FAIRCOURT

GOLD INCOME CORP.

First Quarter 2018

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 March 31, 2018, the yield was 9.03%.

TOP TEN HOLDINGS as at March 31, 2018

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc., Class 'A'
- B2Gold Corp.
- Detour Gold Corp.
- Franco-Nevada Corp.
- MAG Silver Corp.
- Newmont Mining Corp.
- Osisko Gold Royalties Ltd.
- Randgold Resources Ltd., ADR
- Semafo 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

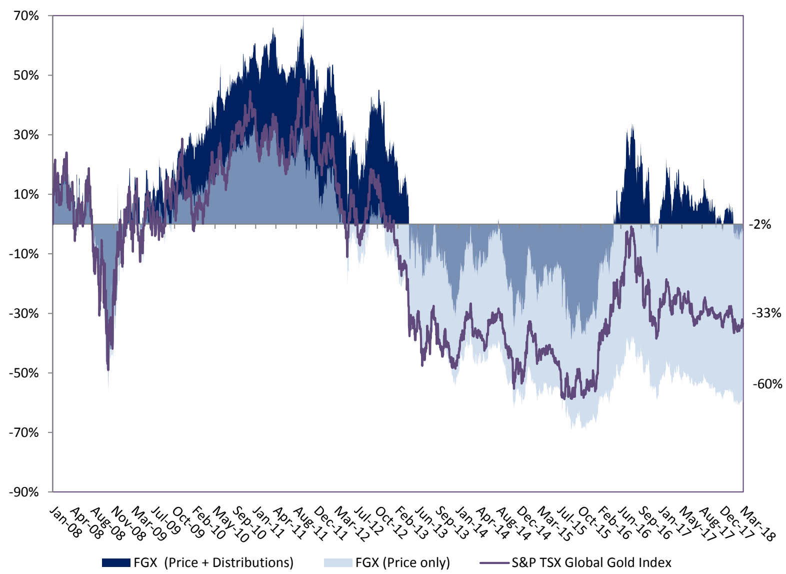
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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 March 31, 2018

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price [1,2]	-12.67%	7.54%	-3.07%	-1.80%	-1.91%
FGX – NAV [1,3]	-12.05%	8.29%	-3.09%	-2.59%	-1.91%
FGX – Index	-9.50%	6.93%	-5.05%	-4.77%	-3.89%

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

Distribution History	Since Inception	2017	2016	2015	2014
Total Distributions Per Share	$4.91	$0.29	$0.29	$0.48	$0.58

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GOLD INCOME CORP.

Faircourt Gold Income Corp – March 2018 Update

We believe that 2018 will prove to be another positive year for the precious metals sector. However, there are factors both pulling gold up and pushing it down. While Market analysts suggest bullion could top $1,400 USD an ounce as escalating global trade barriers and middle-east geopolitical tensions lead investors to safe havens at the same time that the decades long bull market in bonds may be nearing an end, there are also concerns about how gold will perform as interest rates move up.

President Trump's aggressive trade stance with China has added tariffs on steel and aluminum and sought new restrictions on Chinese investment. A trade war could reduce demand for U.S. assets just as the budget deficit swells, which could leave the dollar vulnerable should international buyers reduce their holdings or desire to hold American debt. In determining the value of precious metals, the most important determinant of gold price movement has been international confidence in the U.S. dollar and by extension the U.S. 10-year Treasury.

The bond market has seen changes over the last twelve months that suggest the era of easy monetary policy is ending. 2018 will likely mark the first year since the 2008-09 financial crisis when major central banks start reducing their exposure [to what? Reducing balance sheets, money supply, market intervention?]. The 10 year US Treasury has already breached 2.5% and there is a high probability that the 10 year Treasury yield goes beyond 3%.

Gold is highly sensitive to the changes in U.S. interest rates as a higher rate usually means that there is a higher opportunity cost of holding non-yielding gold bullion. However in this environment rising interest rates could have a different impact as inflation is rising more quickly than interest rates and the result is that real yields on government bonds may turn negative. That is when gold can flourish.

As a result of tax law changes in the US, higher corporate earnings are expected, in addition to more capital being invested in the US economy. President Trump's tax law changes have a repatriation incentive in addition to a lower tax rate once capital and operations are back in the US. With more capital investment and more jobs being created, we may see higher wage inflation, a strong leading indicator of inflationary pressure for the US economy.

US tax cuts at a time when the economy is already healthly is the biggest concern of Bob Miller, portfolio manager for BlackRock's Total Return Fund. "The market still underestimates the impact of the stimulus, and the supply increase that will be needed to fund it," he argues. "We're not in the raging inflation camp, but we will see faster inflation in 2018."

The question is whether it is possible that the US can have sustainable job growth without significant wage pressure? Could that change as companies invest more of their tax savings into capital, equipment and labour? We believe that although in the near term, new tax and trade policies appear positive for the US economy, there are longer term ramifications that could lead to inflation, and uncertainty in capital markets leading to higher gold prices.

In February, the S&P 500 suffered it's first monthly drop in over a year, ending one of the index's longest monthly winning streaks on record. Equity markets ran into rising bond yields that were pricing in the threat of inflation. Investors worried the US economy, boosted by huge tax cuts, would overheat and force the Federal Reserve to raise interest rates. The fear is that inflation will cause the US Fed to cool the economy off by aggressively raising rates, ending the party on Wall Street. Since October, year-over-year wage growth had been rising leaving the 12-month average at 2.6%, higher than last year's average, but still below what many economists believe to be a tight job market.

The threat of a global trade war has had a significant impact on global equity markets. During March, equity markets suffered abrupt negative trading days as President Trump announcement that he would impose tariffs, initially on steel and aluminum and then focusing his attention on billions of dollars of Chinese imports. At first glance, US protectionist measures appear short sighted and doomed to hurt the economy it is designed to help. However, when the new US tax policy changes are added to the mix, the Trump Administration has developed a carrot and stick strategy that could work.

A main target of the President's trade war mongering is China. US Trade representatives are imposing tariffs on up to $60 billion imported goods from China in retaliation for what the President calls decades of intellectual property theft. And whether people agree with his tactics, it is hard to argue against this point. For years, China has signed trade deals and then demanded companies provide He imposed tariffs of 25 percent and 10 percent, respectively, on steel and aluminum imports, which prompted China to say it would retaliate with tariffs of its own. The rhetoric has flown back-and-forth between Washington in Beijing yet no significant duties have been levied. Yet while the rhetoric escalated, financial markets sold off sharply in March.

The announcement of levies against global steel and aluminum imports in early March led to the implementation of levies on March 23, however 50% of all US steel imports we're exempt from those tariffs as the President excluded Brazil, South Korea, Mexico and Canada from tariffs. In retaliation to US tariffs, China announced a 25% tariffs on $3 billion worth of US goods. The main focus of these announced tariffs is to retaliate against China for years of forced intellectual property transfer and requirements that US companies set up production lines in China with Chinese backed joint venture partners. This has transferred significant valuable IP to Chinese hands.

Volatility in the capital markets was heightened just after quarter end as The United States and its allies, the UK and France launched airstrikes against Syrian military targets to punish President Bashar al-Assad of Syria for suspected chemical attacks on his own people near Damascus that killed more than 40 people. The attack was intended to show Western resolve in the face of what the leaders of the three nations called persistent violations of international law. This is not the first attack the US has been involved in this year, but the first involving its allies. The US is no longer willing to accept Russian involvement and support of the al-Assad regime as it continues to fight a tragic civil war using chemical weapons against its own citizenry. The implications for this battle are wide spread as the US and Russian aggression cause ripples in global trade and security. It is in times of uncertainty that investors look increasingly to a safe haven such as gold, in order to diversify their risk.

We continue to be more focused on the higher quality names in this environment. Companies with solid production, reasonable cost structures, and experienced management are favoured. At the same time, we believe that adding exposure to select smaller producers and developers with quality assets will be a profitable strategy as the industry struggles to find new deposits, particularly with less money being spend on exploration than in previous cycles.

During the quarter, we increased our position in B2GOLD. B2Gold is a mid-tier gold producer with an excellent growth profile. The company owns five producing mines (located in the Philippines, Namibia, Mali and Nicaragua), as well as two development projects (in Colombia and Burkina Faso). In 2018, B2GOLD produced 241koz at AISC of $894oz. We believe the companies solid production record and the upside potential at Kiaka in Burkina Faso will lead the shares higher.

The fund has continued to hold a position in Kirkland Lake Gold. Although the company's shares had a tremendous run in 2017, returning 175%, the company has continued to post solid operational results in 2018. We consider Kirkland Lake to be trading towards the higher end of its valuation range, so although we have continued to own the company, we have been writing call options on our position in order to generate additional returns.

Currently, Newmont Mining is one of the Fund's preferred large cap names. Newmont has established a reliable record of execution over the last 2 years, and been able to generate free cash flow, leading to an improved balance sheet. While AISC (all in sustaining costs) are slightly higher than some peers at $973 in Q1/18, we believe this is offset by their leading reserve life of 14 years, and continued solid execution. With cash and equivalents of $3.1 billion (vs debt of $4.1 billion), the balance sheet is in good shape and we expect the stock to react well to upcoming catalysts expected in mid-2018 including declaring commercial production at Twin Underground and Subika Underground.

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 period ended March 31, 2018, the Fund generated income from option writing of approximately $0.3 million or $0.065 per weighted average number of shares outstanding. The Fund declared regular monthly distributions totalling $0.072 per Class A Share for the period.

Since inception of FGX the Fund has generated over $24.6 million in option premium, or $5.23 per weighted average share. For the quarter ending March 31, 2018, the Fund's NAV combined with paid distributions during the quarter generated a return of -7.78% underperforming the TSX Gold Index return of -4.20%.