

Franco-Nevada Reports Solid Second Quarter Results and Strong Financial Position

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This press release contains forward-looking statements. Reference should be made to the "Cautionary Statement on Forward-looking Information" at the end of this press release.

Highlights for Q2 2009 (US dollars unless otherwise noted)

- Royalty Revenue⁽¹⁾ was \$32.9 million compared to \$29.2 million in Q1 2009 and \$40.9 million in Q2 2008.
- Gold Royalty Revenue of \$23.6 million was a new record high. The overall contribution from precious metals increased to 80% of Royalty Revenue.
- Free Cash Flow⁽²⁾ was \$27.9 million (\$0.27 per share) representing a margin of 85% of Royalty Revenue. This compares to \$24.9 million (\$0.25 per share) in Q1 2009 and \$35.3 million (\$0.35 per share) in Q2 2008.
- First gold revenue received from start-up of Coeur d'Alene Mines' Palmarejo project in Mexico. This revenue is expected to be materially higher beginning in Q3 2009. Guidance increased in Q2 for the Gold Quarry royalty.
- Successfully closed a Cdn\$370 million unit financing.
- At June 30, 2009 Franco-Nevada had a strong financial position with no debt or hedges and working capital of \$512.9 million, marketable securities of \$54.3 million and an undrawn \$150 million revolving credit facility.
- Semi-annual dividend of C\$15.7 million was paid in the quarter reflecting an increase in the dividend from Cdn\$0.12 per share to Cdn\$0.14 per share.

TORONTO, August 11, 2009 - Franco-Nevada Corporation (TSX: FNV) today reported its financial results for the three and six months ended June 30, 2009. All figures are in US dollars unless otherwise noted. The complete Financial Statements and Management's Discussion and Analysis can be found today on Franco-Nevada's website at www.franco-nevada.com and by tomorrow on www.sedar.com.

Selected Quarterly Financial Information:

(Thousands of US dollars, except per share amounts)

	Q2 2009	Q1 2009	Q2 2008
Royalty Revenue ⁽¹⁾	\$ 32,887	\$ 29,217	\$ 40,896
Total revenue	45,079 ⁽³⁾	33,116 ⁽³⁾	40,987
Net income	25,089	3,797	9,876
Basic earnings (loss) per share	\$ 0.25	\$ 0.04	\$ 0.10
Free cash flow ⁽²⁾	\$ 27,919	\$ 24,885	\$ 35,334
Free cash flow ⁽²⁾ per share	\$ 0.27	\$ 0.25	\$ 0.35
Total assets	\$ 1,877,235	\$ 1,491,921	\$ 1,591,763
Total shareholders' equity	\$ 1,790,068	\$ 1,423,078	\$ 1,537,078

(1) Royalty Revenue is defined by the Company as cash received or receivable from operating royalty assets earned during the period.

(2) Free Cash Flow is defined by the Company as operating income excluding any changes in fair value of derivative assets, plus depletion and depreciation, non-cash charges and any impairment of investments and royalty interests.

(3) Includes changes in fair value of derivative assets.

Revenues

Key aspects of the Company's revenue for the quarter are as follows:

- Royalty Revenue increased 13% from \$29.2 million in the first quarter of 2009 to \$32.9 million in the second quarter of 2009 and decreased 20% from \$40.9 million in the second quarter of 2008.
 - Q2 2009 vs. Q1 2009: The increase in Royalty Revenue was attributable primarily to the initial receipts from Palmarejo and a stronger performance from the Goldstrike NSR due to higher production levels.
 - Q2 2009 vs. Q2 2008: Despite a significant decline in non-gold commodity prices over the same quarter last year, the Company benefited from a diverse commodity portfolio with strong performance from the underlying assets. Average spot prices for oil, gas, platinum and palladium in Q2 2009 were down 48%, 66%, 42% and 47%, respectively, compared to the average spot prices realized in Q2 2008. However, overall Royalty Revenue decreased by only 20%. This reflected strong performance from the operating gold royalties, the addition of contributions from Gold Quarry and Palmarejo, and a 3% increase in the average gold price compared to Q2 2008.
- Royalty Revenue for the second quarter of 2009 was earned 80% from precious metals (72% gold and 8% platinum group metals), 19% from oil and gas (15% oil and 4% gas) and 1% base metals and other. Gold Royalty Revenue of \$23.6 million was at a new record level in the second quarter.
- 64% of Royalty Revenue was from revenue-based royalties, 22% was from profit-based royalties with the balance of revenues from working interests and other.
- The Company recorded a \$12.0 million gain in the fair value of the Palmarejo Gold Royalty Stream due to an increase in forward gold prices. It is anticipated that fluctuations in the fair value of the minimum royalty associated with the Palmarejo Gold Royalty Stream will become a recurring item on the Company's statement of operations. The gain is excluded from Royalty Revenue.
- For the second half of 2009, the Company expects Royalty Revenue from gold to further increase both in dollar and relative terms. Increased production at Gold Quarry and further contribution from Palmarejo, as the operation continues through the ramp-up phase, are expected to make stronger contributions to Royalty Revenue.

Costs, Expenses, Taxes and Capital

An advantage of Franco-Nevada's royalty portfolio is that it requires relatively limited capital and incurs only minor direct operating costs.

Costs of operations were \$1.8 million in Q2 2009, a decrease of 24% over the Q2 2008 level of \$2.3 million. The reduction was driven primarily by lower oil and gas production taxes and lower operating costs on working interests. General and administrative costs in the quarter were \$2.9 million and business development costs were an additional \$0.5 million, on par with Q2 2008 levels.

Net Income

Net income for Q2 2009 of \$25.1 million or \$0.25 per share included a \$12.0 million fair value gain for Palmarejo in addition to a foreign exchange gain of \$18.0 million.

The Company believes the best measures of its business are Royalty Revenue and Free Cash Flow. Free Cash Flow for the quarter was \$27.9 million (\$0.27 per share) representing a margin of 85% of Royalty Revenue. Free Cash Flow decreased from the Q2 2008 level of \$35.3 million, due to substantially lower prices for oil and gas and lower revenues from Stillwater. Our definitions of these non-GAAP financial measures can be found in the Company's interim Management's Discussion and Analysis.

Balance Sheet and Capital Structure

At June 30, 2009, Franco-Nevada had a strong financial position with no debt or hedges, working capital of \$512.9 million, and marketable securities valued at \$54.3 million. Included in working capital was Cdn\$370.3 million from a public offering of 11,500,000 units, including the full exercise of the over-allotment option, at a price of Cdn\$32.20 per unit, which closed on June 16, 2009. In addition, the Company has available an undrawn \$150 million revolving term credit facility. The marketable securities are held in highly liquid investments.

As at August 11, 2009, Franco-Nevada has 112.0 million common shares, 11.5 million warrants, 2.78 million options and 316,436 special warrants outstanding.

Dividend Declaration

On June 30, Franco-Nevada paid a semi-annual dividend of Cdn\$0.14 per share or C\$15.7 million to shareholders. This dividend was a 17% increase from the two Cdn\$0.12 per share dividends declared and paid in 2008.

Recent Royalty Portfolio Highlights

- **Palmarejo** - Construction and start-up of the project continues. The first dore was poured on March 30 and Franco-Nevada received its first royalty payment from Palmarejo of \$2.5 million.
- **Gold Quarry** - In April, Franco-Nevada was able to increase its 2009 guidance to 14,400 oz per annum attributable to this royalty interest - an increase of 29% from its earlier guidance. This reflects an increase in the stockpile portion of Minimum Annual Royalty obligation of Newmont Mining.
- **Goldstrike** - Mining of higher grade ore in the second quarter has resulted in production in excess of forecasted levels, and has contributed to a very strong performance in 2009 to-date. Barrick expects production will move in and out of extended waste stripping phases, which will cause fluctuations in our royalty revenues over time.
- **Stillwater** - In July as part of its financial restructuring, General Motors cancelled a supply agreement under which it paid Stillwater Mining premium prices for its production. As Franco-Nevada's royalties are calculated on spot prices and not contracted prices, there is no immediate direct impact on royalty payments. Franco-Nevada's carrying value for this royalty would be reviewed should the operator change its production levels or reserves. At this time, there is no indication of any accounting implications.
- **Robinson** - Quadra's guidance for copper production was reduced slightly in Q2 due to difficulty in accessing hypogene ore. Robinson is now expected to produce approximately 130 million pounds of copper, equal to the Franco-Nevada annual royalty hurdle rate. Gold production guidance of 100,000 ounces remains unchanged for the year and is in excess of the annual royalty hurdle of 60,000 ounces.
- **Tasiast** - In April, Red Back announced the discovery of a new zone of gold mineralization at the Tasiast mine, where the company has successfully expanded the resource in recent years. Red Back is expanding production through increased plant capacity and the introduction of dump leach processing for oxide ore. Franco-Nevada's royalty on Tasiast will begin after 600,000 oz of gold has been produced from the property. To date, almost 200,000 oz has been produced and the royalty is expected to become payable in early in 2011.
- **Detour Lake** - Detour Gold continues to expand resources and advance the Detour Lake project, with a pre-feasibility study expected in the second quarter of 2009 followed by a feasibility study later in the year.

Shareholder Information

The complete Financial Statements and Management's Discussion and Analysis can be found today on Franco-Nevada's website at www.franco-nevada.com and by tomorrow on www.sedar.com. Management will host a conference call on Wednesday, August 12th at 10:00am Toronto time to review the results. Interested investors are invited to participate as follows:

- Conference Call: Local: 416 644 3426; Toll-Free: 800 591 7539; Conference call title: Franco-Nevada Q2 2009 Results
- Conference Call Replay: A recording of the conference call will be available until August 19, 2009 at the following numbers: Local: 416-640-1917; Toll-Free: 877-289-8525; Pass code: 21312565#
- Webcast: A live audio webcast of the conference call will be accessible on the Company's website
- Slides: A presentation to accompany the conference call will be available on the Company's website

Corporate Summary

Franco-Nevada Corporation (TSX: FNV) is a gold-focused royalty company with additional interests in platinum group metals, oil & gas and other assets. It is the leading gold royalty company as measured by gold revenues, number of gold royalties and Free Cash Flow margins. Its portfolio of high-margin cash flow producing assets is located principally in the United States, Canada and Australia. The Company also holds a pipeline of potential future cash flowing assets that are under development or being explored.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information contained in this Press Release, including any information as to 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 "estimate", "expect", "expects", "expected" 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: fluctuations in the prices of the primary commodities that drive the Company's royalty revenue (gold, platinum group metals, copper, nickel, oil and gas); 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; operating or technical difficulties on any of the properties underlying; risks and hazards associated with the business of development and mining on any of the properties, 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 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, and any other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements because of the inherent uncertainty. 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, as well as our annual and interim MD&A. 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. Free Cash Flow, EBITDA and Royalty Revenue are non-GAAP financial measures which management believes are valuable indicators of the Company. These measures do not have any standardized meanings and are unlikely to be comparable to similar measures of other companies. For a reconciliation of these measures to various GAAP measures please see the Company's current and historical annual and interim MDA disclosure found on the Company's website and on SEDAR.

For more information, please go to our website at www.franco-nevada.com or contact:

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