FAIRCOURT

GOLD INCOME CORP.

Second Quarter 2022

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, 2022, the yield was 8.57%.

TOP TEN HOLDINGS as at June 30, 2022

- Agnico Eagle Mines Ltd.
- Alamos Gold Inc.
- B2Gold Corp
- Barrick Gold Corp.
- Dundee Precious Metals Inc.
- Endeavour Mining Corp.
- Franco-Nevada Corp.
- K92 Mining Inc.
- Newmont 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

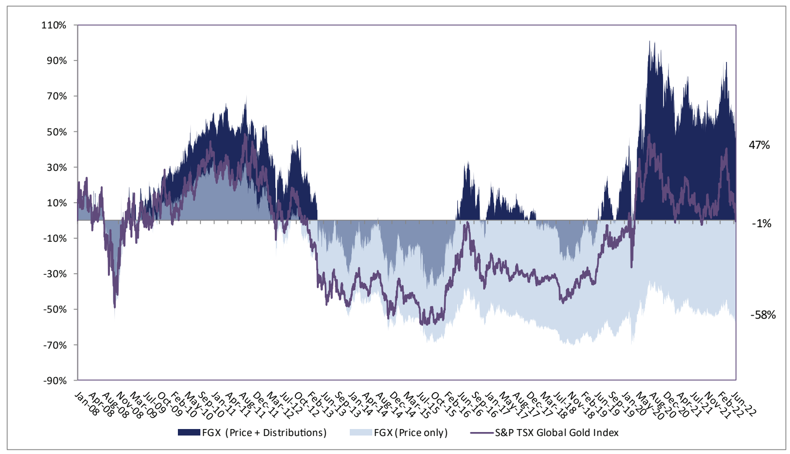
The Portfolio Advisor believes the fundamentals for investments in precious metals companies continue to be strong, especially during this uncertain global economic environment.

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:

- 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
- Prolonged period of negative interest rates 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, 2022

	1 Year	3 Year	5 Year	10 Year	Since Inception*
FGX – Price [1,2]	-10.72%	21.63%	13.84%	1.77%	1.45%
FGX – NAV [1,3]	-22.49%	20.04%	7.19%	0.93%	0.72%
FGX – Index	-9.16%	17.75%	7.65%	-0.24%	0.00%

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

Distribution History	Since Inception	2022	2021	2020	2019
Total Distributions Per Share	$6.14	$0.14	$0.29	$0.29	$0.29

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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.

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The gold price was essentially flat during the first half of 2022, gaining 0.6% to $1,817, while gold equities struggled to find their footing, closing the period down 10.2%. Gold demand was driven by competing factors, as high interest rates and the resulting increased opportunity cost of holding gold (a non-yielding asset) lowering demand while geopolitical risks such as the war in Ukraine balanced this with stronger safe haven buying.

Gold generally performs well during times of higher inflation. The current bout of inflation has been driven by a number of factors, not all of which can be easily solved. Supply chain issues caused by lockdowns take time to resolve and have continued to wreak havoc in some countries such as China where widespread lockdowns have significantly affected production. Labour issues continue to plague many industries due to staffing shortages resulting from COVID lay-offs; labour migration to other industries, as well as sick leave from waves of COVID variant sickness. In this environment, inflation may prove more durable than expected, even as the US Federal Reserve continues to hike rates pushing the US economy into a slower pace and potentially recession.

There were few disinflationary signals to celebrate in the June inflation print with the reading of the Consumer Price Index (ex food and energy) showing that inflation continues to be an issue despite the FED's attempts to curb it with rate increases or with the implementation of quantitative tightening. The June CPI was +50bps from May and +9.1% year over year. This is a challenging environment for many asset classes but one in which gold has historically performed quite well averaging 22% returns in periods where inflation has exceeded 5% since 1971 (is this source? World Gold Council)

The first half of 2022 has been a US dollar story. DXY, an index that tracks the value of the USD vs a basket of trading currencies rose an impressive 16.6% during the period outperforming equity markets and bonds. Given USD strength, gold performed surprisingly well. Not surprisingly, gold returns in other currencies are significantly higher including 9.7% in Pounds Sterling, and 7.2% in Euro terms vs the S&P 500 down 20% over the same period. As stated previously, gold equities struggled ending the first half of 2022 -10.2%. Important to consider is that gold equities are often weak in the early stages of market downturns but historically has been one of the first sectors to recover, as the equities follow the commodity higher.

The global economy is entering an economic slowdown and the data being released is confirming this for us. Since Q4-21, the bond market has been signalling a rising rate environment. In addition, market participants may not be fully appreciating the upcoming earnings season challenges. This time last year, economic growth was accelerating, inflation was accelerating, earnings growth was accelerating along with monetary easing and fiscal easing. Now in the back half of 2022 we will likely see growth and inflation deaccelerating, earnings weakness along with monetary policy tightening.

Security selection will continue to be important in the gold sector, as cost pressures and resource nationalism will both increase risks to stock prices in the sector. We will continue to favour those companies with high quality assets operating in safer jurisdictions but will also look for smaller companies with high return potential.

K92 (KNT), a top ten holding in the fund is a good example of a company we see has having strong return potential despite being a single asset operator. K92's Kainantu mine in Papua New Guinea continues to be a strong asset with impressive grades and excellent exploration potential. Though Q2 grades were somewhat lower than expectations due to stope sequencing, KNT still managed to post a +8.1% return during H1/22.

The fund increased its position in Franco-Nevada (FNV) during the period. FNV has a diversified portfolio of royalties, focused on the gold sector. FNV's royalty payment structure helps insulate it from the cost pressures gold producers face during inflationary periods. FNV held in relatively well during the period posting better than index returns, down 4.4%.

Gold traditionally performs better during periods of heightened geopolitical risk. With the Russia Ukraine war now in its sixth month; increased negotiations on the part of "non-aligned countries now wanting entry into NATO in addition to the threat of Russian natural gas being shut off from Europe, we would, all things being equal anticipate higher gold prices. The challenging force in this environment is that with rising US FED policy relative to other currencies, we see a continued stronger USD that acts as a headwind to gold prices. However we see a decelerating economic environment in the US, one that with continued FED tightening should lead to reduced economic strength. At that time, gold may turn the corner. Until that time, we remain patient.

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 $28.38 million or $6.48 per weighted average number of Shares outstanding.

For the year to date period ending June 30, 2022, the Fund generated income from option writing of approximately $0.27 million or $0.094 per weighted average number of shares outstanding declaring regular monthly distributions totaling $0.144 per Share. For the period ending June 30, 2022, the Fund generated a total return of -6.43% on a market price basis and -17.94% on a NAV basis versus its benchmark, the S&PTSX Global Gold Index performance of -9.26%.