

## Franco-Nevada Reports its Second Quarter Results – Revenue Up 49% Over First Quarter

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*This press release contains forward-looking statements. Reference should be made to "Forward-looking Statements" at the end of this press release.*

### Highlights (US dollars)

- Franco-Nevada's second quarter financial results were significantly stronger compared to the first quarter. Revenues for the second quarter increased to \$41.0 million (+49%), Free Cash Flow\* increased to \$35.3 million (\$0.35 per share) and Net Income was \$9.9 million (\$0.10 per share).
- The Company is benefiting from solid operating results from its key royalties and strong commodity prices.
- During the quarter, Franco-Nevada paid dividends of \$11.8 million and at quarter end had no debt, working capital of \$310.8 million and an available Credit Facility of \$150.0 million.
- Franco-Nevada's board welcomed Derek W. Evans, previously President and CEO of Focus Energy Trust, as a new director today.

**TORONTO, August 8, 2008** - Franco-Nevada Corporation (TSX:FNV) today reported its financial results for the three months ended June 30, 2008. All figures are in US dollars unless otherwise noted. The complete Financial Statements and Management's Discussion and Analysis can be found on [www.sedar.com](http://www.sedar.com) and on Franco-Nevada's web site at [www.franco-nevada.com](http://www.franco-nevada.com).

On December 20, 2007, Franco-Nevada completed its initial public offering, listed on the Toronto Stock Exchange and purchased its royalty portfolio and other assets. As Franco-Nevada was established only in late-2007, there are no year-over-year comparable figures.

### Selected Financial Information:

(thousands of US dollars except per share amounts)

	Three months ended June 30, 2008	Six months ended June 30, 2008
<b>Statement of Operations</b>		
Total revenue	\$ 40,987	\$ 68,535
Depletion and depreciation	20,630	36,167
Net income	9,876	15,077
Basic and fully diluted EPS	\$ 0.10	\$ 0.16
<b>Statement of Cash Flows</b>		
Net cash provided by operating activities before changes in non-cash assets and liabilities	\$ 33,492	\$ 56,145
	Dec 31, 2007	June 30, 2008
<b>Balance Sheet</b>		
Cash and cash equivalents	\$ 12,894	\$ 204,553
Short-term investments	-	88,706
Total assets	1,336,656	1,591,763
Total shareholders' equity	1,287,054	1,537,078

### Revenues

Second quarter revenues were \$41.0 million which was a 49% increase from \$27.5 million in revenues in the first quarter of 2008. Key aspects of the second quarter revenue stream from the Corporation's revenue producing assets were as follows:

- Revenues were 54% from precious metals (39% from gold and 15% from platinum group metals) and 43% from oil and gas (27% oil and 16% gas). The balance was from base metals and other minerals.
- 97% of revenues in the first quarter were sourced from the geopolitically secure areas of North America and Australia.
- 71% of revenues were from revenue based royalties, 18% were from profit based royalties with the balance of revenues coming from working interests or dividends.

Franco-Nevada has no commodity price hedges. During the quarter, Franco-Nevada benefited from strong operating performances at its key producing royalties and higher commodity prices with average spot prices for the second quarter increasing 28% for both oil and gas and 8% for platinum compared to average spot prices in the first quarter.

Revenue from our Goldstrike royalties was \$11.9 million, an increase of 44%, as the waste stripping phase neared completion and ore started to be mined. Revenues from our Goldstrike royalties are expected to increase significantly in the second half of 2008 with production expected to be weighted towards the last quarter of the year as, upon completion of a planned waste stripping effort, higher grade ore is sourced from the Betze-Post pit.

The Stillwater royalty generated \$6.0 million benefiting from continued strong platinum group metal prices. Oil and gas revenues were very strong at \$17.6 million as a result of stronger oil and gas prices and new wells that came onstream at the end of the first quarter at the Edson Property. Revenues from the Robinson royalties are expected to increase as some key annual production thresholds have now been exceeded.

### **Costs, Expenses and Taxes**

An advantage of Franco-Nevada's royalty portfolio is that it requires relatively limited capital and minor direct operating costs. Most costs are related to production taxes and administration. Cost of operations was \$2.3 million in the quarter and \$4.1 million for the six months and was mostly comprised of oil and gas production taxes, operating costs on oil and gas working interests and net proceeds taxes on mineral royalties. General and administrative costs in the quarter were \$2.9 million and \$5.0 million for the six months. Business development costs were an additional \$0.4 million for the quarter and \$0.7 million for the six months. Income tax expense in the quarter was \$4.8 million and \$7.3 million for the six months.

### **Net Income & Non-GAAP Measures**

For the second quarter of 2008, net income was \$9.9 million (\$0.10 per share). Free Cash Flow\* was \$35.3 million (\$0.35 per share) representing a margin of 86% of revenue. EBITDA\* was \$34.3 million (\$0.34 per share), which represents a margin of 84% of revenue. Our definitions for both of these non-GAAP financial measures can be found in the MD&A.

For the six months ended June 30, 2008, net income was \$15.1 million (\$0.16 per share). Free Cash Flow\* was \$58.7 million (\$0.61 per share) representing a margin of 86% of revenue. EBITDA\* was \$57.6 million (\$0.60 per share), which represents a margin of 84% of revenue.

### **Balance Sheet and Capital Structure**

During the quarter, Franco-Nevada declared and paid its initial semi-annual dividend to shareholders of C\$0.12 (US\$0.1195) per share for a total payment of \$11.8 million.

As at June 30, 2008, Franco-Nevada had no debt, cash and cash equivalents of \$204.6 million and short term investments of \$88.7 million. Working capital on that date was \$310.8 million. In addition, Franco-Nevada holds shares in Newmont Mining Corporation valued at \$46.7 million at June 30, 2008. A \$150 million revolving term credit facility remains unutilized and fully available to the Corporation.

Franco-Nevada has outstanding 100.3 million common shares, 5.75 million warrants, and options outstanding to purchase 2.8 million shares.

## New Director

The Board of Directors of Franco-Nevada today welcomed Derek W. Evans as a new member of the board. This appointment brings to Franco-Nevada added experience in the Canadian oil and gas sector. Derek is based in Calgary and was recently President and CEO of Focus Energy Trust. He has over 25 years of experience in the oil and gas business in Western Canada, spending the majority of his career helping to build Renaissance Energy Limited in a variety of management and senior management roles. Derek currently serves as the Chairman of Endurance Energy, a private oil and gas company, as well as a director of a number of not-for-profit organizations. Derek has a Bachelor of Science degree in Mining Engineering from Queen's University in Ontario, is a registered Professional Engineer in the Province of Alberta and is a member of the Institute of Corporate Directors.

## Shareholder Information

The complete Management's Discussion and Analysis and Consolidated Financial Statements have been posted on Franco-Nevada's web site at [www.franco-nevada.com](http://www.franco-nevada.com). A new investor presentation incorporating the financial results reported with this release will be posted on August 11, 2008.

## Conference Call and Webcast

Management will host a conference call on Tuesday, August 12, 2008 at 11:00am ET to provide a business update and review second quarter results. Analysts and interested investors are invited to participate as follows:

Conference Call: Local: 416-644-3426; Toll-Free: 800-588-4490; Conference call title: Franco-Nevada

Conference Call Replay: A recording of the conference call will be available until August 20, 2008 at the following numbers: Local: 416-640-1917; Toll-Free: 877-289-8525; Pass code: 21279531#

Webcast: A live webcast of the conference call will be accessible on Franco-Nevada's website at [www.franco-nevada.com](http://www.franco-nevada.com).

## Corporate Summary

Franco-Nevada Corporation (TSX: FNV) is a resource royalty and investment company. The Corporation owns a diversified portfolio of precious and base metal royalties, oil and gas royalties and other interests. The portfolio includes assets in production, under development or in the exploration phase mostly located in geopolitically secure countries. Franco-Nevada intends to use its Free Cash Flow\* to further expand its portfolio in the resource sector and to pay dividends.

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\* Free Cash Flow and EBITDA are financial performance measures with no standardized meaning under GAAP. See our definitions in the Corporation's MD&A.

## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

*Certain information contained in this Press Release, including any information as to our strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "will", "anticipate", "contemplate", "target", "plan", "continue", "budget", "may", "intend", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Franco-Nevada to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: adverse fluctuations in the prices of the primary commodities that drive the Company's royalty revenue (gold, platinum group metals, copper, nickel, oil and gas); adverse fluctuations in the value of the Canadian and Australian dollar, and any other currency in which the Company generates revenue, relative to the US dollar; changes in national and local government legislation, including taxation policies; regulations and political or economic developments in any of the countries where the company holds interests in mineral and oil and gas properties; influence of macroeconomic developments; business opportunities that become available to, or are pursued by us; reduced access to debt and equity capital; litigation; title disputes related to our interests or any of the properties underlying the Royalty Portfolio; operating or technical difficulties on any of the properties underlying the Royalty Portfolio; risks and hazards associated with the business of development and mining on any of the properties underlying the Royalty Portfolio, including, but not limited to unusual or unexpected geological formations, cave-ins,*

*flooding and other natural disasters or civil unrest. The forward-looking statements contained in this Press Release are based upon assumptions management believes to be reasonable, including, without limitation, the ongoing operation of the properties underlying the Royalty Portfolio by the owners or operators of such properties in a manner consistent with past practice, the accuracy of public statements and disclosures made by the owners or operators of such underlying properties, no material adverse change in the market price of the commodities that underlie the Royalty Portfolio, and any other factors that cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Franco-Nevada cannot assure investors that actual results will be consistent with these forward-looking statements and readers are cautioned that forward-looking statements are not guarantees of future performance. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. For additional information with respect to risks, uncertainties and assumptions, please also refer to the "Risk Factors" section of our most recent Annual Information Form filed with the Canadian securities regulatory authorities on [www.sedar.com](http://www.sedar.com), as well as our Annual MD&A and our recent quarterly MD&As. The forward-looking statements herein are made as of the date of this Press Release only and Franco-Nevada does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.*

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