FAIRCOURT

GOLD INCOME CORP.

Fourth 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 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 December 31, 2016, the yield was 7.85%.

TOP TEN HOLDINGS as at December 31, 2016

- Agnico Eagle Mines Ltd.
- Detour Gold Corp.
- Franco-Nevada Corp.
- Mag Silver Corp.
- Newmont Mining Corp.
- Pretium Resources Inc.
- Randgold Resources Ltd.
- Semafo Inc.
- Silver Wheaton Corp.
- 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.

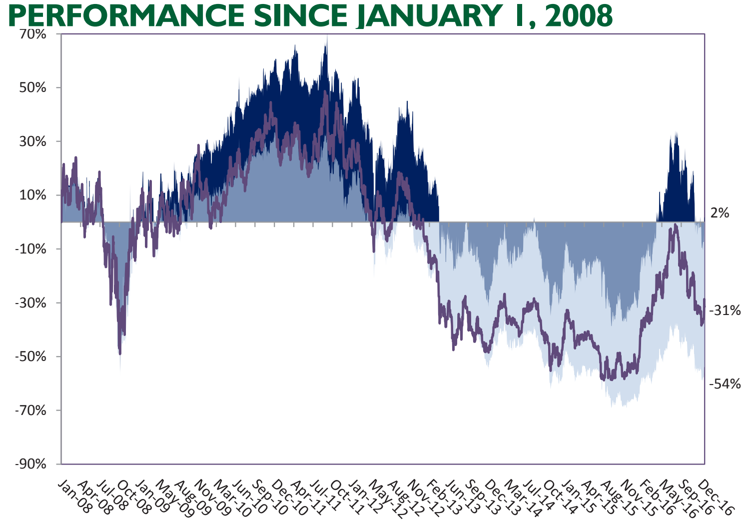
PRECIOUS METALS OUTLOOK

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 globally
- Fear of inflation in the U.S. with the new Trump Presidency

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, 2016

	1 Year	3 Year	5 Years	Since Inception
FGX – Market Price [1,2]	46.20%	11.11%	-5.70%	-1.72%
FGX – Basic NAV [1,3]	43.38%	10.51%	-6.46%	-1.71%
S&P/TSX Global Gold Index	50.96%	7.43%	-10.52%	-3.98%

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

Distribution History	Since Inception	2016	2015	2014
Total Distributions Per Share	$4.59	$0.29	$0.48	$0.58

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GOLD INCOME CORP.

Faircourt Gold Income Corp – December 2016 Update

The fourth quarter of 2016 saw gains for equities while gold equities and related gold prices fell based on a number of announcements and decisions that took place during the quarter. The US presidential election in early November ended with a Republican Congress and Republican President in Donald Trump. The reaction to the Trump victory moments after the election results were broadcast was a massive drop in Dow futures and an increase in the price of gold. However in the days and weeks after the election, reaction has been more supportive towards equities at the expense of gold, as investors believe that there can be reduced regulation and reduced taxation that can help boost US equities.

The other announcement of the quarter that had initial headwind for gold came from the US Federal Reserve as Chair Janet Yellen raised the US Federal Reserve's target rate by ¼ of 1% for the first move in rates in one year. That long overdue move was likely assisted by bond market reactions to the Trump Presidency. In the first two weeks after the election, the 10-year and 30-year treasury spiked and the US dollar rose in reaction. As we saw last year, the Federal Reserve move of 25bps in December of 2015 was a one and done strategy. Given the weakness in the global economy, and the spike in US longer term rates after the US election, we are still of the opinion that further hikes will be contingent on global growth keeping pace with the US, as the stronger dollar will hurt the U.S. economic turnaround. Despite these announcements and decisions, we believe rates will not be moving substantially higher in the near term, continuing to contribute to positive environment for gold.

We believe that there are some positives for the gold market in a Trump Presidency due to high levels of uncertainty regarding the new administration's policy direction. President Trump has outlined a number of policy changes including an "America First" trade policy. While an America jobs first policy may have short-term benefits for the US economy there are unintended challenges that go along with Trump's focus on growing American jobs.

One of the recent pronouncements of the incoming administration has been a focus on redoing trade deals to make them more balanced when it comes to American consumers and American jobs. Although important for US consumers to have an advocate in the White House, major trading partners such as the EU, China as well as Canada and Mexico may find the changes difficult to accept and may turn to legal challenges and international trade tribunals to get resolution on substantive issues.

Each of the countries involved will decide how they want to deal with a more protectionist US President, but it is possible that this new, more aggressive stance may lead to bi-lateral or multi-lateral tariffs and or other barriers to trade. Whether its import taxes or border usage fees, increased nationalist policies will have a negative effect on the global economy and may lead to increased volatility, uncertainty and increased value in the price of gold.

While the focus has been on President Trump and the U,S, it is important to note that nationalist tendencies in the global economy are not exclusive to the United States and will add volatility and uncertainty to the global economic outlook. 2016 witnessed several election decisions in various countries that have contributed to uncertainty for global growth and cooperation. First in June, there was the UK Brexit vote that continues to have significant repercussions for international trade, untangling the UK from the EU that at its core was about immigration and government spending at the expense of a larger free market.

The UK vote was symbolic as many countries are now considering whether the EU is the best solution for their countries. In Italy, a December referendum saw Prime Minister Renzi resign as a plurality of Italians voted against constitutional changes. However the PM's resignation was seized upon by populist groups and anti-immigration groups demanding national elections. The vote in Italy prompted the euro to initially fall to a 20 month low against the dollar before it bounced back. As the negotiations for UK separation are not yet underway, uncertainty and volatility will be ever-present in global capital markets for an extended period of time that should be positive for the gold price.

Physical gold prices started the quarter at approximately $1300/oz and ended the quarter below $1200. We believe the trend will adjust its direction as gold still has room for further upside with significant uncertainty continuing to hover over global capital markets. Moreover, recent gold prices have found support from physical demand from top consumers India and China during the festive season this year. Another factor that will be a tailwind for gold is the supply of precious metals having previously reached peak output levels earlier in the year. As mine operations adjusted to previous downward price movements, global production of gold is expected to decline by approximately 3% in 2016. Lower mined supply could help prices move higher.

Consistent with prior periods, the Fund maintained a diversified portfolio of gold companies, with a focus on lower cost, high quality producers. Agnico-Eagle remains our favoured large capitalization gold company with its solid balance sheet, attractive cost structure, and quality organic growth potential.

One theme we believe is emerging is increased interest in advanced exploration and development stage companies. The last several years of capital constraint by many gold companies has significantly reduced the amount of exploration expenditures. As a result, the number of quality projects has been declining. Going forward, this will make it more difficult for gold companies to replace their reserves and maintain their development project pipelines. As a result, we believe large, economic deposits in safe jurisdictions will command premiums.

In recognition of this theme, the Fund has made an investment in Osisko Mining. With its significant discovery at Windfall Lake, Quebec, and an experienced management team, we believe that Osisko has good potential to bring this potentially large deposit into production. While drilling is still in its early stages, we believe the company has already been able to demonstrate that Windfall is a top tier project.

In order to generate additional returns and reduce risk, the Fund writes covered calls on securities held in the portfolio and cash secured put options on securities desired to be held in the portfolio. We believe that option writing can continue to add incremental value going forward.

For the year ended December 31, 2016, the Fund generated cash flow from option writing of approximately $1.9 million or $0. 35 per weighted average number of shares outstanding. The Fund declared regular monthly distributions totalling $0.288 per Class A Share for the year. Since inception of FGX the Fund has generated over $23.2 million in option premium, or $4.96 per weighted average share.

For the year ending December 31, 2016, the Fund's NAV combined with paid distributions during the year generated an annual return of 43.38%.