Guidelines or which the Fund must dispose of pursuant to the Rebalancing Criteria is particularly illiquid, the Fund may be unable to acquire or sell the required amount of securities of such Oil & Gas Income Trust without affecting the market price of such securities in a manner that is disadvantageous to the Fund. The Fund cannot predict whether the Oil & Gas Income Trusts held by it will trade at a discount to, a premium to, or at their respective net asset values. In addition, if the Manager is unable or determines that it is inappropriate to dispose of some or all of the Oil & Gas Income Trusts held by the Fund prior to a termination of the Fund, Unitholders may, subject to applicable laws, receive distributions of securities *in specie* upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Taxation of the Fund

While the Fund intends to operate so that it will generally not be liable to pay income tax, the information available to the Fund relating to the characterization, for tax purposes, of the distributions received by the Fund in any year from issuers of securities held in the Portfolio may be insufficient as at December 31 of that year to ensure that the Fund will make sufficient Distributions to ensure that it will not be liable to pay income tax in respect of that year.

CRA has expressed a view that, in certain circumstances, the interest on money borrowed to invest in an income fund that may be deducted may be reduced on a *pro rata* basis in respect of distributions from the income fund that are a return of capital and which are not reinvested for an income earning purpose. Counsel is of the view that, while the ability to deduct interest depends on the facts, based on the jurisprudence, CRA's view should not affect the Fund's ability to deduct interest on money borrowed to acquire units of income funds included in the Portfolio. If CRA's view were to apply to the Fund, part of the interest payable by the Fund in connection with money borrowed to acquire certain securities held in the Portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of Distributions to Unitholders. Income of the Fund which is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act will not be changed in a manner which adversely affects the distributions received by the Fund.

Use of Leverage

The Fund is utilizing leverage in order to increase its monthly Distributions to Unitholders. The use of leverage may result in capital losses or a decrease in Distributions to Unitholders. The interest expense and banking fees incurred in respect of the Loan Facility may exceed the incremental capital gains, if any, and income generated by the incremental investment in Oil & Gas Income Trusts to be included in the Portfolio with the borrowed funds. There can be no assurance that the borrowing strategy employed by the Fund will enhance returns.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of a Distribution not being made in any period.

Unitholder Liability

The Fund is a unit trust and as such its Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Fund. However, the Declaration of Trust provides that no Unitholder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons are to look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and only the Fund's property will be subject to levy or execution. Pursuant to the Declaration of Trust, the Fund will indemnify and hold harmless each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability. The Declaration of Trust also provides that the Trustee and the Manager shall use reasonable efforts to cause to be inserted in each material written agreement, undertaking and obligation signed by or on behalf of the Fund a provision to the effect that such agreement, undertaking or obligation will not be binding upon Unitholders personally. As a result of the foregoing, counsel considers that the risk of any personal liability of Unitholders is minimal in view of the nature of its activities and the requirement of the Fund that any agreement that is related to the borrowing of money include an express disavowal of liability of Unitholders. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

Notwithstanding that the foregoing is contained in the Declaration of Trust, due to uncertainties in the law relating to investment trusts such as the Fund, there is a risk that a Unitholder could be held personally liable for obligations of the Fund.

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public market for the Units, and there can be no assurance that an active public market will develop or be sustained after completion of this Offering.

Securities Lending

The Fund may engage in securities lending as described under “Investment Guidelines, Rebalancing Criteria and Investment Restrictions – Securities Lending”. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

Conflicts of Interest

The Manager and BCA and their directors and officers engage in the promotion, management or investment management of one or more funds or trusts which invest primarily in Income Funds.

Although none of the directors or officers of the Manager or BCA will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager or BCA will devote 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 Fund, the Manager and BCA, as applicable.

Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. It is intended that the Fund will be a mutual fund trust for purposes of the Tax Act.

CONFLICTS OF INTEREST

The Declaration of Trust acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm’s length for comparable services.

In addition, the directors and officers of the Manager and BCA may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Manager, BCA or their affiliates may be a manager of one or more issuers in which the Fund may acquire securities and may be managers or administrators of funds that invest in the same securities as the Fund.

Affiliates of the Manager are the managers or administrators of Brompton Equal Weight Income Fund, Brompton VIP Income Trust, Brompton MVP Income Fund, Brompton Stable Income Fund, Business Trust Equal Weight Income Fund, USA REIT Fund LLC, Brompton Equity Split Corp. and Flaherty & Crumrine Investment Grade Preferred Fund (listed on the TSX as EWI.UN, VIP.UN, MVP.UN, BSR.UN, BWI.UN, URF, BE and BE.PR.A and FAC.UN respectively), which are public entities that invest in diversified portfolios consisting of units of Income Funds, high yield debt, investment grade debt, U.S. REITS, U.S. equities, Canadian equities and/or preferred securities.

Although the Manager does not currently engage in any other business, its services are not exclusive to the Fund. BCA acts as the investment advisor or administrator for other funds and may in the future act as the investment advisor to other funds which invest in Oil & Gas Income Trusts and which are considered competitors of the Fund.

Certain of the Agents may also, from time to time including prior to the Closing of the Offering, be engaged as an underwriter in connection with initial public offerings of securities of new Oil & Gas Income Trusts which may be purchased by the Fund and included in the Portfolio.

THE TRUSTEE

Computershare is the Trustee of the Fund. The Trustee is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust.

The Trustee or any successor Trustee may resign upon 90 days' written notice to the Manager or may be removed by an Extraordinary Resolution passed at a meeting of Unitholders called for such purpose. Any such resignation or removal shall become effective only on the appointment of a successor Trustee. If, after notice of resignation has been received from the Trustee, no successor has been appointed within 90 days of such notice, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor Trustee.

The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The address of the Trustee is 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

The Trustee is entitled to receive fees from the Fund as described under "Fees and Expenses Payable by the Fund – Ongoing Expenses" and to be reimbursed by the Fund for all expenses which are reasonably incurred by the Trustee in connection with the activities of the Fund.

DECLARATION OF TRUST

The following description of the Declaration of Trust does not purport to be complete and is subject to, and is qualified in its entirety by reference, to the Declaration of Trust.

Description of Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units. Each holder of Units is entitled to one vote for each whole Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding Units of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. Unitholders will have no voting rights in respect of Oil & Gas Income Trusts held by the Fund. From time to time, the Manager will determine whether or not to exercise the voting rights attached to the Oil & Gas Income Trusts held by the Fund and, if so, how such securities will be voted.

Information and Reports to Unitholders

The Fund will furnish to Unitholders such financial statements (including interim unaudited and annual audited financial statements, accompanied by management's discussion and analysis of the affairs and operations of the Fund) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to any meeting of Unitholders, the Fund will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to such holders.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the Units and the Trustee shall inform the Transfer Agent and Registrar of this restriction. The Trustee may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that more than 40% of the Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Trustee may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Trustee may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Repurchase of Units

The Declaration of Trust provides that, subject to applicable law, the Fund may, in its sole discretion, from time to time purchase (in the open market or by invitation for tenders) Units for cancellation up to a maximum in any 12 month period of 10% of the number of Units outstanding at the beginning of such period, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit immediately prior to the date of any such purchase of Units. It is expected that these purchases will be made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Units are then listed.

Modification of Declaration of Trust and Meetings of Unitholders

Except as provided below, the Declaration of Trust may be amended by an Ordinary Resolution approved at a meeting of Unitholders duly convened and held in accordance with the provisions in that regard contained in the Declaration of Trust, or by the written consent in lieu of a meeting if there is only one Unitholder. Not less than 21 days' notice will be given for any meeting of Unitholders. The quorum for any meeting of Unitholders is two or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. If no quorum is present at such meeting when called, the meeting shall be adjourned for not less than 14 days and the Unitholders present in

person or represented by proxy at such adjourned meeting form the necessary quorum. At any such meetings, each Unitholder will be entitled to one vote for each whole Unit held.

The following may only be undertaken with the approval of Unitholders by an Ordinary Resolution passed at a meeting called for the purpose of considering such Ordinary Resolution, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution:

- (i) any termination of the Management Agreement other than termination in circumstances where the Manager has been removed by the Trustee pursuant to the Declaration of Trust or the Management Agreement or the Manager has resigned;
- (ii) the liquidation, dissolution or termination of the Fund;
- (iii) an amendment to the Declaration of Trust to permit the redemption or retraction of Units at the option of the Unitholder or the Fund, other than as currently provided for in the Declaration of Trust; and
- (iv) the sale of all or substantially all of the assets of the Fund other than in the ordinary course.

The following may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- (i) the termination of the Trustee or any one of its affiliates as the trustee of the Fund;
- (ii) any change in the Investment Guidelines, Rebalancing Criteria or Investment Restrictions, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (iii) any material change in the Management Agreement, other than its termination;
- (iv) any increase in the Management Fee;
- (v) any amendment, modification or variation in the provisions or rights attaching to the Units;
- (vi) any issue of Units for net proceeds per Unit less than the most recently calculated Net Asset Value per Unit prior to the date of the setting of the subscription price by the Fund; and
- (vii) any change in the frequency of calculating Net Asset Value per Unit to less often than weekly.

The Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

- (i) ensure compliance with applicable laws, regulations or requirements of any governmental authority having jurisdiction over the Fund;
- (ii) maintain the status of the Fund as a “unit trust”, “mutual fund trust” and a “registered investment” under the Tax Act;
- (iii) make changes or corrections which counsel for the Fund advise are necessary or desirable for the correction of typographical mistakes or are required for the purpose of curing any ambiguity or defective or inconsistent provisions or omissions or manifest error; or

(iv) provide added protection for Unitholders upon the advice of counsel to the Fund, but only if such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities.

The holders of not less than 10% of the then outstanding Units may requisition the Trustee to call a meeting of Unitholders for the purpose stated in the requisition.

The Fund, subject to obtaining all necessary regulatory approvals, does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so instructed by the TSX. To date, the TSX has not instructed the Fund to hold annual meetings of Unitholders.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the Units (but not including any Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

Termination of the Fund

The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days' written notice to the Manager from the Trustee with the approval of Unitholders by an Ordinary Resolution and passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such Ordinary Resolution. Prior to the Termination Date, the Manager will convert the Portfolio to cash to the extent practicable and will satisfy or make appropriate provision for all liabilities of the Fund. The Manager may, in its discretion and upon not less than 30 days' notice to the Unitholders, extend the Termination Date by a period of up to 180 days if the Manager will be unable to convert all of the Portfolio to cash prior to the original Termination Date and the Manager determines that it would be in the best interests of the Unitholders to do so. The Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to the Termination Date, such unliquidated assets *in specie* rather than in cash, subject to compliance with any securities or other laws applicable to such Distributions. See "Risk Factors". Following such Distribution, the Fund will be dissolved.

The Fund will also be terminated in the event of the resignation of the Manager if a replacement Manager has not been appointed within 120 days of the date upon which the Manager gives notice to the Trustee of its resignation. Such termination shall occur on the date which is 60 days following the last day of the aforementioned 120 day period.

PROMOTER

The Manager took the initiative in creating the Fund and, accordingly, is a promoter as defined in the securities legislation of certain provinces and territories of Canada. Except as otherwise described herein, the Manager will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder.

LEGAL PROCEEDINGS

Neither the Fund nor the Manager is involved in any material legal proceedings, nor is the Trustee or the Manager aware of existing or pending legal or arbitration proceedings involving the Fund or the Manager.

MATERIAL CONTRACTS

The only material contracts entered into by the Fund or the Manager during the past two years or to which either of them will become a party prior to the Closing, other than during the ordinary course of business, are as follows:

- (a) the Declaration of Trust referred to under “The Fund” and under “Declaration of Trust”;
- (b) the Management Agreement referred to under “The Manager and the Management Agreement”;
- (c) the Custodian Agreement to be entered into on or prior to the Closing Date referred to under “Custodian”;
- (d) the Agency Agreement referred to under “Plan of Distribution”; and
- (e) the Distribution Reinvestment Plan Agency Agreement to be entered into on or prior to the Closing Date referred to under “Distributions and Reinvestment”.

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund during the period of distribution to the public of the Units offered under the Offering and for a period of 30 days thereafter. Copies of the Declaration of Trust may be obtained at any time from the Trustee on written request.

LEGAL MATTERS

Certain legal matters in connection with the issuance and sale of the Units offered by this prospectus will be passed upon on behalf of the Fund by Stikeman Elliott LLP and on behalf of the Agents by Davies Ward Phillips & Vineberg LLP.

AUDITORS

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3000, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8.

CUSTODIAN

The Royal Trust Company will be appointed the custodian of the Fund’s assets on or prior to the Closing Date pursuant to the Custodian Agreement.

The Custodian may employ sub-custodians as considered appropriate in the circumstances. Subject to certain exemptions as set out in the Custodian Agreement, the Custodian is not responsible for any ongoing assessment, adequacy or monitoring of or any liability for any loan or credit facility or any liability for holding or control of any property of the Fund pledged to a counterparty and not directly held by the Custodian. The address of the Custodian is 77 King Street West, Toronto, Ontario M5W 1P9.

REGISTRAR, TRANSFER AGENT AND DISTRIBUTION AGENT

Computershare Trust Company of Canada has been appointed the registrar, transfer agent and distribution agent for the Units.

The register and transfer ledger will be kept by the Trustee at its principal stock and bond transfer offices located in Toronto.

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 within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission 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 his or her province or territory of residence for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the prospectus of Brompton Equal Weight Oil & Gas Income Fund (the "Fund") dated September 28, 2004 relating to the initial public offering of units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Unitholder and Trustee of the Fund on the statement of financial position of the Fund as at September 28, 2004. Our report is dated September 28, 2004.

Toronto, Canada
September 28, 2004

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants

AUDITORS' REPORT

To the Unitholder and the Trustee of Brompton Equal Weight Oil & Gas Income Fund

We have audited the statement of financial position of Brompton Equal Weight Oil & Gas Income Fund (the "Fund") as at September 28, 2004. This statement of financial position is the responsibility of the Fund's management. Our responsibility is to express an opinion on this statement of financial position based on our audit.

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

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Fund as at September 28, 2004 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
September 28, 2004

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants

BROMPTON EQUAL WEIGHT OIL & GAS INCOME FUND

STATEMENT OF FINANCIAL POSITION

As at September 28, 2004

Assets

Cash \$20

Unitholder's Equity

Unitholder's Equity (Note 1) \$20

The accompanying notes are an integral part of this statement of financial position.

Approved on behalf of Brompton Equal Weight Oil & Gas Income Fund
By: Brompton Energy Trust Management Limited

(Signed) PETER A. BRAATEN
Director

(Signed) JAMES W. DAVIE
Director

BROMPTON EQUAL WEIGHT OIL & GAS INCOME FUND

NOTES TO STATEMENT OF FINANCIAL POSITION

As at September 28, 2004

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Brompton Equal Weight Oil & Gas Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario pursuant to a declaration of trust dated as of September 28, 2004. The beneficiaries of the Fund will be the holders of Units being offered pursuant to this prospectus. The Fund has authorized an unlimited number of redeemable transferable units ("Units"). On September 27, 2004, the Fund was settled with \$10 in cash as contributed surplus and issued an initial Unit for cash consideration of \$10 to Brompton Energy Trust Management Limited (the "Manager"), the manager of the Fund.

2. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager is paid a Management Fee on a monthly basis equal to 0.45% per annum of the average Net Asset Value of the Fund, which at the option of the Manager is payable in cash or Units. The Fund will also pay to the Manager a Service Fee of 0.30% per annum payable quarterly of the Net Asset Value of the Fund. The Service Fee will be used by the Manager to in turn pay a service fee to dealers based on the number of Units held by the clients of such dealers.

3. SUBSEQUENT EVENT

- (a) The Fund and the Manager have entered into an agency agreement with RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., Raymond James Ltd., Acadian Securities Incorporated, Newport Securities Inc., Research Capital Corporation and Wellington West Capital Inc. (collectively, the "Agents") dated as of September 28, 2004 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of 30,000,000 Units and a maximum of 40,000,000 Units at \$10 per Unit. In consideration for their services in connection with this offering, the Agents will be paid a fee of \$0.525 per Unit out of the proceeds of the offering.
- (b) As set forth in the initial public offering prospectus dated September 28, 2004, the Fund proposes to issue a minimum of 30,000,000 Units and a maximum of 40,000,000 Units at a price of \$10 per Unit.

CERTIFICATE OF THE FUND AND THE PROMOTER

Dated: September 28, 2004

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 of the *Securities Act* (Nova Scotia), by Section 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland), by the *Securities Act* (Yukon), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the respective regulations thereunder.

BROMPTON EQUAL WEIGHT OIL & GAS INCOME FUND BY ITS ATTORNEY, BROMPTON ENERGY TRUST MANAGEMENT LIMITED

By: (Signed) RAYMOND R. PETHER
Chief Executive Officer

By: (Signed) MARK A. CARANCI
Chief Financial Officer

On behalf of the board of directors of
BROMPTON ENERGY TRUST MANAGEMENT LIMITED

By: (Signed) PETER A. BRAATEN
Director

By: (Signed) DONALD L. LENZ
Director

Promoter
BROMPTON ENERGY TRUST MANAGEMENT LIMITED

By: (Signed) RAYMOND R. PETHER
Chief Executive Officer

CERTIFICATE OF THE AGENTS

Dated: September 28, 2004

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of the *Securities Act*, (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Section 6 of the *Securities Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island), by Part XIV of the *Securities Act* (Newfoundland), by the *Securities Act* (Yukon), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) EDWARD V. JACKSON

By: (Signed) RONALD W. A. MITCHELL

BMO NESBITT BURNS INC.

**NATIONAL BANK
FINANCIAL INC.**

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (Signed) DAVID R.
THOMAS

By: (Signed) MICHAEL
D. SHUH

By: (Signed) BRIAN D.
MCCHESNEY

By: (Signed) MICHAEL
WOOLHOUSE

HSBC SECURITIES (CANADA) INC.

By: (Signed) DEBORAH J. SIMKINS

**CANACCORD
CAPITAL
CORPORATION**

**DESJARDINS
SECURITIES INC.**

**DUNDEE
SECURITIES
CORPORATION**

**FIRST ASSOCIATES
INVESTMENTS INC.**

**RAYMOND
JAMES LTD.**

By: (Signed)
ALLAN STRATHDEE

By: (Signed) BETH
SHAW

By: (Signed) DAVID
P. STYLES

By: (Signed)
CHARLES PENNOCK

By: (Signed)
SARA MINATEL

**ACADIAN SECURITIES
INCORPORATED**

**NEWPORT
SECURITIES INC.**

**RESEARCH CAPITAL
CORPORATION**

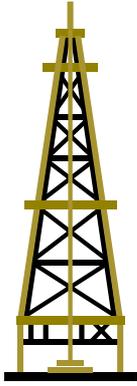
**WELLINGTON WEST
CAPITAL INC.**

By: (Signed) JOHN
HANRAHAN

By: (Signed) JOHN
GARROW

By: (Signed) JENNIFER
MCCLAUGHLIN

By: (Signed) BRENT
BOTTOMLEY



BROMPTON

EQUAL WEIGHT OIL & GAS
I N C O M E F U N D

BROMPTON
GROUP