FAIRCOURT

GOLD INCOME CORP.

June 30, 2020

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 June 30, 2020, the yield was 7.16%.

TOP TEN HOLDINGS as at June 30, 2020

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc.
- B2Gold Corp.
- Barrick Gold Corp.
- Eldorado Gold Corp.
- Endeavour Mining Corporation
- Kinross Gold Corp.
- MAG Silver Corp.
- Silvercrest Metals Inc.
- 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

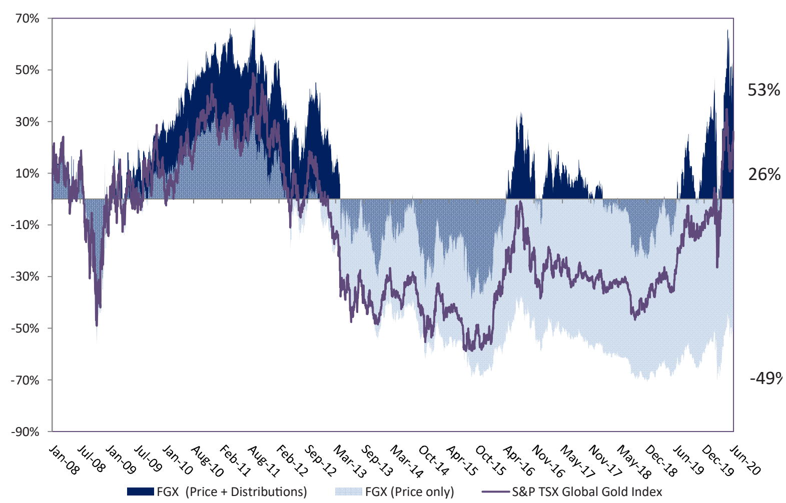
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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:

- Massive Stimulus from governments in response to the global pandemic
- Central Banks expanding balance sheets, and becoming buyer of last resort for many asset classes
- Concerns about the sluggish re-opening of the global economy
- New rounds of Quantitative Easing on the horizon
- 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 June 30, 2020

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price [1,2]	53.21%	13.04%	12.07%	0.73%	1.99%
FGX – NAV [1,3]	69.90%	19.80%	19.28%	19.28%	3.44%
FGX – Index	58.37%	22.18%	19.10%	0.04%	1.90%

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	$5.59	$0.29	$0.29	$0.29	$0.29

FAIRCOURT *Asset Management Inc.*
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June 30, 2020

January 2020 started the year off with great enthusiasm as equity markets rallied at the beginning of the year. But as we moved into March, the global spread of the coronavirus inserted a new level of risk that few anticipated would become a cause to shut down the global economy. The medical establishment, and governments around the world began to suggest shutting down economies and asked citizens to shelter in place, wear masks and gloves and socially distance yourself from others. The world now works from home, schools went virtual and consumers shopped online. Shelter-in-place (SIP), work-from-home (WFH) and remote-learning (RL) policies dominated 2Q20. The jobs report in May noted the unemployment rate was 23% and making the situation more complicated was the realization that 42% of layoffs caused by the pandemic are likely not coming back.

The global governmental response to the COVID crisis has been unprecedented. In both Canada and the US, federal stimulus programs were enacted in April, providing initial support to the unemployed, to industries hardest hit as well as to recovery plans aiding the re-opening. It must be stated that although there were mistakes, the speed with which federal governments responded to the pandemic was unprecedented. If we consider the many months that governments took to figure out responses to the Financial Crisis of 2008-09, the current situation was met with efficiency and size. The amount of stimulus provided in the US alone amounts to $6 trillion including funds from the Congress, Treasury and the US Federal Reserve.

Within these efforts, Central Banks around the world have stepped up monetary support to levels not seen before. US Federal Reserve Chair Jerome Powell has stated that the Fed is prepared to do "whatever it takes" to assist in the revitalization of the US economy, including the maintenance of a low interest rate policy that will keep rates near zero until at least 2022. It is these bold actions though that have long term and potentially unintentional consequences. Chairman Powell has stated that the Fed will not only support Treasury issuance but will also support the corporate bond market. This has wide ranging and concerning implications. If the US Fed balance sheet is used to set the price of assets such as the S&P500, investment grade and high yield credit, the Fed ends up controlling all asset prices. As a result, pricing in stock markets and bond markets no longer reflect true equity or default risk. This potentially increases the likelihood of more serious consequences down the road for the currencies and governments. We know from recent history that countries that have monetized their debt have had consequences for government bond interest rates as well as for equity and borrowing.

Fundamental drivers for the broader market seem to shift, surrounding the FED, surrounding a vaccine, surrounding dollar devaluation. The buyer of last resort or the appeal that it's the Fed's role to be the buyer of last resort continues to dominate momentum. We have witnessed some of the largest global stimulus packages in history, both from governments and central banks. In the last decade it worked. As current policy support deadlines approach in the US we are going to have another round of helicopter stimulus money coming down from the sky that may have the effect of supporting exaggerated equity market values in the near term.

On the unemployment front, an instructive way to analyze the magnitude of the US labour market deterioration is to look at continuing unemployment claims. As of late July continuing claims were 16 million, currently 2.5x the previous high of 6.6 million set during the financial crisis of 2008-09. The traditional cure for a weak economy has been a reliance on the consumer to bail out the North American economy. Some combination of low interest rates, relaxed mortgage terms, a wealth effect from rising stock and bond markets and access to credit card debt has generally been enough to get the consumer spending. In this instance, the consumer is generally under-employed over levered and over extended. This combination of exceptional government stimulus, economic concerns, and emerging cracks in the dominance of the USD have merged to create a very strong environment for gold. And the financial stresses that COVID-19 has caused will persist long after the virus has been brought under control through effective treatments, vaccines, or both. We believe that this means the environment for gold will remain positive for several years and that investors will be well served by having an allocation to gold in their portfolios.

What has transpired in the first half of 2020 demonstrates the value of Faircourt Gold Income Corp's all-cap, option enhanced strategy. While the gold sector was dealing with a range of challenges over the past 9 years, the fund was able to continue paying investors a solid monthly distribution, essentially allowing investors to be "paid while they wait" for better times in the gold sector. Well, those times have arrived and the fund has been able to scale back its option writing, and increase its weighting in emerging producers, developers, and even adding some explorers.

With the S&P/TSX Gold index gaining 32% during the first six months of the year, many gold companies generated significantly higher returns. Despite this, we continue to believe that many gold equities still represent good value. The sector was out of favour for almost a decade and is significantly under-represented in many portfolios.

Alamos Gold, a position that has frequently been a top 10 holding of the Fund, performed very well during the period, generating a return of 62%. Alamos is a mid-tier producer with four operating assets, two in Canada and two in Mexico, along with development assets in Turkey and Canada. In addition to the tailwind from gold price increases, Alamos' stock price benefited from improved costs at its Young-Davidson project and expansion plans/exploration potential at its Island Gold project. Subsequent to June 30th, the company released details on its expansion plan for the project, which was generally inline with expectations and will bring average production to over 225,000 oz/year, once the expansion is completed in 2024. While the stock has performed very well, we see additional potential upside from exploration success at Island Gold and Lynn Lake as well as progress in permitting in Turkey.

Battle North Gold (formerly Rubicon Resources) was one of the Fund's best performing positions during the period with a return of 72%. We entered this position in 2019 at very attractive prices, in the $.80-.90 cent range. Battle North is developing the Bateman (formerly Phoenix) gold project in Red Lake Ontario. As we have previously written, the project experienced difficulties in the past when the original geological model did not prove economic but a new management team has revitalized the project and driven value. Since taking over, management has provided an updated resource and a PEA which were both very positive. While the returns to date have been exceptional, the stock was trading in deep value territory, and we believe there is significant additional upside as the company works towards the release of an updated Preliminary Economic Assessment (PEA) in the second half of 2020.

K92 mining has been a top performing gold stock for the fund this year, up 40% to June 30th, and returning over 100% to the end of July. K92 operates the Kainantu mine in Papua New Guinea. This mine is very high grade and has actually been producing at between 15 to 20 g/t for several years, with expected production of around 120koz in 2020. While we expect grades to moderate somewhat, the deposit should remain a high grade producer for years. In late July, the company released an updated phase 3 expansion plan that outlined a path to producing over 300koz/ year at a cost of $489oz over a 12 year mine life. This puts the mine at a "world class" level as there are very few mines of this high quality in the world. While Papua New Guinea is not without political risk, the company has been very good at navigating the country specific issues, and is careful to maintain its strong social license. We continue to believe the stock offers good value for such a quality asset.

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 $27.22 million or $5.93 per weighted average number of Shares outstanding. For the year to date period ending June 30, 2020, the Fund generated income from option writing of approximately $0.37 million or $0.106 per weighted average number of shares outstanding declaring regular monthly distributions totaling $0.144 per Share.

For the year to date period ending June 30, 2020, the Fund generated a total return of 20.19% on a market price basis and 29% on a NAV basis versus its benchmark, the S&PTSX Global Gold Index performance of 33.1%.

Fear gauge is at extreme levels making protection buying very expensive. Instead we can use the volatility to our advantage and for as long as it is elevated we can sell options, generating significant option income, and on a stock by stock basis consider buying options on companies that may offer us a levered return to the upside when markets return to more normal consumption patterns. Our downside is limited to the net premium paid. Investing with defined downside and upside we consider to be a very good form of risk management.

We are convinced with the durable nature of the critical infrastructure assets and necessity based goods and services of our investment portfolios. Inevitably, market volatility creates opportunities and this time may be no different. It is precisely when investors who maintain a long term view, balancing risk and opportunity, can position themselves to be rewarded. We will stay invested, look for opportunities in the options market, make decisions based on our risk tolerance and return expectations. Our mindset is the current period of above average anxiety will be followed by a period of slow and steady recovery as countries cautiously re-open borders and populations return back to more appropriate consumption patterns. This situation will only become normalized after people feel no fear of contracting COVID-19.

Since inception of the option-writing program in 2009, the Fund has generated significant income from option premium of approximately $12.22 million or $6.20 per weighted average number of Trust Units outstanding. For the first six months of 2020, the Fund generated income from option writing of approximately $0.12 million or $0.1155 per weighted average number of Trust Units outstanding.

For the year to date period ending June 30, 2020 the Fund returned +20.99% (Price basis) versus the benchmark performance of -4.84%. We will continue to use our option writing program to re balance our portfolio weightings and generate a monthly income stream that we pay out to shareholders. Over the past several years we have attempted to reduce the number of holdings in our portfolio and manage risk by not overpaying for growth while holding a concentrated portfolio of the team's best ideas that will navigate the Fund through these cautious markets.