FAIRCOURT

GOLD INCOME CORP.

Second Quarter 2012

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 June 30, 2012, the yield was 7.75%.

TOP TEN HOLDINGS as at June 30, 2012

- Barrick Gold Corporation
- Detour Gold Corporation
- Franco-Nevada Corp.
- Freeport-McMoran Copper & Gold Corp.
- Goldcorp Inc.
- Kinross Gold Corporation
- New Gold Inc.
- Newmont Mining Ltd.
- SPDR Gold Trust
- Yamana Gold Inc.

OPTION WRITING

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

The sustained volatility in the gold equity sector allows the option writer the potential to generate significant premium income. In addition, an option writing strategy is an effective way to help lower the level of volatility for an investor, and potentially improve returns. In addition to its strong current fundamentals, the Manager believes the volatility in gold stocks will remain high relative to the broader market, producing sound returns for investors.

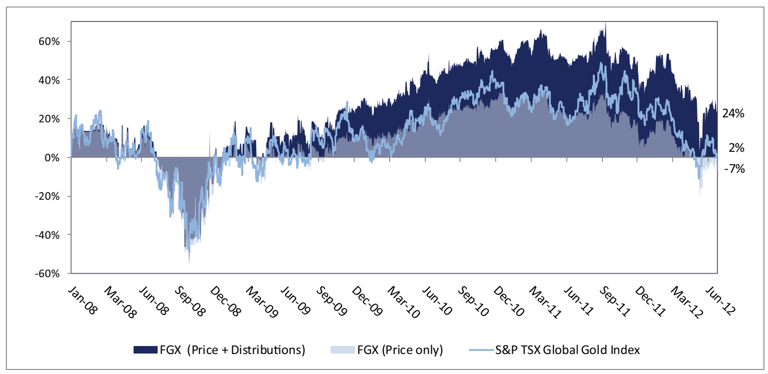
PRECIOUS METALS OUTLOOK

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 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

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%	3.53%
FGX – NAV [3]	-23.93%	8.74%	0.27%
Benchmark [5]	-13.60%	5.61%	0.18%

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 – June 2012 Update

The second quarter was a challenging time for gold companies. Equity values retreated in the early part of the quarter and continued to move lower as increased fears of European Sovereign debt contagion spread throughout the capital markets. Political changes resulting from national elections in France and Greece brought new governments to power that supported increased assistance and flexibility on the terms of austerity imposed by northern European leaders led by Germany. A significant change was the removal of Nicolas Sarkozy as the President of France, co-leader of the austerity measures put in place by Chancellor Angela Merkel of Germany. Efforts to enforce austerity on the weaker countries within the EU changed abruptly with Sarkozy's departure.

In early May, elections in Greece provided the next challenge towards change as a deadlock on the leadership of that country arose with no single party being able to form a national government. The resulting leadership changes have reformulated the approach in Europe to one of increased accommodation and less stringent austerity with a greater focus on employment and economic growth. The quarter ended with renewed enthusiasm as the EU announced new support that will enable the ECB and EFSF to directly assist troubled banks.

In the United States, positive first quarter economic growth began to show signs of weakness in the spring as jobless claims rose, and weak housing market data resurfaced to illustrate the US was not on the stable footing once announced by market analysts. Despite jobs growth in smaller employers, and lower oil prices which directly affect consumer confidence, market watchers still believe in further Fed action. To this point, Operation Twist which the Fed employs to maintain accommodative interest rates has been extended six months, however no major new stimulus has been announced in the US. In our opinion, this extension without further stimulus is more indicative of the Fed wanting to stay out of the presidential elections in the fall than it is confidence in the economic strength of the US. It is our belief that the Fed would prefer to have more time to gauge jobs growth and the housing market once election season is over. At that time, we would not be surprised to see the Fed announce further stimulus to assist a weakened US economy. Continued weak economic data have increased the odds of additional Fed stimulus occurring, though timing remains uncertain.

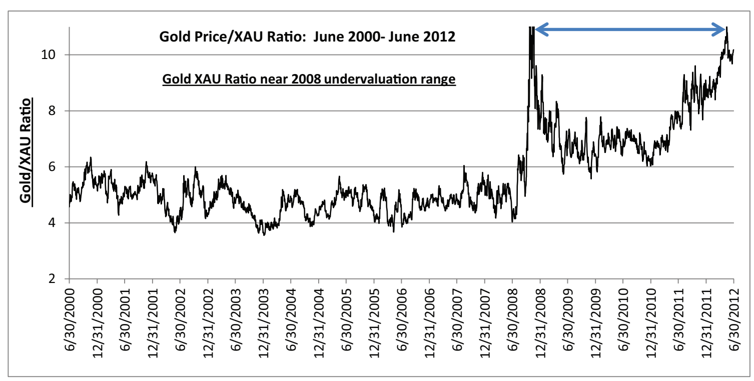
An area that continues to hold promise for the global recovery involves recent news from China that an easing of monetary policy to boost liquidity has been announced. Unlike most major trading economies, China has been led by a government focussed on raising interest rates to cushion the effects of domestic inflationary pressures over the last few years. Having achieved the desired goal of moderating its economic growth and inflation, there is flexibility to reduce rates and provide accommodative policy initiatives to revitalize domestic consumption and once again be the engine driving the global economy. We believe that China's announced plans, combined with the slowdown in Europe, in addition to softening data out of the U.S will result in increased stimulus (increased Money Supply) in China, the EU and the U.S. with the overall effect reducing confidence in currencies and increased support for real assets and commodities.

Physical gold prices have been relatively flat year to date, while gold equities have under-performed. We believe that a key determinant in the underperformance of the equities over the last 12 months has been increasing operational costs along with rising commodity prices. We are now entering a weaker global oil environment where oil has come off over $20/barrel. That translates into reduced mine operational costs. In addition to the reduced input costs, we also see mining companies delaying expenditures further reducing cost pressures related to labour and other materials. It is our belief at this time that investors should consider the equities rather than physical gold, and the potential price appreciation to be achieved by the miners with the opportunity to benefit from production growth, moderation in costs, as well as reductions in the equity risk premiums associated with the equities.

As a result, we see a good opportunity going forward to own producers earning significant cash flow and growing earnings based on the current gold price over $1,500 per oz.. While the fund has been heavily weighted towards the large capitalization producers this year, valuations in some juniors have become compelling and the fund will look to add positions where high quality assets can be added at attractive valuations.

The Gold/XAU Ratio: Current Signals

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 gold mining stock index in North America. When the ratio is high, it implies 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.



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 the Fund owns, while writing cash secured puts on the companies we want to own. By writing cash secured puts, we can gain an advantageous entry point. Our portfolio team continues to focus on the leading gold companies across all capitalizations, providing investors with lower volatility and a way to gain exposure to the precious metals sector.