FAIRCOURT

GOLD INCOME CORP.

Fourth Quarter 2019

Inception Date: November 16, 2007
Fund Manager: Faircourt Asset Management Inc.
Portfolio Advisor: Faircourt Asset Management Inc.
NEO 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, 2019, the yield was 8.28%.

TOP TEN HOLDINGS as at December 31, 2019

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc.
- B2Gold Corp.
- Barrick Gold Corp.
- Endeavour Mining Corporation
- Kinross Gold Corp.
- Pretium Resources Inc.
- Silvercrest Metals Inc.
- Teranga Gold Corp.
- Wheaton Precious Metals Corp.

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

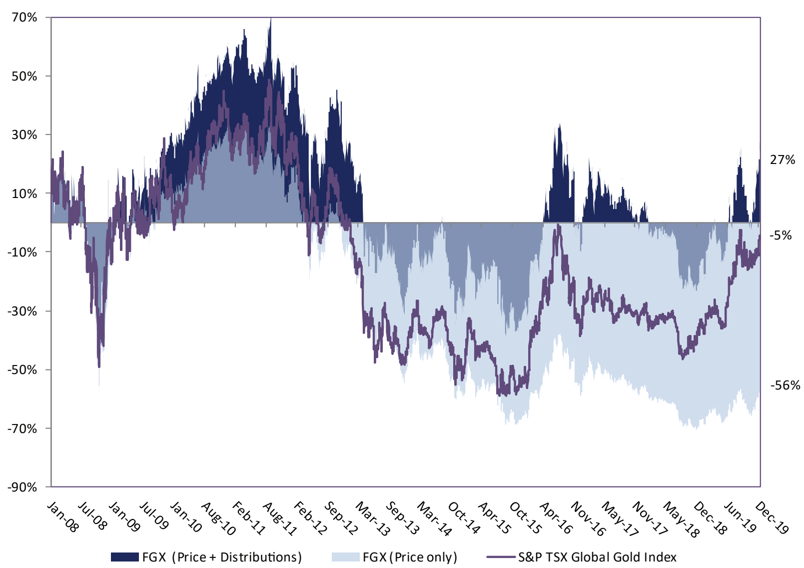
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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

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, 2019

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price [1,2]	45.48%	7.72%	11.66%	0.07%	0.53%
FGX – NAV [1,3]	45.91%	10.13%	12.45%	-0.14%	1.10%
FGX – Index	41.31%	11.36%	13.38%	-1.42%	-0.40%

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

Distribution History	Since Inception	2019	2018	2017	2016
Total Distributions Per Share	$5.48	$0.29	$0.29	$0.29	$0.29

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GOLD INCOME CORP.

Fourth Quarter 2019

2019 was a year when uncertainties on a number of economic and geo-political fronts led to a strengthening in the gold price. Global growth in 2019 recorded its weakest pace since the financial crisis a decade ago. Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In advanced economies and in China, these developments magnified cyclical and structural slowdowns already under way. Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia. Central banks reacted aggressively to the weaker activity. Over the course of the year, several—including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks—cut interest rates, while the ECB also restarted asset purchases.

The U.S. China trade dispute that ebbed and flowed during much of 2019, witnessed threats of increased barriers to trade between the two largest economies in the world. However more important than merely the trade dispute was China's stance with respect to US technology and how over the years, it had misused proprietary US technology. Over the years it was as if US companies and various US Administrations had turned a blind eye to the practice. The current President wanted to change the practice as part of his American jobs and America First initiatives. The combining of trade issues and technology sharing have spilled over to create an uneasy trade negotiation. As the second half of the year progressed market reaction was that a deal was in the works.

After several planned trade meetings both in Washington and Beijing, President Trump followed through on months of threats to impose sweeping tariffs on China for its alleged unfair trade practices. So far, the US has slapped tariffs on a total of $550 billion worth of Chinese products, China in turn has set tariffs on $185 billion worth of US goods. A very significant issue within the trade war focusses on new procedures for identifying and addressing transactions that pose a national security risk to a country's telecommunications network and/or services supply chain. The new procedures are designed to give the US government power to restrict US companies from importing and using foreign technology in domestic infrastructure. During the last year, both Huawei and ZTE were placed on a "blacklist" because of national security concerns. We believe that sabre rattling by either side in this dispute continues to lead to rallying in the gold price.

Stronger gold prices were felt in the second half of the year as there were changes in interest rate policy in the US, where the U.S. Federal Reserve changed direction mid-year. The US Fed through 2018 and into early '19 was more bullish on the US economy, maintaining interest rates in an attempt to curb rising inflation. However, in late Spring the US Fed changed its view of the underlying strength in the economy, partly due to rising trade tensions and uncertainty of the effect trade negotiations would have on American jobs. Since the Fed adjusted its focus to be more accommodating to sustain US growth, gold prices have climbed significantly.

Part of the reason for the significant change in the price of the metal is that as the US Fed effectively sets global fixed income markets, the effect lower US rates have on other sovereigns leads to a rise in gold prices. Europe is still attempting to deal with the burden of increased debt levels from a decade ago with virtual negative interest rates. With the US Fed announcement that US rates would be decreasing, other countries of the developed world would be forced to assist their own economies through other accommodations, which de-values currencies, strengthening investors appetite for gold.

To add to an already complicated world geo-political environment, early 2020 saw rising tensions in the Middle East, with the US carrying out a mission in which the leader of Iran's military was killed. The unprovoked attack which took place in Iraq was met with concerns around the world, further de-stabilizing an already fragile environment as the Trump Administration has been focussed on changing the previous administration's nuclear agreements with Iran over continued lack of verification and mistrust. In response to the US attack, missiles were fired at forward US bases in Iraq without fatalities, however the back and forth has raised the level of tensions in the Middle East.

There was an 18% appreciation in the price of physical gold during 2019 which lead to strong performance from the material sector. Leading the sector's strong performance included Barrick (32%), Franco Nevada(+40%), Agnico Eagle(+45%), and Wheaton Precious Metals (+45%).

While 2019 was a good year for gold and gold equities, two events showcase the kind of transactions and strategic direction that the sector needs to win back the trust of investors, widen its investment appeal, and continue its strong performance.

To begin the year, Barrick and Randgold closed their merger (announced in 2018). With a portfolio of top-tier assets, and a solid management team lead by Randgold's Mark Bristow the combined entity returned 32% during what was to be a transitional year. Shortly following the merger closing, Barrick in March announced a Joint Venture with Newmont for each of the company's assets in Nevada. Such a transaction had been speculated about for years due to the enormous potential for synergies, with their closely positioned assets. The companies have estimated savings of more than $500 million per year over a 20 year period. While each of these transactions is meaningful, we believe that it also signals that the industry is prepared to finally make strategic and capital allocation decisions based on shareholder concerns and realizing return on invested capital. We look forward to seeing additional transactions in 2020 and beyond that make both financial and operational sense, as apposed to simply putting companies together to get bigger.

In that regard, one of our portfolio companies, Teranga Gold, announced that it was acquiring Massawa, a Barrick development asset located in Senegal near Teranga's existing mine and mill. Teranga is a mid-tier gold producer with an operating mine (Wahgnion) in Burkina Faso along with its operations in Sengal. The company also owns exploration stage properties in Cote d'Ivoire. In 2019 the Company produced 288,000 ounces of gold, exceeding its guidance of 245,000-270,000 ounces of gold at an all in sustaining cost of approximately $1000.

The acquisition of Massawa is transformative for Teranga as the project will produce an average of 200,000 ounces of gold per year over an initial 10 year mine life. The acquisition is a win for both sides as Teranga has existing infrastructure with capacity to process ore from Massawa and Barrick saves several hundred million dollars, and years of development by selling the asset (while retaining some ownership through shares of Teranga). We entered the position with the belief that this transaction would eventually take place and were rewarded as it came to fruition quickly. Teranga returned 74% during the year.

A number of the Fund's positions performed well during the year, benefitting from higher gold and silver prices along with improved sentiment for the sector. Detour Gold, which had languished during 2018 due to ongoing operational issues began to turn operations around in 2019 following actions by Activist Investor Paulson funds to reconstitute the Board and replace senior management. Mick McMullen, an experienced mining executive was appointed President & CEO in May and began making operational improvements. The stock price responded strongly, with the shares rising from the $11-$12 range in April to a peak of $25.24 in August before settling back to $18.57 in early November. However, the shares received a further boost when on November 25th, Kirkland Lake Gold announced it was acquiring Detour Gold in an all share deal of 0.4343 shares of Kirkland Lake for each share of Detour. Part of our thesis for owning Detour was that the Company had value to do with the scarcity of large, long life assets in safe mining jurisdictions, and we believe that this is what attracted Kirkland Lake to the Detour Gold. Overall, Detour was up 118% for the year.

Another very strong performer in the portfolio was SIlvercrest Metals. This company was a spin-out of the original Silvercest Mining, which was acquired by First Majestic in 2015. Silvercrest owns the very high grade exploration project Las Chispas located in Sonora, Mexico. Las Chispas was carved out of the First Majestic deal as Silvercrest founder, Eric Fier saw the potential of the asset. The Company released a PEA (preliminary economic assessment) in May which showed an impressive 78% IRR with a modest $100 million capital expenditure requirement. During 2019, Silvercrest continued to aggressively drill out the project, releasing excellent drill results and new zone discoveries on a regular basis. The stock reacted strongly to the ongoing positive news flow and ended the year up 119%. We are encouraged to see investor interest in quality exploration names as we believe this is indicative of greater investor risk appetite in the precious metals space.

While some small or mid cap names performed exceptionally well during 2019, the rebound in the sector was also quite broad with quality names such as Agnico-Eagle, one the Fund's top holdings, rising 46.7% during the year on solid continued operational execution. In addition, AEM increased its dividend by 40% during the year and we expect Agnico to generate significant free cash flow in the coming years as a major phase of planned capital expenditures was completed in 2019.

Looking forward to 2020, we believe that gold equities are setting up for strong run. An extended period of underinvestment has "left the cupboard bare" in terms of quality undeveloped projects and this scarcity has not yet been priced into the market. The time required to bring an asset from discovery to production has lengthened. With increased regulations, permitting and approvals, the time period to bring a mine to production is ten years. At the same time, the industry is greatly improved in terms of capital discipline and cost structure. Together, these factors suggest strong performance in the sector in the coming years and while the effects of the underinvestment on production will not manifest suddenly, it also will not be quickly addressed.

Heightened uncertainty has led to renewed calls from central bankers for easing money supply. This is a time when physical gold has stabilized, asserted its strength and reemphasized its role as a safe haven. We will continue to invest selectively in those precious metals companies in which we see promise. In addition, we will use our option writing program to generate a monthly income stream that we pay out to shareholders. We continue to believe the funds approach to combining a solid base of large cap names, with selective mid and small cap exposure, along with an active option writing program will continue to perform well into 2020.

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. Since inception of the Fund, the Manager has generated significant income from option premium of approximately $26.84 million or $5.80 per weighted average number of Shares outstanding. For the year ended December 31, 2019, the Fund generated income from option writing of approximately $1.11 million or $0.280 per weighted average number of Share outstanding declaring regular monthly distributions totaling $0.288 per Share.

For the year ended December 31, 2019, the Fund generated a total return of 41.5% on a market price basis and 45.5% on a NAV basis versus its benchmark, the S&PTSX Global Gold Index performance of 41.3%.