FAIRCOURT

GOLD INCOME CORP.

Fourth Quarter 2013

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, 2013, the yield was 15%.

TOP TEN HOLDINGS as at December 31, 2013

- Franco-Nevada Corp.
- Goldcorp Inc.
- Metals Plus Income Corp.
- New Gold Inc.
- Osisko Mining Corp.
- Primero Mining Corp.
- Randgold Resources Ltd.
- 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. The Manager believes the volatility in gold stocks will remain high relative to the broader market, producing sound returns for investors.

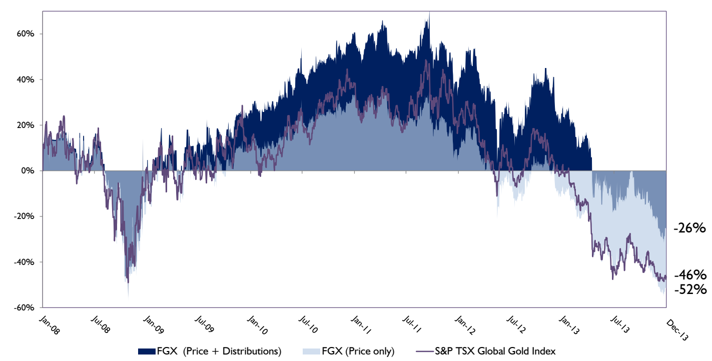
PRECIOUS METALS OUTLOOK

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
- 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

Returns for Period Ended December 31, 2013

	1 Year	3 Year	5 Years	Since Inception
FGX – Market Price [1,2]	-41.65%	-22.65%	-4.99%	-7.45%
FGX – Basic NAV [1,3]	-41.35%	-25.98%	-7.27%	-7.07%
S&P/TSX Global Gold Index	-47.43%	-27.08%	-11.99%	-9.57%

Notes:
(1) Assumes reinvestment of distributions;
(2) Source: Bloomberg
(3) Based on Basic NAV; Source: Faircourt Asset Management

Distribution History	2013	2012	2011	2010	2009	2008
Total Distributions Per Share	$0.58	$0.58	$0.57	$0.51	$0.50	$0.50

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FAIRCOURT

GOLD INCOME CORP.

Faircourt Gold Income Corp – December 2013 Update

After eleven straight years of higher gold prices, 2013 was not a positive year for gold. Gold began the year at $1,675 and ended at $1,201, a decline of 28%. Gold equities, responding to the lower gold price and waning investor interest also had a challenging year, falling 47%.

The year witnessed three major changes in gold market sentiment that by year-end led to a dramatic reduction in the desire to hold precious metals. A first significant event occurred in April when the US Federal Reserve disclosed its desire to begin tapering its monthly bond purchases. The market consensus that developed from this communication was that the US Federal Reserve, based on stronger economic results in the US, would begin tapering during 2013, causing higher US interest rates.

The second major change in the direction of gold prices occurred when the announcement to begin tapering didn't materialize in August or September, resulting in a rebound in gold prices during the third quarter. The Fed delayed tapering as the announcement alone caused an increase in longer term yields which had the effect of cooling off the economy and as a result, the fragile US economy needed further time to mature. As more data began to flow in the fall, policy makers decided to announce tapering intentions in December. From an investment perspective, investors were wary of holding a safe haven investment when Europe and the US were getting back to health, offering growth opportunities in the equity markets, rather than a non-yielding investment such as gold.

Although 2013 was a very difficult year for gold, we believe there are reasons to be optimistic for 2014. Although policy makers suggest economic conditions have improved significantly in the U.S. and Europe, risks persist that continue to point to a need to hold precious metals equities in a diversified portfolio.

In Europe, high debt levels combined with less than stellar economic growth is a constant concern lurking in the background. Debts to GDP ratios in Europe are still high, leaving little room for additional economic accommodation even as high unemployment still plagues the recovery. In the U.S., longer dated interest rates have crept higher since May, which raises concerns about domestic US consumption and the housing recovery.

The U.S. Federal Reserve has some key concerns to review as the market digests the consequences of tapering, which we believe may result in a weakening US economy, lower USD and ultimately stronger gold prices. Although tapering is important as the Fed's balance sheet has grown to over $4 trillion USD, market reactions may cause unintended and unwanted consequences. Higher interest rates may have the effect of creating a slowdown in the housing recovery, as borrowing costs rise leaving first time home buyers out of the market. Higher interest rates may lead to reduced consumer confidence and a reduction in domestic consumption. A slowdown in the economy would likely prolong stimulus, weaken the USD and could lead to higher gold prices.

Although the price of gold is tied to the US dollar, it is also important to consider precious metals from a global perspective. China has emerged as the world's largest producer and consumer of gold, and so much of global demand is geared to consumption patterns in Asia. China's current consumption greatly outstrips domestic production, necessitating the importation of significant quantities of gold.

In India, a major importer of gold, 2013 saw import duties being raised three times to a record 10% in order to reduce India's current account deficit. The higher duties were effective in reducing official imports, with November imports of 72 tonnes down considerably from 2012's average monthly level of 172 tonnes. However, smuggling of gold is believed to have risen sharply with the World Gold Council estimating 150 to 200 tonnes per month being imported illegally during 2013. More recently, India's current account deficit has fallen, leading to calls for the government to reduce the duties to curb smuggling.

2013 has also brought new realities to gold producers and developers. In the second half of 2013, gold companies responded to the drop in the gold price with cost cutting announcements and operational cutbacks as the priority over production growth.

With lower gold prices, companies have had to review and eliminate unprofitable operations, review capital investment plans, reduce exploration, and tighten mine site cut off grades, all serving to potentially reduce supply over the coming quarters. As a result, our Portfolio Manager continues to review and analyze all equities in the sector, to ensure the companies we hold are those that have successfully implemented cost-cutting initiatives; show capital allocation restraint, and are executing on plans in an efficient manner.

Given these challenges we prefer exposure to lower cost producers that can better withstand the current market while being ready for near-term production growth that can help offset the impact of lower production revenues.

We continue to be focused on the intermediate and larger names that have significant production and can manage their balance sheets through this difficult period. In the large capitalization companies, we continue to like Goldcorp and Yamana – both companies have solid growth profiles with lower than average mine operational costs. Randgold also stands out in a lower gold price environment, with its solid operational performance and low cost structure.

We continue to believe that the royalty names, like Franco-Nevada stand to do well as mining companies find that capital remains difficult to obtain and are more willing to enter into royalty/streaming agreements. In addition, we have seen value in some intermediate names such as Osisko, which has consistently improved its operations over the past quarters and is a lower risk name operating in Quebec. At the time of writing, Osisko had received an unsolicited bid from Goldcorp, which valued Osisko at approximately $5.95 per share on the day of the bid. It has since traded above that price on belief that Goldcorp will have to raise the bid in order to get the deal completed. This deal highlights that it may be cheaper for gold companies to buy existing production rather than build their own projects from scratch. Although earlier in its lifecycle, Detour Gold could also be a target for a larger gold company looking for more immediate production. With approximately $2 billion spent on the project to date and a market capitalization under $1 billion, it is a cheaper alternative to building a new mine. Similarly, smaller producers such as Semafo could also be an acquisition target as companies look to improve their production profile in Africa.

Gold equity prices weakened in Q4 as the prospects of tapering hung over markets. Overall, the TSX Global Gold Index produced a return of -8.38% during the quarter while the Fund posted a total return of -10.6% based on NAV. Underperformance by the Fund in the quarter was attributable to our underweight position in Barrick Gold. The Fund has been underweight Barrick over the last 12 months, as ABX had a challenging year, with a return for 2013 of -45% registering most of that decline earlier in the year.

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. Writing a call options tends to decrease the Fund's exposure to the underlying instrument. Writing put options tends to increase the Fund's exposure to the underlying instrument. Moderately high volatility 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 $3,290,000 or $0.60 per weighted average number of shares outstanding during the year ending December 31, 2013. Since inception of the Fund, the option writing program has been effective in managing the risks of the underlying investments and funding the monthly distribution by allowing the Fund to generate cash flow from option writing of approximately $14,871,000 and pay out approximately $13,836,000 in distributions to shareholders.