

Attention Business Editors:

Underwriters of Franco-Nevada's Initial Public Offering Exercise Balance of Over-Allotment Option

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TORONTO, Dec. 31 /CNW/ - Franco-Nevada Corporation ("Franco-Nevada" or the "Company") (TSX:FNV) announced today that the underwriters of the Company's recent Initial Public Offering, which closed on December 20, 2007, have exercised the remaining portion of their over-allotment option and have completed the sale of the shares thereunder. This brings the total amount of shares issued pursuant to the offering to 82.8 million and the total amount of shares the Company has outstanding to 88.8 million. The offering was underwritten by a syndicate led by BMO Capital Markets and UBS Securities.

Under the terms of the over-allotment option, the underwriters have acquired a further three million common shares of Franco-Nevada, with resulting net proceeds to the Company of approximately \$43.6 million. Franco-Nevada intends to use approximately \$33 million of the net proceeds to repay, in full, funds drawn under its revolving credit facility. This leaves the Company with no debt and approximately \$10.6 million in cash to be used for working capital.

About Franco-Nevada

Franco-Nevada Corporation (FNV) is a TSX listed resource sector royalty and investment company. The Company owns a diversified portfolio of precious and base metal royalties, oil and natural 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.

The securities referenced by this news release have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent applicable exemption from registration requirements. This news release does not constitute an offer to sell or the solicitation of an offer to buy common shares of Franco-Nevada Corporation in any jurisdiction.

Forward-Looking Statements

This news release contains forward-looking statements, including "forward-looking statements" within the meaning of applicable Canadian and United States securities laws. Such forward-looking statements include, without limitation, statements regarding the use of proceeds of the transaction. Where statements by Franco-Nevada express or imply an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements all as may be set out under the headings "Forward Looking Statements" and "Risk Factors" in the prospectus pursuant to which the common shares of the Company have been issued and elsewhere in the Company's documents filed from time to time with the Toronto Stock Exchange and Canadian securities regulators. Franco-Nevada expressly disclaims any obligation to release publicly revisions to any forward-looking statement to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Additionally, Franco-Nevada expressly disclaims any obligation to comment on expectations of, or comments made by, third parties in respect of the possible transaction.

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/For further information: Further information on the Company is provided on its website www.franco-nevada.com; or please contact: Philip Koven, (416) 447-4740 Ext. 235/
(FNV.)

CO: Franco-Nevada Corporation

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