FAIRCOURT

GOLD INCOME CORP.

Fourth 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, FGX.WTD

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, 2012, the yield was 7.8%.

TOP TEN HOLDINGS as at December 31, 2012

- Barrick Gold Corporation
- Detour Gold Corporation
- Freeport-McMoran Copper & Gold Corp.
- Goldcorp Inc.
- Mag Silver Corp.
- Metals Plus Income Corp
- New Gold Inc.
- Silver Wheaton Corp.
- 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.

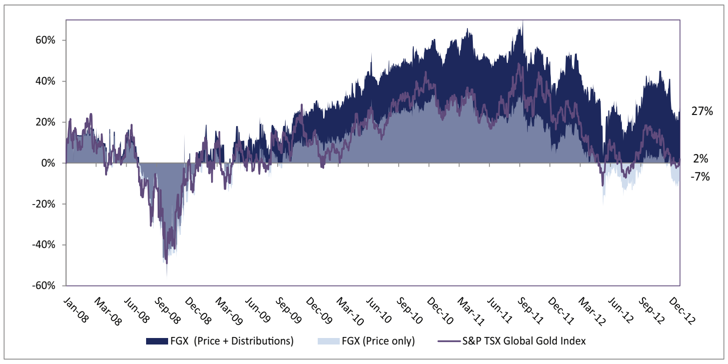
PRECIOUS METALS OUTLOOK

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

Long Term Performance as at December 31, 2012

	1 Year	3 Year	5 Years
FGX – Market Price [1,2]	(6.7%)	.31%	4.96%
FGX – NAV [1,3]	(9.2%)	(1.2%)	1.58%
Benchmark [4]	(14.6%)	(2.2%)	.39%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Bloomberg
(3) Based on Basic NAV; Source: Faircourt Asset Management
(4) Benchmark: S&P TSX Global Gold Index

Distribution History	2012	2011	2010	2009	2008
Total Distributions Per Share	$0.58	$0.57	$0.51	$0.50	$0.50

FAIRCOURT *Asset Management Inc.*
141 Adelaide St. West, Suite 1402, Toronto, Ontario, M5H 3L5 416.364.8989 Toll Free: 1.800.831.0304 Fax: 416.360.3466 www.faircourtassetmgt.com

Copyright © Faircourt Asset Management Inc. All rights reserved.

Management fees and expenses are associated with an investment in the fund. The performance data provided assumes reinvestment of distribution only and does not take into account redemption charges or income taxes payable by any security holder that would have reduced returns. An investment in the fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. There can be no assurance that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

FAIRCOURT

GOLD INCOME CORP.

Faircourt Gold Income Corp – December 2012 Update

The fourth quarter began with investors focused on the diminishing effects of stimulus measures announced in September; the prospects of solving Fiscal Cliff issues and the potential outcomes of the US presidential election. On the heels of the US Fed's announcement in September to increase Fed buying of mortgage backed securities at a rate of $40 billion per month, market participants were disappointed to see that the third time is not a charm. The stimulative effects of Fed buying programs have had less traction with each subsequent maneuver. Equity markets had only temporary investor support and by the end of October, renewed concerns over the long term effects of the U.S. fiscal situation were again weighing on investors.

After the US presidential election was decided in favour of President Obama, we witnessed an initial sell off as concerns arose about the state of the negotiations between Republicans and Democrats and whether a deal could be worked out on the Bush Tax cuts that were expiring at year end as well as automatic across the board spending cuts that would be enacted unless an agreement could be reached. The combined effect of these issues could cause the US to slip back into recession. In addition to the issues facing the US economy, there were several global macroeconomic concerns facing precious metals markets during the quarter, including the implications of leadership changes in China, and continued negotiations in Europe to save the Euro. All of these issues, in our opinion are supportive in the medium term, of higher gold prices.

The precious metals market was under pressure during the quarter with conflicting announcements from the U.S. Federal Open Market Committee (FOMC)at the beginning and the end of the quarter, with respect to the amount of time and support the Fed is willing to provide to assist the U.S. economy to get back on its feet. As the un-employment rate was reduced, gold investors questioned how much additional stimulus the Fed would be willing to provide. In addition, calls for budget cuts and entitlement reforms grew, and price support for gold suffered.
The overall effect lead to increased uncertainty in equity markets which is constructive for higher gold prices. We believe that uncertainty will continue to prevail over the prospects for political co-operation in Washington in the coming months, when spending cuts have to be addressed again. In addition the most recent agreement regarding government funding, which prevents a government shutdown, runs out during the first quarter of 2013 and will need to be addressed if new legislation has not gone through.

The outcome of the debt ceiling negotiations has the potential to significantly influence gold prices. If Congress is able to agree on a plan that materially reduces the deficit, this could be perceived to be negative for gold. However, we believe that the negative impact of a slowdown in the economy would be offset by further action by the Federal Reserve as any such agreement would push GDP growth substantially lower in the near term. Conversely, if Congress is unable to come to an agreement, or the agreement reached does not materially change the trajectory of the debt and deficit then we expect further pressure on the US dollar and higher gold prices.

In either case, we anticipate periods of higher volatility, however our long term view on gold has not changed. Gold should gain as government balance sheets grow, the possibility of more deficit expansions around the world materialize, and pressure is put on the dollar and other currencies resulting in demand for safe havens in the face of currency volatility.

For the last three months of 2012, gold performance was down approximately 5%. For the entire year though, the twelfth year in a row, gold generated a positive return, up 4.3% in 2012, illustrating continued investor concerns for currencies.. The actions of the US government, the US Fed as well as those of many central banks around the world continue to be positive for gold prices as central bank buying of gold as a way to diversify reserves continues to support higher gold prices.
As physical gold completed its 12 year run of positive returns, the returns for gold equities continue to lag the precious metal. In a year when physical gold returns were positive, the S&P/TSX Gold Index was down 15% for the year, while the Amex HUI Gold Bugs Index was down more than 11%. By most reasonable measures, gold companies are selling at some of the biggest discounts to gold prices in many years. We believe that markets are focusing on equity risk at the expense of the growing cash flows, earnings and dividends that are being generated by many of the large producers in the precious metals space.

Key drivers for inclusion in our portfolios include those companies that have the potential for production growth in lower political risk jurisdictions, with growing positive cash flow for increased earnings and dividends. As we continue to see reduced input costs in the operations of producing mines, elevated gold prices will continue to generate higher cash flows.

Although the gold index overall had a challenging year, some gold companies were able to provide solid returns. Yamana, a top holding in the fund, was up 15% during 2012 had a strong operation year and was rewarded by investors for consistently meeting its production and financial targets. Similarly, smaller cap companies that showed strong resource growth in highly economic deposits were also rewarded. Silvercrest, which is developing silver and gold deposits in Mexico was up 31% during 2012, as it continued an expansion at its Santa Elana mine and advanced the exploration at its La Joya deposit.

In the short run, gold and gold equities are very difficult to predict, but we believe that upon a reasonable resolution of the issues in Washington and Europe, commodities and the equity markets in general will see significant rallies as central banks continue to fund stimulus measures, creating further currency weaknesses and adjust reserves to hold increased bullion positions.

The fund will continue to invest in leading global gold companies primarily involved in gold exploration, mining or production on the S&P/TSX Global Gold Index while using its option writing program to lower the fund's volatility and generate a monthly income stream. In order to generate additional returns and reduce risk, the Fund may write covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. Moderately high volatility, as measured by the VIX index, or the Chicago Board Options Exchange Volatility Index, which measures the implied volatility of the S&P 500 index options, provided attractive opportunities for the Fund to both reduce the volatility of the portfolio and allowed the Fund to generate cash flow from option writing of approximately $3.20million, or $0.61 per weighted average number of shares outstanding during the year ended December 31, 2012. Although volatility has returned to more normalized market levels, the Manager continues to believe that option writing can add incremental value going forward.