

Franco-Nevada Reports First Quarter Results and Increases Dividend

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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 (US dollars)

- Royalty Revenue⁽¹⁾ of \$29.2 million compared to \$27.5 million in Q1 2008.
- Contribution from precious metals increased to 77% of Royalty Revenue.
- Free cash flow⁽³⁾ of \$24.9 million (\$0.25 per share) or 85% of Royalty Revenue.
- Acquisition of a gold royalty stream interest in Coeur d'Alene Mines' Palmarejo project in Mexico and first revenue receipts from the Gold Quarry royalty acquired in December 2008.
- Strong financial position at March 31, 2009 with working capital of \$185.2 million, marketable securities valued at \$52.2 million and an undrawn \$150 million revolving term credit facility.
- Semi-annual dividend to be increased from Cdn\$0.12 per share to Cdn\$0.14 per share and to be paid on June 30, 2009 to shareholders of record on June 16, 2009.

TORONTO, May 11, 2009 - Franco-Nevada Corporation (TSX: FNV) today reported its financial results for the three months ended March 31, 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)

	Q1 2009	Q1 2008
Royalty Revenue ⁽¹⁾	\$ 29,217	\$ 27,456
Total revenue	33,116 ⁽²⁾	27,548
Net income	3,797	5,201
Basic earnings (loss) per share	\$ 0.04	\$ 0.06
Free cash flow ⁽³⁾	\$ 24,885	\$ 23,373
Free cash flow ⁽³⁾ per share	\$ 0.25	\$ 0.26
Total assets	\$ 1,491,921	\$ 1,579,871
Total shareholders' equity	\$ 1,423,078	\$ 1,528,840

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

(2) Includes a fair value gain on the Palmarejo Gold Royalty Stream.

(3) Free cash flow is defined by the Company as operating income plus depletion and depreciation, non-cash gains and charges and any impairment of investments and royalty interests.

Revenues

Key aspects of the Company's total revenue for the first quarter of 2009 are as follows:

- Royalty Revenue of \$29.2 million increased from Q1 2008 level of \$27.5 million. Total revenue of \$33.1 million includes a \$3.7 million fair value gain on the Palmarejo Gold Royalty Stream.
- 77% of Royalty Revenue was attributable to precious metals (65% from gold and 12% from platinum group metals) and 19% from oil and gas (10% oil and 9% gas). The balance was from base metals and other minerals. The contribution from precious metals was 59% of Royalty Revenue in Q1 2008.
- Royalty Revenue from Goldstrike increased 51.5% in Q1 2009 compared to Q1 2008. The Goldstrike operation performed better than expected due to higher open-pit grades, producing 0.40 million oz at total cash costs of \$435/oz.
- Gold Quarry's first contribution to Royalty Revenue was \$2.8 million. Gold Quarry was acquired on December 29, 2008.
- 88% of Royalty Revenue was sourced from the United States, Canada and Australia.
- 62% of Royalty Revenue was from revenue based royalties, 30% was from profit based royalties with the balance of revenues from working interests and other.
- The Company was negatively impacted by substantially lower average spot prices for oil, gas, platinum and palladium in Q1 2009. Prices for these commodities were down 49%, 38%, 46% and 55%, respectively, compared to the average spot prices realized in Q1 2008. Largely due to these price impacts the Stillwater royalty payment of \$1.9 million was reduced from \$4.1 million in Q1 2008 and oil and gas royalties of \$5.5 million were reduced from \$10.9 million in Q1 2008. In addition, the Canadian dollar decreased by 20% relative to the US dollar which negatively impacted the Company's revenues from its oil and gas royalties. Franco-Nevada's revenues are completely unhedged.
- Royalty Revenues also included a \$1.7 million contribution from the Pandora platinum project, an annual royalty paid following the completion of the operator's year end, and \$0.96 million from Kasese.
- The Company recorded a \$3.7 million gain in the fair value of the Palmarejo Gold Royalty Stream due to an increase in consensus gold price assumptions from the date of acquisition. 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.
- For the remainder of 2009, the Company expects Royalty Revenue from gold to increase from 2008 levels if gold prices continue to average above the \$872/oz average price experienced in 2008. In addition, the acquisition of Palmarejo in January 2009 is expected to make a significant contribution to Royalty Revenue by the third quarter of 2009.

Costs, Expenses, Taxes and Capital

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

Costs of operations were \$1.4 million in Q1 2009, a decrease of 22% over Q1 2008 level of \$1.8 million. The reduction is due to lower oil and gas production taxes offset by higher Nevada state taxes for Goldstrike and Gold Quarry. General and administrative costs in the quarter were \$2.7 million and business development costs were an additional \$0.4 million. General and administrative costs are expected to be lower for the balance of the year. Income tax expense in the quarter was \$1.7 million.

Net Income & Non-GAAP Measures

Net income for the first quarter of 2009 was \$3.8 million (\$0.04 per share) compared with \$5.2 million (\$0.06 per share) for the first quarter of 2008. Free Cash Flow for the quarter was \$24.9 million (\$0.25 per share) representing a margin of 85% of Royalty Revenue and an increase from Q1 2008 of \$23.4 million. 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

As at March 31, 2009, the Company had cash and cash equivalents of \$99.6 million, short-term investments of \$55.9 million, no debt and working capital of \$185.2 million. In addition, Franco-Nevada holds shares in marketable securities valued at \$52.2 million as at March 31, 2009 and had an undrawn \$150 million revolving term credit facility.

As at May 11, 2009, Franco-Nevada has 100.3 million common shares outstanding, 5.75 million warrants, and options exercisable to purchase 2.89 million shares.

Dividend Declaration

The Board of Directors of Franco-Nevada today declared a semi-annual dividend of Cdn\$0.14 per share. The dividend is a 16.7% increase from the Cdn\$0.12 per share dividend declared for the same period in 2008. The dividend will be paid on June 30, 2009 to shareholders of record on June 16, 2009.

Recent Royalty Portfolio Highlights

- **Palmarejo** - On January 21, 2009, Franco-Nevada acquired a gold royalty stream on 50% of the gold produced from Coeur d'Alene Mines' Palmarejo property in Mexico. The gold royalty stream is paid on the difference between the spot gold price and \$400/oz (inflation adjusted). On March 30, 2009, Coeur announced the on-time commencement of the Palmarejo mine and the first pour of gold/silver dore and reiterated its guidance to produce 5.3 million oz of silver and 72,000 oz of gold in 2009. Franco-Nevada expects to receive its first royalty payments from Palmarejo in Q2 2009.
- **Gold Quarry** - Newmont disclosed in its February 2009 earnings call that the Gold Quarry West Wall Layback Study has advanced to Stage Gate 3, and is a major exploration target with the potential for 2.5-million and 3.5-million oz of additional reserve conversion expected in 2009. This should add significant life to the Gold Quarry Mine, as well as to the Gold Quarry Royalty. In addition, 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.
- **Tasiast** - On March 23, 2009, Redback announced a 39% increase in reserves and a 32% increase in resources over their previously reported numbers. The measured, indicated and inferred resource currently stands at 4.5 Moz of Au¹. The current resources are contained in a six kilometre strike length of a structure that has been traced over 70 km via aerial geophysics. Franco-Nevada's royalty on Tasiast will begin after 600,000 oz of gold has been produced from the property.
- **Hollister** - Great Basin announced further high grade exploration drilling results at its Hollister property in Nevada for the quarter ending March 31, 2009. The drill results continued to expand the size of the Hatter Graben discovery which falls on ground on which Franco-Nevada has a 5% NSR. Franco-Nevada is currently receiving revenue from the toll-treating of ore from Hollister at nearby facilities.
- **Holloway/Hislop** - St Andrew Goldfields announced plans to put its Holloway mine into production and to advance exploration and mine development of its Hislop Project. St Andrew aims to attain annual gold production of approximately 120,000 oz from the properties and believes it will take approximately 6 months to complete the required pre-production activities at the Holloway mine. Franco-Nevada has agreed to amend the sliding scale on its existing royalty on the Holloway property which will be less onerous at current gold prices and will increase with higher prices. At a gold price of \$900/oz the royalty will now be a 4% NSR. Franco-Nevada recently purchased a 4% NSR royalty on the Hislop property for US\$4 million and obtained a further 1% NSR royalty on the Aquarius property above a gold price of \$1,000/oz.

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 today a 2:00pm Toronto time to review the results. Interested investors are invited to participate as follows:

- Conference Call: Local: 416-644-3418; Toll-Free: 800-731-6941; Conference call title: Franco-Nevada First Quarter 2009 Financial Results
- Conference Call Replay: A recording of the conference call will be available until May 19, 2009 at the following numbers: Local: 416-640-1917; Toll-Free: 877-289-8525; Pass code: 21305622#
- 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

¹ Resources stated in Franco-Nevada AIF

Corporate Summary

Franco-Nevada Corporation (TSX: FNV) is a gold focused royalty company with additional interests in platinum 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

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

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