

Franco-Nevada to Acquire 7.29% Gold Quarry Royalty Interest for \$103.5 million

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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. Currency references are in US dollars.

TORONTO, December 23, 2008 – Franco-Nevada Corporation (TSX:FNV) has entered into agreements with private individuals to acquire an effective 7.29% net smelter returns ("NSR") royalty interest on the Gold Quarry Royalty Property ("the Gold Quarry Royalty") for a total consideration of \$103.5 million in cash. Franco-Nevada has over \$500 million in cash and other facilities to fund new investments. The purchase and sale agreements are subject to certain conditions with closing expected prior to December 31, 2008.

The Gold Quarry Royalty Property is an approximately 522 acre parcel of land in the Carlin District of north-central Nevada that covers a portion of the current Gold Quarry open pit mining operation of Newmont USA Limited, a wholly-owned subsidiary of Newmont Mining Corporation. Since 1984, over eight million ounces of gold are estimated to have been produced from the Royalty Property and the royalty interests being acquired are estimated to have realized approximately \$250 million in royalty payments.

Franco-Nevada's share of the Gold Quarry Royalty is currently paid on the greater of a 7.29% NSR based on production or a minimum annual royalty payment obligation tied to reserves and stockpiles. Based on historic reported payment data, Franco-Nevada expects to continue to receive on average greater than 11,200 gold royalty ounces per annum. The production based royalty can be taken in cash or in-kind. The Gold Quarry Royalty is reserved from an undivided interest in privately owned mineral land, not mining claims on government owned land. As such, the Gold Quarry Royalty is expected to be substantially insulated from the risk of new public land royalties and regulations.

The Gold Quarry operation is part of Newmont's Carlin Trend Complex located 40 miles west of Elko, Nevada. Newmont's Nevada properties operate as an integrated unit with different mine ore types and grades being transported within the Complex to utilize a variety of processing facilities. Newmont currently reports reserves and production numbers by area and does not publicly quote separate Gold Quarry numbers. Newmont reports that the Carlin Open Pit portion of the Nevada reserve base, which includes Gold Quarry, was 9.5 million ounces at the end of 2007.

The Gold Quarry Royalty is expected to compliment Franco-Nevada's other gold royalties in Nevada and become a core addition to Franco-Nevada's portfolio of over 285 royalty interests. The transaction is expected to be accretive to Franco-Nevada on most financial measures. In its most recent quarter ended September 30th, Franco-Nevada generated approximately \$40 million in royalty revenues. Of this, gold royalty revenues were approximately \$20 million making Franco-Nevada the leading gold royalty company by gold revenues, gold EBITDA and number of gold royalty interests. Franco-Nevada is optimistic on gold's longer term potential and the agreement to acquire the Gold Quarry Royalty is a first step in the company's near term strategy to further increase Franco-Nevada's exposure to gold.

Management will host a conference call on Tuesday, December 23, 2008 at 2:00pm ET to review the transaction. A presentation to accompany the conference call will be made available on the Company's website at www.franco-nevada.com prior to the call. Analysts and interested investors are invited to participate as follows:

- Conference Call: Local: 416-644-3419; Toll-Free: 800-733-7560; Conference call title: Franco-Nevada Royalty Acquisition
- Conference Call Replay: A recording of the conference call will be available until December 31, 2008 at the following numbers: Local: 416-640-1917; Toll-Free: 877-289-8525; Pass code: 21293385#
- Webcast: A live webcast of the conference call will be accessible on Franco-Nevada's website at www.franco-nevada.com.

Corporate Summary

Franco-Nevada Corporation (TSX: FNV) is a gold focused resource royalty and investment company. The Corporation owns a diversified portfolio of gold, platinum group metals, oil & gas royalties and other interests. The majority of revenues are generated from royalty properties in the United States, Canada and Australia.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information contained in this Press Release, including our expectation of the level of annual royalty ounces to be received from the Gold Quarry Royalty and certain pro-forma financial information and 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 "expects", "expected", "estimated", "continue" 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 U.S. 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 operating difficulties 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, as well as our Annual and Quarterly MD&A's. 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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