FAIRCOURT

GOLD INCOME CORP.

FUNDGRADE® A

Fourth Quarter 2011

Inception Date: November 16, 2007
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbols: FGX; FGX.WT.B

FAIRCOURT GOLD INCOME CORP.

The Company invests in gold equities which include senior and intermediate gold producers that are part of the S&P/TSX Global Gold Index.

INVESTMENT OBJECTIVES

The Company's investment objectives are to provide Shareholders with: (i) monthly distributions targeted to yield 5% per annum or $0.04167 per month based on the issue price of $10.00 per Share; and (ii) the opportunity for capital appreciation. The distribution on the Class A shares increased to $0.048 per month in November 2011. Based on the market price as at December 31, 2011, the yeild was 6.8%.

TOP TEN HOLDINGS as at December 31, 2011

- Barrick Gold Corp.
- Detour Gold Corportion
- Goldcorp Inc.
- IAMGOLD Corp.
- Kinross Gold Corporation
- New Gold Inc.
- Newmont Mining Corporation
- Silver Wheaton Corp.
- SPDR Gold Trust
- Yamana Gold Inc.

OPTION WRITING

The Manager believes that option writing has the potential to add value in certain sectors that have sustained volatility. The Manager believes gold equities, which have historically maintained a high degree of volatility are well suited to an option writing strategy.

The Manager believes that the sustained volatility in the gold equity sector allows the option writer the potential to generate significant premium income. In addition, the Manager believes that an option writing strategy is an effective way to help lower the level of volatility for an investor, and potentially improve returns. Even with strong fundamentals, the Manager believes that the volatility in gold stocks will remain high relative to the broader market, as it has over the past ten years.

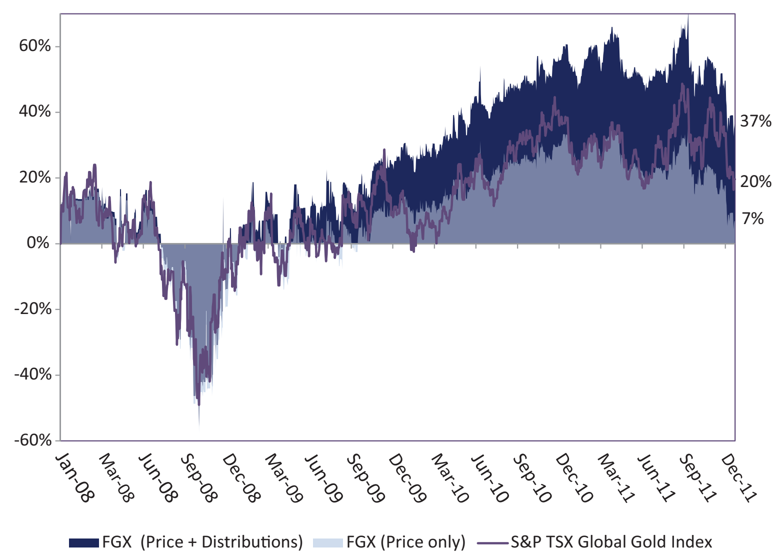
PRECIOUS METALS OUTLOOK

The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment. Driving the Portfolio Advisor's view are the following factors related to the demand for precious metals and related equity investments.

Current Global Economic Environment Supports Gold:

- High sovereign debt to GDP ratios of OECD countries
- Sluggish economic recovery potentially leading to new rounds of quantitative easing
- Concerns about sovereign debt defaults
- Fiat currency weaknesses lead to investor concerns
- Ongoing imbalance in emerging markets vs developed market growth
- Inflationary concerns on the horizon

PERFORMANCE SINCE JANUARY 1, 2008



Inception date is November 16, 2007, initial portfolio fully invested January 1, 2008.
Data is based on market price Source: Bloomberg

Comparable Annualized Performance[1]

	Year ended Dec. 31, 2011	3 Years ended Dec 31, 2011	Since Company's Inception[4]
FGX – Market Price[2]	-14.93%	12.52%	3.32%
FGX – NAV [3]	-23.93%	8.74%	4.37%
Benchmark [5]	-13.60%	5.61%	4.59%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Bloomberg
(3) Based on Basic Nav; Source: Faircourt Asset Management
(4) From the Company's inception in November 16, 2007 to December 31, 2011
(5) Benchmark: S&P TSX Global Gold Index

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GOLD INCOME CORP.

Faircourt Gold Income Corp – December Update

From its high in mid September of over $1,900/oz., gold and related equities had a challenging fourth quarter. During Q4, physical gold was down $22/oz. quarter over quarter for the first time in 11 quarters amid some extremely volatile trading sessions.

The key factors that led to both increased volatility and weakness in gold prices during the quarter included agreements in Europe to solve the growing debt crisis and the creation of the US Congressional Super-Committee whose goal was to provide spending cuts to reduce the US deficit. Although these efforts did not produce concrete results, the specter of coordinated government intervention did increase the stability of the US dollar and the Euro to the detriment of gold prices. To that end, in early December, a coordinated effort by many of the world's leading central banks was initiated to provide US dollar liquidity to the global financial system. The purpose of these actions was to ease strains in financial markets and thereby foster economic activity.

In the short run, this coordinated effort was effective in stabilizing the value of the USD. However, we believe this type of program is not sustainable and will de-value the USD over time, creating an environment for a rebound in gold and gold equities. As we have seen, governments have not yet solved the question of how to implement austerity measures without weakening already fragile economies.

In support of our expectation of further gold price gains and related equity increases, we look to the demand side of the equation. Gold purchases by central banks continued to cushion and diversify reserves in 2011, as total purchases (according to the IMF) was over 350 tonnes. We see the prospect of further quantitative easing (a large bond buying program) orchestrated by the US Federal Reserve to assist liquidity and asset values, yet will cause devaluation of the USD, driving foreign investors to diversify away from the US dollar and cause commodities priced in USD to appreciate. We saw this in 2009 and 2010.

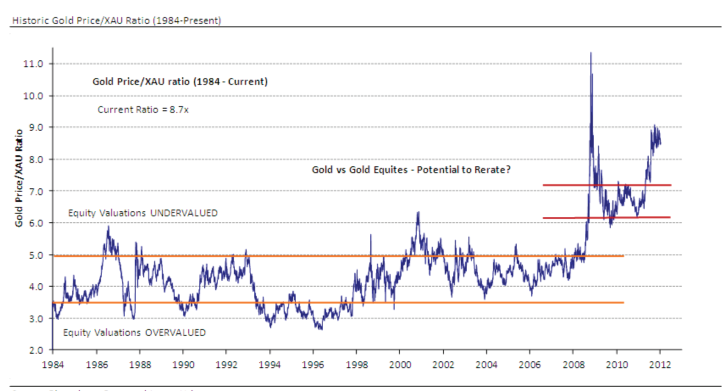
The TSX Global Gold Sector and physical gold were both in negative territory during Q4. Like most equity groups, risks in the global political economy depressed gold equity prices. Issues such as the conflict with Iran, new leadership in North Korea and instability in Pakistan and Iraq given the vacuum left with the reduction in US troop numbers in the region, are all weighing on investor psyches.

At the same time, many gold producers have strong cash positions as a result of higher gold prices. We believe that the leaders will use their capital and stronger share prices relative to smaller exploration companies to build increased reserves and development opportunities through acquisitions. In addition, several large producers have either initiated dividends or enhanced dividend policies to reward shareholders in this high priced gold environment. In a recent PWC report on the gold mining industry, it was noted that for the top 20 gold producers, dividends are up over 40% from 2010. We see this additional benefit to investing in gold companies in addition to the leverage many growth oriented companies possess, as the keys to maintaining our stance in gold equities.

The Gold/XAU Ratio: Buy/Sell Signals Over Time

When analyzing the precious metals mining companies, one must consider the relative strength of the equities vs. physical gold. During 2011, gold equity valuations mirrored the broader markets more so than following commodity price changes. In addition, the fear of higher operating costs in mine operations and the strengthened US dollar combined to reduced investor demand for precious metals. As Q4 2011 ended, the question was whether the current gold price is sustainable. We believe that there are many reasons to assert the 11 year run in gold and related equities is not over and the recent downturn should be used as a buying opportunity.

The chart below illustrates the current spot price of gold divided by the level of the Philadelphia Gold & Silver Miners Index (the XAU), the longest running mining stock index. When the ratio is high, it means that gold mining stock prices are cheap relative to gold itself. When the ratio falls, the opposite is true. We continue to see a higher trend line for gold equity prices.



As a result, we continue to focus on gold producers, including those generating stronger dividends, while harnessing the increased volatility in the sector by writing covered calls on positions we own and writing cash secured puts on equities we want to own but want a more advantageous entry point. Overall, we continue to focus on the leading gold companies, across all capitalizations, providing investors with a lower volatility way to gain exposure to the precious metals sector.