FAIRCOURT

GOLD INCOME CORP.

Second Quarter 2016

Inception Date: November 16, 2007
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
TSX Symbol: FGX

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 initially targeted to be $0.04167 per month and currently $0.024 per month; and (ii) the opportunity for capital appreciation. Based on the market price as at June 30, 2016, the current yield was 6.51%.

TOP TEN HOLDINGS as at June 30, 2016

- Agnico Eagle Mines Ltd.
- Barrick Gold Corp.
- Detour Gold Corp.
- Goldcorp Inc.
- Integra Gold Corp.
- Newmont Mining Corp.
- Pretium Resources Inc.
- Randgold Resources Ltd.
- Semafo Inc.
- Tahoe Resources 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.

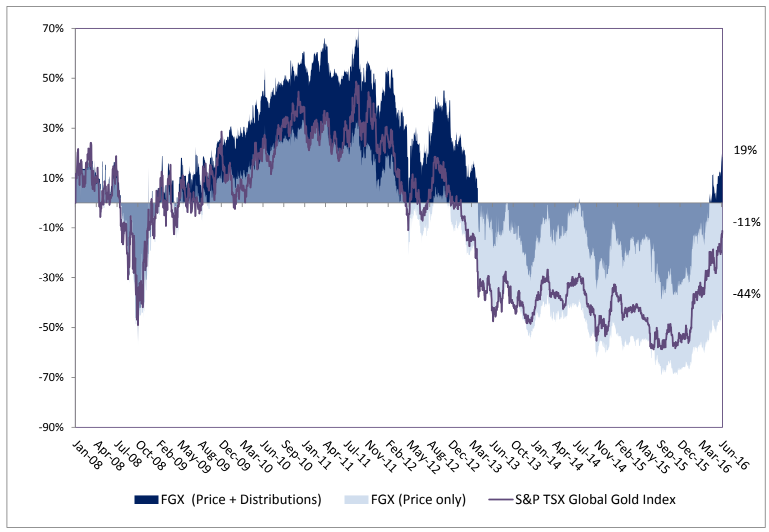
PRECIOUS METALS OUTLOOK

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 leading to new rounds of quantitative easing
- Concerns about sovereign debt defaults
- Prolonged period of negative interest rates utilized globaly.
- Uncertainty caused by UK vote to leave the EU and implications on currencies.

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 June 30, 2016

	1 Year	3 Year	5 Years	Since Inception
FGX – Market Price [1,2]	36.93%	12.79%	-4.54%	-0.08%
FGX – Basic NAV [1,3]	67.74%	17.96%	-4.41%	4.42%
S&P/TSX Global Gold Index	69.03%	15.32%	-5.91%	4.02%

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

Distribution History	2015	2014	2013	2012	2011	2010	2009	2008
Total Distributions Per Share	$0.50	$0.58	$0.58	$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

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 – June 2016 Update

The Faircourt Gold equity portfolio performed well during the first half of the year as a growing level of uncertainty and increased volatility plagued global equity markets. Continued lackluster growth in the global economy acted as a siphon of energy away from the job gains and growth achieved in the US economy. It appears that the US is increasingly an economic island, generating gains through its consumer led economy while the balance of the global economy suffers from structural economic problems including regulations, low labour mobility, ineffective stimulus programs and lower commodity prices.

In the United States, we continue to see strengthening in monthly job gains and the initial signs of wage inflation are taking shape. Wage growth is gaining traction, however uneven monthly jobs reports have caused concerns. As the US economy continues to grow, monthly job gains may flatten as the economy reaches full employment and a narrowing of job opportunities in select skilled areas arise. There are some areas of weaknesses as manufacturing and capital spending in the US still shows a lack of resolve with durable goods orders remaining weak with no sign of a recovery in heavy manufacturing. Q2 GDP came in at a rate of just 1.2%, far below the survey of analyst expectations. The economy continues to have excess capacity that, despite the labour gains noted, continues to put a negative light on the overall health of the US economy.

It has been our belief that Federal Reserve Board Chair Janet Yellen has been hamstrung by her central bank colleagues around the world. The US is experiencing a slow but steady economic turnaround, however most markets in the global economy are not. Governments are still approving stimulus programs to help jump start their local economies. In addition, at this point in time, more than $8 trillion of sovereign debt is trading with negative yields. That reflects anxiety among investors, willing to lock in a small loss on their money rather than risk the chance of something worse by putting their cash into other assets. With this level of anxiety, our belief was and still is that interest rates are unlikely to change.

Despite the above, US Fed Chair Janet Yellen continued to indicate a preference for raising rates sooner rather than later in ongoing Fed communciations but then surprised market watchers in April and then in May by suggesting that global economic factors, most notably the uncertainties with respect to the BREXIT vote were causing a delay in FOMC rate changes. The result of the UK referendum on leaving the EU has delayed a rate rise announcement. The result of the UK vote has added fuel to the price of precious metals as the US Fed remains on the sidelines.

The important issue now is how does this affect our investment outlook. The initial period of adjustment will be filled with political positioning and the beginning of a negotiation process to determine the extent to which the UK and EU can work together. The articles of the EU provide for exit negotiations, however the specifics are left to the parties involved. Some of the bigger issues that Britons were vocal about included limiting the flow of labour throughout Europe, as well as a reduction in financial contributions to the EU. For any potential relationship with the EU, those two issues will be paramount for the EU to uphold, as they could lose other member states if the UK gets preferential status without recognizing those elements.

While these negotiations take place, the European economies, both the EU and UK will suffer due to a level of uncertainty of various outcomes. Interest rate policy has been and will continue to be affected leading to a more pronounced period of negative interest rates with additional stimulus from coordinated central bank efforts.

This has profound implications for North American interest rate policy and by extension precious metals prices. It has been well documented that as the US economy continues on its stable trajectory, and all else being equal, interest rates in the US would be on the rise. The one challenge to raising rates is the strength of the US dollar that continues to lead all currencies. A rise in interest rates will only strengthen the US dollar and hamper US trade. By adding this level of volatility and uncertainty to the global currency markets, we see no reason for the Fed to adjust interest rate policy over the next six to twelve months.

After Brexit, many interest rate observers suggest that rates may go down before they can begin to be raised due to the uncertainty in Europe. Safe haven buying has been reestablished, global equities are weaker and commodity demand has softened due to the prospects around Europe. That has also caused inflation expectations to drop.

US Federal Reserve Governor Jerome Powell stated recently that global risks have shifted to the downside after Britain's vote to exit the EU introducing a new level of uncertainty. Treasury yields in the US have fallen in part due to safe haven demand for US assets. This reaction in the Treasury market has become a different and indirect positive on gold prices, and investment demand. Many investors are typically reluctant to invest in gold related equities, as gold does not generate yield relative to other asset classes. With interest rates in a lower for longer situation, this is yet another support for investing in gold and related equities.

The Fund continues to invest in leading global gold companies primarily involved in gold exploration, mining or production 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 call options tends to decrease the Fund's exposure to the underlying investment. Writing put options tends to increase the Fund's exposure to the underlying investment.

The environment for gold producers has changed dramatically during the first half of 2016. With gold prices above $1300 US, most gold producers are able to generate positive cash flow, whereas below $1100, many producers struggled to generate any cash flow. After four years of working to rein in costs, many producers are operating much more efficiently. The slow-down in base metals has also greatly assisted the precious metals producers, as it has reduced the cost of mining inputs. At the same time, exploration budgets have been slashed over the past 4 years, so there are fewer quality projects available for development, which has helped increase interest in the quality projects currently under development.

As commodity prices such as steel, concrete, and copper are low, all are helping to keep capital and operating expenses under control. In addition, the quality and pricing of available labour and related mine services have improved dramatically. It is now possible, for example, for a smaller gold developer to get a fixed price contact for a mine/mill build, something that would have been extremely difficult five years ago. As a result, investors believe that with the gold price in the low $1300 US range, and with costs under control, gold company margins and profitability are set to rise substantially, and have pushed share prices up accordingly.

Considering these factors, our overall investment strategy has not changed. We continue to position the Fund taking into account the challenges of the sector. The Portfolio Manager maintains solid weightings in senior producers, with selective exposure in smaller capitalization names that have top quality assets and a path to production and free cash flow. Recognizing the improved sentiment in the sector, we have also selectively added some earlier stage high quality assets to the portfolio. Overall, we continue to prefer higher quality names that have less debt, reasonable cost structures, and show solid operational effectiveness.

Agnico-Eagle continues to screen well on these metrics and continues to be a core holding in the Fund. Agnico maintains one of the highest reserve grades among senior gold companies, up 90% in the first half of the year. Our position in Roxgold has also performed well this year with the Yaramoko project ramp up progressing well and nearing commercial production. Roxgold has generated a return of 119% YTD. Detour Gold, with its Ontario mine operations also continues to be a strong performer, up 124% in the first half of the year, and 59% during the second quarter. With a large, high-volume mine, Detour continues to benefit from a combination of lower oil prices, weaker Canadian dollar, and strong gold prices.

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 $0.5 million or $0.085 per weighted average number of shares outstanding during the quarter ending June 30, 2016. The Fund declared three regular monthly distributions totalling $0.072 per Class A Share in the period. 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 $22.5 million and pay out approximately $20.8 million in distributions to shareholders.

For the six months ending June 30, 2016, the NAV of the Class A Shares combined with paid distributions during the period ending June 30, 2016, provided a total return for holders of Class A Shares of 78.74% while the return posted by the S&P/TSX Global Gold Index of 95.81% over the same period.