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No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state and may not be offered, sold or delivered in the United States of America except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. See "Plan of Distribution".

SECOND AMENDED AND RESTATED PRELIMINARY PROSPECTUS

Initial Public Offering

November 20, 2007



Franco-Nevada

FRANCO-NEVADA CORPORATION

Cdn\$ ●

● Common Shares

This prospectus of Franco-Nevada Corporation ("Franco-Nevada") qualifies the distribution (the "Offering") of ● common shares of Franco-Nevada ("Common Shares") for aggregate gross proceeds of Cdn\$ ● million at a price of Cdn\$ ● per Common Share (the "Offering Price") plus any Common Shares issued pursuant to the Acquisition Agreement. See "Description of Common Shares", "Acquisition and Related Transactions" and "Plan of Distribution".

Franco-Nevada is a resource sector royalty and investment company that was formed to acquire an established portfolio of mining and oil and natural gas royalties and certain equity interests (collectively, the "Royalty Portfolio") which has historically produced stable cash flows. See "Acquisition and Related Transactions". Franco-Nevada intends to grow this portfolio through the advancement of existing properties and through acquisitions and investments. The Royalty Portfolio consists of approximately 190 royalty interests in precious and base metal properties and certain equity interests (the "Mineral Royalties") and over 100 royalty and/or working interests in oil and natural gas properties (the "Oil & Gas Interests"). With underlying resources located primarily in North America and Australia, the Royalty Portfolio represents over two decades of acquisitions by Newmont Mining Corporation ("Newmont") and Franco-Nevada Mining Corporation Limited ("Old Franco-Nevada"), which Newmont acquired in 2002. Management believes that the Royalty Portfolio represents one of the largest holdings of precious metals and mining resource royalties in a publicly listed company.

The Mineral Royalties include interests in 21 operating projects (including royalty interests covering portions of the Goldstrike and Stillwater mines), 15 properties under development or advanced exploration and approximately 154 exploration properties. A majority of the Mineral Royalties that are in production are related to gold producing mining properties, although the Mineral Royalties also include exposure to platinum group metals ("PGM"), base metals and industrial minerals. The Oil & Gas Interests are located primarily in the Western Canadian Sedimentary Basin with similar amounts of revenue generated from both conventional oil and natural gas properties. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic (collectively, "Arctic Gas") resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

Investing in the Common Shares involves risks. See "Risk Factors".

Price: Cdn\$ ● per Common Share

	Price to the Public ⁽¹⁾	Underwriters' Fee ⁽²⁾	Proceeds to Franco-Nevada ⁽³⁾⁽⁴⁾
Per Common Share	Cdn\$ ●	Cdn\$ ●	Cdn\$ ●
Total ⁽⁴⁾	Cdn\$ ●	Cdn\$ ●	Cdn\$ ●

Notes:

- (1) The price to the public has been established pursuant to negotiations among Franco-Nevada, Newmont, as promoter, and the Underwriters (as defined herein).
- (2) Franco-Nevada has agreed to pay the Underwriters a fee equal to 4.5% of the gross proceeds of this Offering (the "Underwriters' Fee").
- (3) Before deducting the expenses of this Offering, which are estimated to be Cdn\$ ● and which, together with the Underwriters' Fee, will be paid out of the gross proceeds of this Offering.
- (4) Franco-Nevada has granted the Underwriters an option (the "Over-Allotment Option"), exercisable at any time for a period of 30 days following the closing of this Offering (the "Closing"), to purchase from Franco-Nevada at the Offering Price up to ● additional Common Shares (the "Over-Allotment Shares"). If the Underwriters exercise the Over-Allotment Option in full, the proceeds raised under the Offering will be Cdn\$ ●, the Underwriters' Fee will be Cdn\$ ● and the net proceeds to Franco-Nevada will be Cdn\$ ●. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares. See "Plan of Distribution".

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Franco-Nevada

Franco-Nevada is a resource sector royalty
and investment company

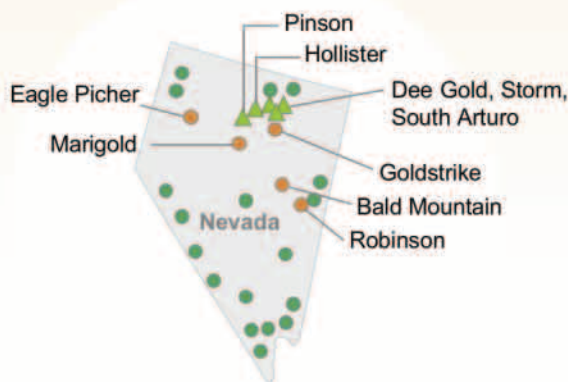


Goldstrike Franco-Nevada's cornerstone gold royalty on the Carlin Trend in Nevada, one of the world's largest gold-producing areas. Goldstrike is operated by Barrick, historically providing a stable stream of revenues.



Stillwater Franco-Nevada's largest platinum group metals is through the Stillwater Mine Complex in Montana, in production since 1987.

A diversified portfolio of precious and base metal royalties, oil and natural gas royalties and other interests.

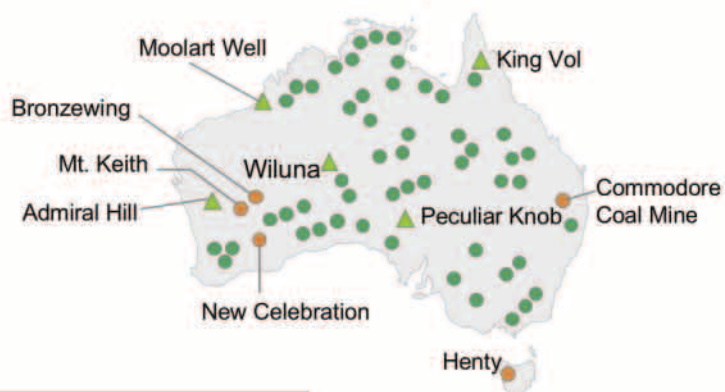
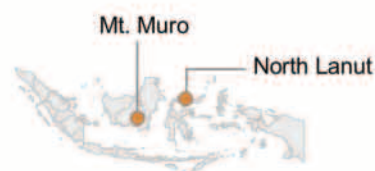
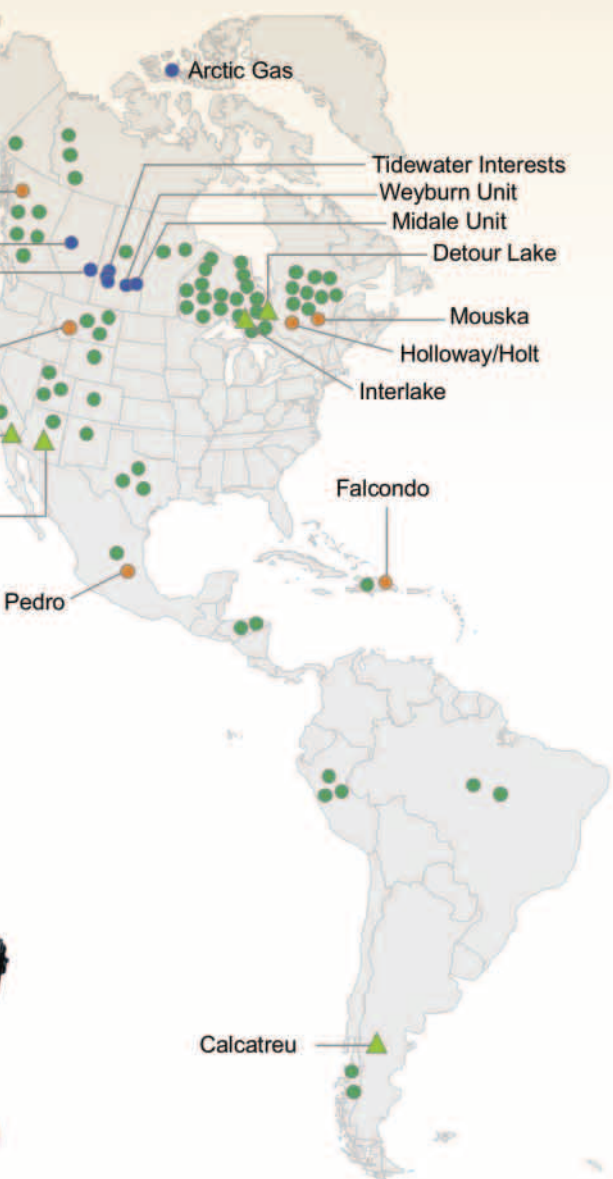




largest exposure to
ough royalties on the
ntana, which has been



Oil and Gas Most of Franco-Nevada's oil and natural gas revenue is generated by royalties and working interests on properties in Western Canada, operated by EnCana, Apache, Talisman, Canadian Natural Resources and Petro-Canada.



● Operating ▲ Development or advanced exploration ● Other exploration ● Oil & Gas

(continued from cover)

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell securities purchased under this prospectus.

BMO Nesbitt Burns Inc., UBS Securities Canada Inc., CIBC World Markets Inc., Citigroup Global Markets Canada Inc., J.P. Morgan Securities Inc., RBC Dominion Securities Inc., GMP Securities L.P., Dundee Securities Corporation, Genuity Capital Markets, HSBC Securities (Canada) Inc., National Bank Financial Inc., Paradigm Capital Inc. and Wellington West Capital Markets Inc. (collectively the “Underwriters”), as underwriters, conditionally offer the Common Shares for sale, subject to prior sale, if, as and when issued and delivered by Franco-Nevada and accepted by the Underwriters in accordance with the conditions contained in the agreement among Franco-Nevada, Newmont and the Underwriters dated ●, 2007 (the “Underwriting Agreement”) and subject to approval of certain legal matters on behalf of Franco-Nevada by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP. In connection with this Offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that otherwise might prevail on the open market. See “Plan of Distribution”.

BMO Nesbitt Burns Inc. and UBS Securities Canada Inc., each an Underwriter, is an affiliate of a lending institution that has been asked to consider providing or arranging a new secured credit facility to be available to Franco-Nevada upon Closing. If such affiliates were to do so (after receipt of all necessary approvals), Franco-Nevada may be considered to be a “connected issuer” of BMO Nesbitt Burns Inc. and UBS Securities Canada Inc. under Canadian securities laws. See “Debt Financing”, “Use of Proceeds”, and “Plan of Distribution”.

Newmont, which has acted as promoter, is organized under the laws of a foreign jurisdiction and resides outside of Canada. Although the promoter has appointed Goodmans LLP, Suite 2400, 250 Yonge Street, Toronto, Ontario, Canada, M5B 2M6 as its agent for service of process in Ontario it may not be possible for investors to collect from the promoter judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. See “Plan of Distribution”. It is expected that the closing of this Offering will take place on December ●, 2007 or on such other date as agreed to by the Underwriters, Newmont and Franco-Nevada, but not later than December ●, 2007.

No person is authorized by Franco-Nevada to provide any information or to make any representation other than as contained in this prospectus in connection with the issue and sale of securities offered by Franco-Nevada under this prospectus.

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GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, “Franco-Nevada” refers to Franco-Nevada Corporation alone and the “Company” refers to Franco-Nevada Corporation and its direct and indirect subsidiaries. Unless otherwise indicated, all information in this prospectus assumes that:

- the transactions under “Acquisition and Related Transactions” have been completed; and
- the Over-Allotment Option has not been exercised.

For reporting purposes, the Company prepares its financial statements in United States dollars and in conformity with accounting principles generally accepted in Canada, or Canadian GAAP, and has reconciled them to accounting principles generally accepted in the United States. All dollar amounts in this prospectus are expressed in United States dollars, except as otherwise indicated. References to “\$” or “dollars” are to United States dollars, references to AUD\$ are to Australian dollars, references to ZAR are to South African rand and references to “Cdn\$” or “C\$” are to Canadian dollars.

TECHNICAL AND THIRD PARTY INFORMATION

Except where otherwise stated, the disclosure in this prospectus relating to properties and operations on the properties on which Franco-Nevada holds royalty interests included under the section entitled “Description of Royalty Portfolio” (including each of the Goldstrike Report and the Stillwater Report (each as defined below)) is based solely on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain and none of this information has been independently verified by Franco-Nevada or Newmont. Specifically, Newmont and Franco-Nevada have limited, if any, access to properties included in the Royalty Portfolio. Newmont and Franco-Nevada generally rely on publicly available information regarding properties and operations and generally have no ability to independently verify such information. Additionally, Newmont and Franco-Nevada may from time to time receive operating information from the owners and operators of the properties, which they are not permitted to disclose to the public. After completion of the Offering, Franco-Nevada will be dependent on publicly available information to prepare required disclosure pertaining to properties and operations on the properties on which Franco-Nevada holds royalty and/or working interests.

The disclosure in this prospectus of a scientific or technical nature for each of the Goldstrike Complex and Stillwater Complex is based on technical reports prepared by SRK Consulting (US), Inc. (“SRK”) in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects (“NI 43-101”) of the Canadian Securities Administrators. The technical report for the Goldstrike Complex is entitled “Franco-Nevada Corporation NI 43-101 Technical Report Goldstrike Properties Royalty, Elko, NV” (the “Goldstrike Report”), and was prepared by SRK under the supervision of and endorsed by Dr. Neal Rigby and Leah Mach, each of whom is a “qualified person” for the purposes of NI 43-101 and who also supervised the disclosure of scientific and technical information in this prospectus regarding the Goldstrike Complex. The technical report for the Stillwater Complex is entitled “Franco-Nevada Corporation NI 43-101 Technical Report Stillwater Properties Royalty Nye, MT” (the “Stillwater Report”), and was prepared by SRK under the supervision of and endorsed by Dr. Neal Rigby and Leah Mach, each of whom is a “qualified person” for the purposes of NI 43-101 and who also supervised the disclosure of scientific and technical information in this prospectus regarding the Stillwater Complex. Each of the Goldstrike Report and the Stillwater Report has been filed on the System for Electronic Data Analysis and Retrieval at www.sedar.com.

Franco-Nevada is relying on an exemption from completing certain items under Form 43-101F1, available under Part 9 of NI 43-101, in each of the Goldstrike Report and Stillwater Report, as Franco-Nevada has requested but was denied access to the necessary data from Barrick Gold Corporation (“Barrick”) and Stillwater Mining Company (“Stillwater”), respectively, and is not able to obtain the necessary information from the public domain. This exemption arises pursuant to Section 9.2(1) of NI 43-101, and exempts Franco-Nevada and SRK from the requirement to perform onsite visits to the Goldstrike or Stillwater complexes, and from the obligation to complete those items under Form 43-101F1 that require data verification, inspection of documents or personal inspection of the properties.

The disclosure in this prospectus for the reserve assessment and evaluation in respect of the oil and natural gas royalty and working interests on the Edson Property, Weyburn Unit, Midale Unit, Medicine Hat Consolidated Unit No. 1 and Tidewater Interests, has been prepared by GLJ Petroleum Consultants Ltd. for Newmont Mining Corporation of Canada Limited, a subsidiary of Newmont, as at December 31, 2006, in a report dated May 15, 2007, with a supplementary addendum dated Oct. 18, 2007, each in accordance with National Instrument 51-101 — Standards of Disclosure for Oil & Gas Activities.

The disclosure in this prospectus for the reserve assessment estimate in respect of Arctic Gas has been prepared by McDaniel & Associates Consultants Ltd. for Franco-Nevada Oil & Gas, an operating division of Old Franco-Nevada, in a letter dated March 27, 1998.

The market data, commodity prices and commodity price trends have been provided by third party industry consultants and not by Franco-Nevada, Newmont or the Underwriters. While management believes that these industry sources are reasonable, such information has not been verified by Franco-Nevada, Newmont or the Underwriters. Accordingly, there can be no assurance that such market data, commodity prices and commodity price trends are accurate or that such trends will occur in the future.

DEFINED TERMS

For an explanation of certain terms and abbreviations used in this prospectus, reference is made to the “Glossary of Non-Geological Terms” and “Glossary of Geological Terms”.

SUMMARY

The following is only a summary of certain information included in this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain terms used in this summary are defined in the "Glossary of Non-Geological Terms" and the "Glossary of Geological Terms".

Franco-Nevada Corporation

Overview and Background to Transaction

Franco-Nevada is a resource sector royalty and investment company that was formed to acquire an established portfolio of mining and oil and natural gas royalties and certain equity interests, which has historically produced stable cash flows. Franco-Nevada intends to grow this portfolio through the advancement of existing properties and through acquisitions and investments. The Royalty Portfolio consists of approximately 190 royalty interests in precious and base metal properties and certain equity interests and over 100 royalty and/or working interests in oil and natural gas properties. Management believes that this portfolio represents one of the largest holdings of precious metals and mining resource royalties in a publicly listed company.

Among other interests, the Royalty Portfolio includes interests in Barrick's Goldstrike Complex and in the Stillwater Complex, producing royalty revenues in 2006 of \$19,548,000 and \$13,507,000, respectively. While the majority of the producing Mineral Royalties are related to gold producing operations, the Mineral Royalties also include exposure to platinum group metals, base metals and industrial minerals. The Mineral Royalties include:

- 21 operating projects, including royalty interests on a substantial portion of each of Barrick's Goldstrike Complex and the Stillwater Complex,
- 15 properties under development or advanced exploration, and
- approximately 154 exploration properties.

The Oil & Gas Interests of the Royalty Portfolio are located primarily in the Western Canadian Sedimentary Basin with similar amounts of revenue generated from both conventional oil and natural gas properties. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic, resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

History of Franco-Nevada

The Royalty Portfolio includes many assets originally acquired and developed by Old Franco-Nevada, Normandy and Newmont. Old Franco-Nevada was a publicly listed company on the TSX from 1983 to 2002. In February 2002, Newmont acquired Old Franco-Nevada as part of a three-way combination of Newmont, Normandy and Old Franco-Nevada and formed a new division of Newmont called Newmont Capital.

Old Franco-Nevada originally acquired the material royalties on portions of the Goldstrike Complex located on the Carlin Trend gold mining area of northern Nevada and on a majority of the Stillwater Complex located near Nye, Montana. Similarly, Old Franco-Nevada acquired a majority of the Oil & Gas Interests and other Mineral Royalties in the Royalty Portfolio. Upon completion of the acquisition of Old Franco-Nevada in 2002, and under management of Newmont Capital, royalties on Newmont's producing properties were removed from the portfolio and additional royalty interests were added from existing interests of Newmont and Normandy or created in Newmont Capital using the combined land base of Old Franco-Nevada, Newmont and Normandy.

Officers and Directors

Franco-Nevada has assembled a management team and board of directors which include certain key members of management and directors from Old Franco-Nevada and Newmont Capital. The management team and board of directors of Franco-Nevada include:

<u>Name</u>	<u>Title at Franco-Nevada</u>	<u>Principal Occupation</u>	<u>Past Position Old Franco-Nevada</u>
Pierre Lassonde . . .	Director (Chairman)	Director and Vice-Chairman, at Newmont	Co-Chief Executive Officer and Co-Founder
David Harquail	Director, Chief Executive Officer	Chief Executive Officer, Franco-Nevada	Senior Executive
Hon. David R. Peterson	Director	Partner & Chairman, Cassels, Brock & Blackwell LLP	Director
Louis Gignac	Director	President, G. Mining Services Inc.	n/a
Graham Farquharson .	Director	President, Strathcona Mineral Services Limited	n/a
Randall Oliphant . . .	Director	Chairman and Chief Executive Officer, Rockcliff Group Limited	n/a
Steven K. Aaker . . .	Chief of U.S. Operations	Chief of U.S. Operations, Franco-Nevada	Senior Executive
Sharon E. Dowdall .	Chief Legal Counsel	Vice President, Newmont Capital	Senior Executive
H. Geoff Waterman .	Chief Operating Officer	Vice-President — Oil and Gas, Newmont Capital	Senior Executive
Paul Brink	Chief Financial Officer and Senior Vice-President, Business Development	Director of Corporate Development, Newmont Capital	n/a

The Company believes that the members noted above played a significant role in the prior success of Old Franco-Nevada and Newmont Capital. However, while the Old Franco-Nevada executives mentioned above held executive roles at Newmont and/or Newmont Capital following the acquisition of Old Franco-Nevada by Newmont, several key executives did not continue on with Newmont Capital. In addition, while Mr. Harquail, Mr. Aaker, Ms. Dowdall and Mr. Waterman were part of the executive group of Newmont Capital for its duration, several other Newmont executives, including Seymour Schulich, the former co-Chief Executive Officer and co-founder of Old Franco-Nevada and Chairman of Newmont Capital, contributed to the success of Newmont Capital and will not be part of the current management team of Franco-Nevada.

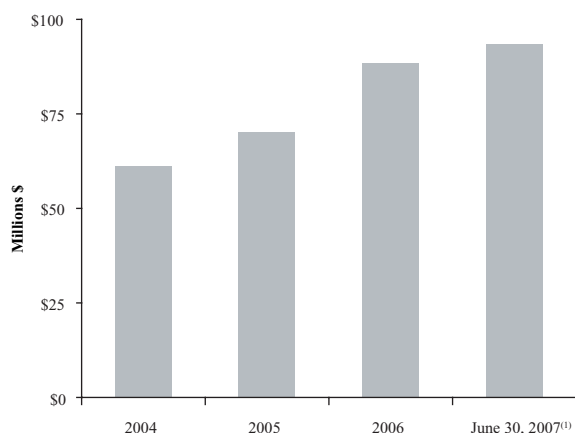
Description of the Business of Franco-Nevada

The Royalty Portfolio consists of approximately 190 royalty interests in precious and base metal properties and over 100 royalty and/or working interests in oil and natural gas properties. These interests represent over two decades of acquisitions by Newmont and Old Franco-Nevada. A majority of the Mineral Royalties that are in production are related to gold producing mining properties, although the Mineral Royalties also include exposure to PGM, base metals and industrial minerals. The Oil & Gas Interests are located primarily in the Western Canadian Sedimentary Basin with similar amounts of revenue generated from both conventional oil and natural gas properties. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic (collectively, “Arctic Gas”), resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

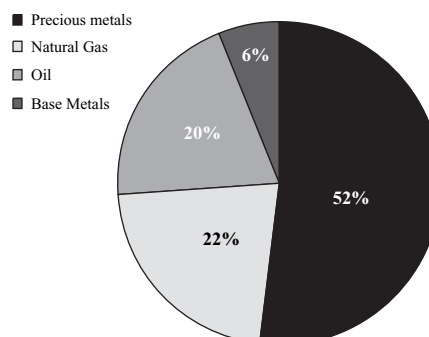
Based on current reserves located in areas in which it has a royalty interest, Franco-Nevada expects that revenue from gold and other precious metals will represent an increasingly large percentage of the Royalty Portfolio’s overall revenue in the future.

The following graphs and table provide a summary of the Royalty Portfolio's historical revenue and revenue by commodity type.

Historical Revenue



2006 Revenue Breakdown — Commodity Type



Note:

(1) Twelve month period ended June 30, 2007.

Summary of Selected Mining Royalties and Other Interests

The following is a summary of selected mining royalty interests included in the Royalty Portfolio.

Royalty/Interest Name	Operator	Mine Location	2007 Royalty Revenue as of June 30 (\$000)	2006 Royalty Revenue (\$000)	Principal Royalty Product(s)
Goldstrike	Barrick	Nevada	\$6,651	\$19,548	Au
Stillwater	Stillwater	Montana	\$7,575	\$13,507	Pd, Pt
Marigold	Goldcorp/Barrick	Nevada	\$2,053	\$ 2,755	Au
Bald Mountain	Barrick	Nevada	\$1,204	\$ 2,483	Au
Robinson	Quadra Mining	Nevada	\$1,075	\$ 1,061	Au, Cu
Cerro San Pedro	Metallica Resources	Mexico	\$ —	\$ —	Au, Ag
Tasiast	Red Back Mining	Mauritania	\$ —	\$ —	Au
Falcondo ⁽¹⁾	Xstrata	Dominican Republic	\$7,274 ⁽²⁾	\$ 2,924 ⁽²⁾	Ni
Pandora	Lonmin/Anglo Platinum	S. Africa	\$ —	\$ —	PGM
Rosemont	Augusta Resource	Arizona	\$ —	\$ —	Cu, Mo, Ag
Hollister	Great Basin Gold	Nevada	\$ —	\$ —	Au, Ag
Mesquite	Western Goldfields	California	\$ 74	\$ —	Au

Notes:

(1) Represents an equity interest of 4.1%.

(2) Dividend payment.

Investment Highlights

Diversified and quality portfolio providing stable cash flows

Management believes that the Royalty Portfolio represents one of the largest holdings of precious metal and mining resource royalties in a publicly listed company. The Royalty Portfolio is substantially made up of interests in significant assets, operated by industry leaders in regions of low political risk and is balanced across a number of commodities and stages of development. Franco-Nevada's single largest commodity exposure is currently to gold, followed by PGM and oil and natural gas, though the Company also has exposure to nickel, copper, silver and other metals. The Company is currently completely unhedged, providing full exposure to changes in commodity prices.

Proven business model

Management intends to pursue a business model consistent with that of Old Franco-Nevada and Newmont Capital. The business model is to manage and grow a diversified portfolio of resource sector royalties and investments that delivers attractive returns over long-term commodity cycles as compared to other resource sector investments. The business model focuses on per share net asset value accretion as opposed to increasing market capitalization and involves using cash from well-valued assets to invest in undervalued assets. With access to capital and minimal capital investments required, management believes this approach should provide the Company with financial strength to invest in opportunities that have been impacted by commodity price downturns or are otherwise undervalued in the market and have the potential to generate significant returns.

Experienced and proven team

Several key members of Franco-Nevada's management team and board of directors, who have worked together for as long as 20 years at both Old Franco-Nevada and Newmont Capital, have a proven track record for value creation. This management team has an extensive knowledge of both the industry and the assets included in the Royalty Portfolio, as well as well-developed relationships with major metals and mining and oil and gas operators. Management expects to be able to leverage these relationships for access to investment opportunities and new royalty streams.

Royalty interests reduce exposure to operating and capital costs

Royalty interests are the core investments under Franco-Nevada's business model. A majority of the Mineral Royalties are revenue-based royalties (including NSR, GR and ORR interests). These types of revenue-based royalty interests accounted for approximately 82% of the Royalty Portfolio's revenue stream in 2006, and limit the Company's exposure to operating and capital costs relative to other types of royalties.

Growth potential of existing assets

Franco-Nevada's royalties and working interests are on a pipeline of projects, which provides growth potential and diversification through interests in near-term development and exploration properties in attractive locations as well as the expansion and extension of producing assets. These interests include royalty interests in 15 properties that are in development or advanced exploration and are expected by the operators to come into production in the near term and start paying royalties thereafter. With strong commodity prices and access to capital, many of these project developers have been rapidly moving projects towards production. In addition, the Company has royalty interests in approximately 154 exploration properties, many located in significant mining districts, such as the Carlin Trend. Franco-Nevada estimates that since 2005 over \$100 million in capital expenditures was incurred by operators on the exploration and/or development of properties included in the Royalty Portfolio. Franco-Nevada should benefit from these exploration and development expenditures and has minimal requirements to fund these costs. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic, resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

Growth strategy

Franco-Nevada intends, through the application of a disciplined operating and investing philosophy and the execution of a proven business model, to provide its shareholders with attractive returns by using cash generated from the Royalty Portfolio to:

- acquire royalty interests in producing precious, base metal and oil and natural gas properties and in development or exploration stage properties;
- invest in resource related companies;
- develop projects with established resources and maximize value through their subsequent sale, spin-out or royalty conversion;
- create new royalty interests and revenue streams; and
- acquire properties with no established resources and add value by exploration or by forming joint ventures with exploration companies for royalty conversion.

Although Franco-Nevada is expected to benefit from strong commodity prices given its portfolio of revenue generating royalty interests, Franco-Nevada also expects to capitalize on opportunities for growth in commodity price downturns, as companies that experience reduced access to capital markets look to sell royalties to Franco-Nevada as an alternative means of raising capital.

Dividend Policy

Franco-Nevada intends to adopt a dividend policy based on the amount of cash flows from Franco-Nevada's revenue producing royalties. It is currently anticipated that dividends will initially be declared semi-annually, at an annual rate of approximately 1.5% based upon the Offering Price. The board of directors may change the dividend policy at any time at its sole discretion and there is no assurance that Franco-Nevada will be able to pay any dividends or sustain any level of dividend payments. See "Risk Factors — Risks Related to the Business of Franco-Nevada".

Management and Director Ownership

The interests of management are aligned with shareholders, as management and directors will own in the aggregate six million shares of Franco-Nevada (representing approximately 7.7% of Franco-Nevada) immediately following the completion of the Offering. Of the six million Common Shares, three million will be issued by Franco-Nevada to directors and certain members of management prior to closing at the discounted price of Cdn\$ ● per Common Share and will be subject to a three-year hold period, subject to certain limited exceptions. The remaining three million Common Shares will be issued immediately following closing of the Offering to Pierre Lassonde, the Chairman of the board of directors, at the Offering Price, in exchange for a certain number of exchangeable shares of NMCCCL currently held by Mr. Lassonde. These NMCCCL exchangeable shares represent the economic and voting equivalent to, and are exchangeable into, one share of common stock of Newmont which currently trades on the New York Stock Exchange. See "Directors and Officers — Management and Director Ownership".

Summary Combined Financial Information

The following table sets forth historical summary combined financial information of the Royalty Portfolio, which has been derived from the audited combined financial statements of the Royalty Portfolio for the year-end periods from 2004 to 2006, as well as the unaudited combined financial statements of the Royalty Portfolio for the six month periods ended June 30, 2007 and 2006. The tables should be read in conjunction with the combined financial statements of the Royalty Portfolio and the related notes thereto, unaudited pro forma combined financial statements and the related notes thereto, included elsewhere in this prospectus, and “Management’s Discussion and Analysis”. The combined financial statements of the Royalty Portfolio have been prepared in United States dollars in accordance with Canadian generally accepted accounting principles.

	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
	(in thousands)				
Precious and base metals royalties	\$22,175	\$23,986	\$48,049	\$38,379	\$36,930
Oil and natural gas royalties	19,161	19,711	37,600	30,402	23,460
Dividends received	7,274	—	2,924	1,505	745
Total Revenues	48,610	43,697	88,573	70,286	61,135
Production taxes	1,234	1,549	3,014	1,153	2,192
Oil and natural gas operating costs	476	335	796	2,001	916
Depreciation and amortization ⁽¹⁾	5,104	8,363	17,340	18,335	19,394
General and administrative ⁽²⁾	2,539	2,953	6,206	5,490	3,597
Write-down of assets	—	—	—	—	410
Total costs and expenses	9,353	13,200	27,356	26,979	26,509
Operating income	\$39,257	\$30,497	\$61,217	\$43,307	\$34,626
Net income	\$25,478	\$21,873	\$40,743	\$27,092	\$21,501
Other comprehensive income	\$ 9,983	—	—	—	—
Comprehensive income	\$35,461	\$21,873	\$40,743	\$27,092	\$21,501
EBITDA ⁽³⁾	\$43,930	\$38,882	\$78,612	\$61,634	\$53,958
Capital expenditures	\$ 1,138	\$ 1,706	\$ 3,085	\$ 2,731	\$ 1,138
Net cash provided from operations	\$30,728	\$26,342	\$49,623	\$38,841	\$36,763
EBITDA margin ⁽³⁾⁽⁴⁾	90.4%	89.0%	88.8%	87.7%	88.3%

Notes:

- (1) Depreciation and amortization will increase substantially in future periods as a result of an increase in the book value of the Company’s assets upon completion of this Offering and the acquisition by the Company of the Royalty Portfolio and related transactions. See “Unaudited Pro-Forma Combined Financial Statements of Franco-Nevada Corporation” commencing on page F-28.
- (2) The Company expects to incur annual general and administrative expenses of approximately \$6-\$9 million in the future. The increase relates to the additional expense of being a public company.
- (3) EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. See “Non-GAAP Measures”.
- (4) EBITDA margin is EBITDA divided by Total Revenues.

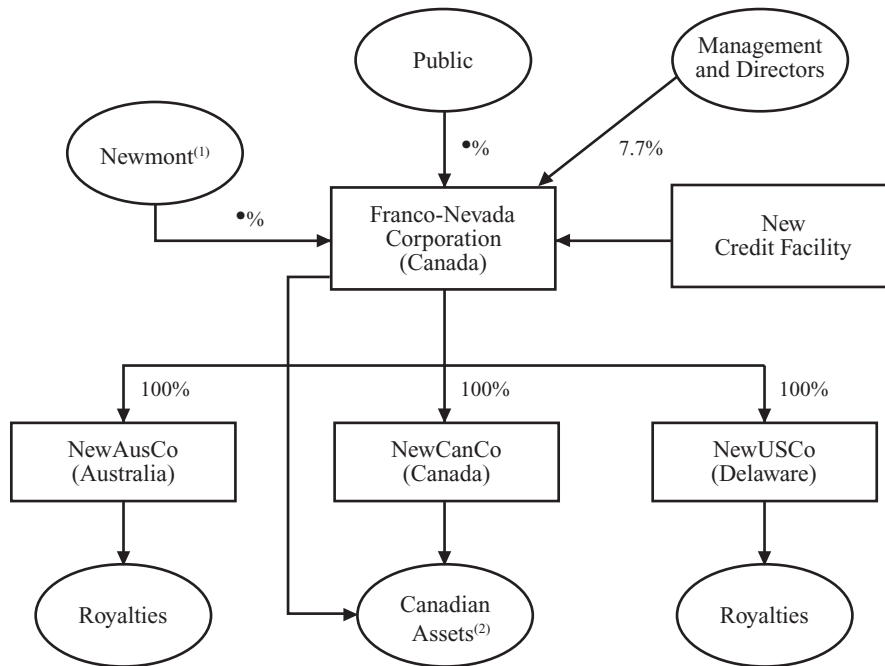
	June 30, 2007	December 31,	
		2006	2005
	(in thousands)		
Current assets	\$ 9,434	\$ 9,436	\$ 8,936
Long term assets ⁽¹⁾	\$275,698	\$270,118	\$283,963
Current liabilities	\$ 462	\$ 916	\$ 905

Note:

- (1) Includes Royalty interests in mineral properties, Interests in oil and natural gas properties (net), Investment in Falcondo and Other assets.

Structure Following Closing

The following chart illustrates the structure of Franco-Nevada following the completion of this Offering and the acquisition by Franco-Nevada of the Royalty Subsidiaries that hold the Royalty Portfolio and the Company's right, title and interest in and to certain of the Canadian Assets and certain related transactions. See "Acquisition and Related Transactions".



Notes:

- (1) Newmont will not hold any Common Shares if at least 75 million Common Shares are sold in the aggregate pursuant to the Offering, including the exercise of the Over-Allotment Option, and through the Management and Board Placement. It is the intention of Newmont that its retained interest will be minimal, if any.
- (2) Includes those royalties relating to properties in Canada, the Oil & Gas Interests and the equity interest in Falcondo. Franco-Nevada will hold the Canadian Assets directly and indirectly through a Canadian subsidiary.

The Offering

Company	Franco-Nevada Corporation (“Franco-Nevada”) was incorporated under the <i>Canada Business Corporations Act</i> on October 17, 2007.
Securities to be Offered	This offering (“Offering”) consists of common shares of Franco-Nevada (“Common Shares”).
Issue	Cdn\$ ● (● Common Shares).
Price	Cdn\$ ● per Common Share (the “Offering Price”).
Use of Proceeds	Assuming the completion of the Offering, the net proceeds to Franco-Nevada, after deducting the Underwriters’ Fee (as defined below) and estimated expenses of this Offering, are expected to be Cdn\$ ● , assuming no exercise of the Over-Allotment Option (as defined below). Franco-Nevada intends to use Cdn\$ ● of the net proceeds from this Offering, together with \$140 million from the New Credit Facility (as defined herein) and Cdn\$ ● million from the Management and Board Placement (as defined herein) to repay promissory notes issued to the Selling Subsidiaries (as defined herein) on the acquisition of (i) the issued and outstanding shares of those subsidiaries of Newmont (the “Royalty Subsidiaries”) that directly hold the Royalty Portfolio other than certain of the Canadian Assets and (ii) the Selling Subsidiaries’ interest in certain of the Canadian Assets. See “Debt Financing”, “Acquisition and Related Transactions”, “Directors and Officers — Pre-Purchased Common Shares” and “Use of Proceeds”. If the Over-Allotment Option (as defined below) is exercised, Franco-Nevada intends to use the net proceeds from the Over-Allotment Option to (i) further repay the promissory notes issued by Franco-Nevada to the Selling Subsidiaries on the acquisition of the Royalty Subsidiaries and the Selling Subsidiaries’ interest in certain of the Canadian Assets pursuant to the Acquisition Agreement (as defined herein), if any such promissory notes remain outstanding, and (ii) to the extent that there are any additional net proceeds, to reduce the amount drawn under the New Credit Facility. Any portion of the promissory notes that remain outstanding following the exercise or expiry of the Over-Allotment Option shall be repaid by Franco-Nevada issuing Common Shares to the Selling Subsidiaries.
Underwriters’ Fee	Franco-Nevada has agreed to pay the Underwriters a fee equal to 4.5% of the gross proceeds of this Offering (the “Underwriters’ Fee”). See “Plan of Distribution”.
Over-Allotment Option	Franco-Nevada has granted the Underwriters an option (the “Over-Allotment Option”), exercisable at any time for a period of 30 days following the closing of this Offering, to purchase from Franco-Nevada at the Offering Price up to ● additional Common Shares.
Risk Factors	Investing in Common Shares involves risks. In particular, a prospective investor should consider the following risks in addition to other risk factors or more detailed descriptions set forth elsewhere in this prospectus: changes in the market price of the commodities that underlie the royalty and working interests; the operation of a significant portion of properties is dependent on third party property owners and operators; limited access to data and disclosure regarding the operation of properties; the Goldstrike and Stillwater royalties constitute a large portion of the Royalty Portfolio; royalties may be subject to other rights in favour of third parties; the Royalty Portfolio includes a number of royalty interests based on net profits; difficulty

attracting and retaining qualified management; dependence on the payment of royalties by the owners and operators of the relevant Royalty Portfolio properties; increased competition for attractive royalty interests and resource investments; royalty and other interests may not be honoured by operators of a project; there may be unknown title defects in the Royalty Portfolio; no operating history; revenue and earnings are subject to variations in foreign exchange rates; ability to pay dividends will be dependent on the financial condition of Franco-Nevada; variations in interest rates and scheduled repayments on the debt incurred by Franco-Nevada; certain of Franco-Nevada's directors and officers serve in similar positions with other public companies; no assurance that Franco-Nevada will be able to obtain adequate financing in the future; no assurance that Franco-Nevada will achieve levels of profitability achieved by Old Franco-Nevada and Newmont Capital; if Franco-Nevada expands its business beyond the acquisition of royalty interests, Franco-Nevada may face new challenges and risks; incorrect assessments of value at the time of investments or acquisitions; inability to add additional reserves to properties in the Royalty Portfolio; reserves and resources are estimates based on interpretation and assumption; exploration and development of mining and resource properties is inherently dangerous; there are known title defects and there may be unforeseen and unknown title defects; operations in which Franco-Nevada holds an interest require various property rights, permits and licenses; operations in which Franco-Nevada holds an interest are subject to environmental laws and regulations; additional costs may be incurred by the owners and operators of oil and natural gas properties as a result of compliance with the Kyoto Protocol; exposure to risks of changing political attitudes; potential litigation; significant changes to Alberta's royalty framework; proposed changes to U.S. federal mining law; there is currently no infrastructure to deliver potential future production from Franco-Nevada's Arctic natural gas assets to market and currently no plans to develop their reserves; a market for securities offered by Franco-Nevada cannot be assured; market price of the Common Shares cannot be assured; Common Shares may experience price volatility; limitation on enforcing civil judgements; no assurance that an investor can recover from the promoter; and Franco-Nevada may become subject to burdensome regulatory requirements under U.S. laws regulating pension plans.

See "Risk Factors".

EXCHANGE RATE INFORMATION

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars in effect at the end of each of the following periods; the average rate of exchange for those periods; and the rate of exchange in effect at the end of each of those periods, each based on the noon buying rate published by the Bank of Canada.

	Six months ended June 30, 2007	Years ended December 31,		
		2006	2005	2004
High	\$1.1853	\$1.1726	\$1.2704	\$1.3968
Low	\$1.0580	\$1.0990	\$1.1507	\$1.1774
Average for the Period	\$1.1349	\$1.1341	\$1.2116	\$1.3015
End of Period	\$1.0634	\$1.1653	\$1.1659	\$1.2036

On October 22, 2007 the Noon Buying Rate was U.S.\$1.00 = Cdn\$0.9811 as certified by the Bank of Canada.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to Franco-Nevada, and Stikeman Elliott LLP, counsel to the Underwriters, the Common Shares would, if issued on the date hereof and listed on the Toronto Stock Exchange, be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder, for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and, pursuant to proposed amendments to the *Income Tax Act* (Canada) and the regulations thereunder, registered disability savings plans. See “Canadian Federal Income Tax Considerations”.

FORWARD LOOKING STATEMENTS

This prospectus contains certain “forward-looking statements” which may include, but are not limited to, statements with respect to future events or future performance, management’s expectations regarding Franco-Nevada’s growth, results of operations, estimated future revenues, costs and timing of acquiring new royalties, equity and other resource related interests, requirements for additional capital, mineral reserve and resources estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities. In addition, statements relating to “reserves” or “resources” are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. OOIP is also a forward-looking statement and there are numerous uncertainties inherent in estimating OOIP, and no assurance can be given that the indicated level of OOIP or the recovery thereof will be realized. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “predicts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Franco-Nevada to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual events or results to differ materially from the results discussed in various factors, including the risks outlined under “Risk Factors”, which may cause actual results to differ materially from any forward-looking statement. Although the forward-looking statements contained in this prospectus are based upon what management believes to be reasonable assumptions, including, without limitation, the ongoing operations 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, no adverse development in respect of any significant

property in which the Company holds a royalty or other interest, the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production, and any other factors that cause actions, events or results to differ from those anticipated, estimated or intended. 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 and Newmont cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. These forward-looking statements are made as of the date of this prospectus only and neither Franco-Nevada nor Newmont assumes any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise.

METRIC CONVERSION TABLE

The following table sets forth certain factors for converting metric measurements into imperial equivalents.

METRIC		IMPERIAL UNITS		
Description and Abbreviation	Multiply by	Unit	Divide by	Description and Abbreviation
Length				
Millimetres – mm	25.400	1	0.03937	Inches – in
Metres – m	0.3048	1	3.2808	Feet – ft
Metres – m	0.9144	1	1.0936	Yards – yd
Kilometres – km	1.609	1	0.6214	Miles – mile
Area				
Square centimetres – cm ²	6.4516	1	0.1550	Square inches – in ²
Square metres – m ²	0.0929	1	10.76	Square feet – ft ²
Hectares – ha	0.40469	1	2.471	Acres – acre
Square kilometres – km ²	2.5900	1	0.3861	Square miles – sq miles
Weight				
Grams – g	31.1035	1	0.032151	Troy ounces – oz
Tonne (1,000 kg) – t	0.907185	1	1.102311	Short ton (2,000 lbs) – st
Tonne (1,000 kg) – t	2,204.6	1	0.000453	Pounds – lb
Oil				
Cubic Metre – m ³	6.29	1	0.158987	Barrels – Bbls
Gas				
1,000 Cubic Metres – 10 ³ m ³	35.39	1	0.028174	Cubic feet – cf

CERTAIN OIL AND NATURAL GAS TERMS

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMbtu	million British thermal units
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
GJ	gigajoule

Other

API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale
ARTC	Alberta Royalty Tax Credit
Boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Boe for 6 Mcf of natural gas
Boe/d	barrel of oil equivalent per day
m ³	cubic metres
MBoe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
MM	million
WTI	West Texas Intermediate, the reference price paid in United States dollars at Cushing, Oklahoma for crude oil of standard grade

NON-GAAP MEASURES

Franco-Nevada defines EBITDA as earnings before interest, taxes, depreciation and amortization. Franco-Nevada believes that EBITDA is a valuable indicator of pre-tax profitability and it is also commonly used by the financial and investment community for valuation purposes and to measure a company's ability to service debt and to meet other payment obligations.

EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similarly titled measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of Franco-Nevada's performance.

The following is a reconciliation of EBITDA to net income based on the historical combined financial statements of the Royalty Portfolio contained elsewhere in this prospectus presented in accordance with Canadian GAAP.

	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
	(in thousands)				
Net income	\$25,478	\$21,873	\$40,743	\$27,092	\$21,501
Income tax expense	13,348	8,646	20,529	16,207	13,063
Depreciation and Amortization	5,104	8,363	17,340	18,335	19,394
EBITDA ⁽¹⁾	<u>\$43,930</u>	<u>\$38,882</u>	<u>\$78,612</u>	<u>\$61,634</u>	<u>\$53,958</u>

Note:

(1) EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP.

CORPORATE STRUCTURE AND OVERVIEW

Name and Incorporation

Franco-Nevada was incorporated under the *Canada Business Corporations Act* on October 17, 2007. Franco-Nevada's head office and registered office is located at 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario. For a description of Franco-Nevada's material subsidiaries, see "Structure Following Closing".

Overview

Franco-Nevada is a resource sector royalty and investment company that was formed to acquire an established portfolio of mining and oil and natural gas royalties and certain equity interests which has historically produced stable cash flows. See "Acquisition and Related Transactions". Franco-Nevada intends to grow this portfolio through the advancement of existing properties and through acquisitions and investments. The Royalty Portfolio consists of approximately 190 royalty interests in precious and base metal properties and over 100 royalty and/or working interests in oil and natural gas properties. With underlying resources located primarily in North America and Australia, the Royalty Portfolio represents over two decades of acquisitions by Newmont and Old Franco-Nevada, which Newmont acquired in 2002. Management believes that the Royalty Portfolio represents one of the largest holding of precious metals and mining resource royalties in a publicly listed company.

The Mineral Royalties include interests in 21 operating projects (including royalty interests covering portions of the Goldstrike and Stillwater mines), 15 properties under development or advanced exploration and approximately 154 exploration properties. A majority of the Mineral Royalties that are in production are related to gold producing mining properties, although the Mineral Royalties also include exposure to platinum group metals ("PGM"), base metals and industrial minerals. The Oil & Gas Interests are located primarily in the Western Canadian Sedimentary Basin with similar amounts of revenue generated from both conventional oil and natural gas properties. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic, resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

BUSINESS OF FRANCO-NEVADA

Background of Franco-Nevada

History of Assets

The Royalty Portfolio includes many assets originally acquired and developed by Old Franco-Nevada, Normandy and Newmont. Old Franco-Nevada was a publicly listed company on the Toronto Stock Exchange from 1983 to 2002. In 1986, Old Franco-Nevada made its first royalty acquisition, and acquired or created additional royalties and resource investments from 1986 to 2002. Old Franco-Nevada discovered, developed and brought into production the Midas mine in Nevada and sold its interest in this mine together with certain other assets to Normandy in the first half of 2001, in exchange for a 19.9% equity interest in Normandy and a continuing royalty interest on the Midas mine. In February 2002, Newmont acquired Old Franco-Nevada as part of a three-way combination of Newmont, Normandy and Old Franco-Nevada. Following the acquisition, the Old Franco-Nevada assets and certain key members from Old Franco-Nevada's management team were incorporated into a new division of Newmont called Newmont Capital. Newmont Capital's activities included the management of royalty, investment and project portfolios, as well as providing in-house investment banking and corporate development services.

Old Franco-Nevada originally acquired the material royalties on portions of the Goldstrike Complex located on the Carlin Trend gold mining area of northern Nevada and on a majority of the Stillwater Complex located near Nye, Montana. Similarly, Old Franco-Nevada acquired a majority of the Oil & Gas Interests and other Mineral Royalties in the Royalty Portfolio. Upon completion of the acquisition of Old Franco-Nevada in 2002, and under management of Newmont Capital, royalties on Newmont's producing properties were removed from the portfolio and additional royalty interests were added from existing interests of Newmont and

Normandy or created in Newmont Capital using the combined land base of Old Franco-Nevada, Newmont and Normandy.

Although many of the assets in the Royalty Portfolio were originally owned by Old Franco-Nevada and Newmont Capital, there are significant differences between the Royalty Portfolio and the portfolios of Old Franco-Nevada and Newmont Capital. While information concerning the performance of Old-Franco Nevada and Newmont Capital is included herein to demonstrate that management has played a significant role in the successful execution of a similar business model, the financial performance of Old Franco-Nevada and Newmont Capital should not be viewed as indicative of the future performance of Franco-Nevada. See “Risk Factors — Risks Related to the Business of Franco-Nevada”.

History of Management and Directors

Certain key members of management and directors from Old Franco-Nevada and Newmont Capital who originally participated in acquiring and managing many of the assets included in the Royalty Portfolio will continue to be members of management of Franco-Nevada, including:

- Pierre Lassonde, as Chairman of the Board of Directors. Mr. Lassonde is currently a director and Vice-Chairman of Newmont and was co-Chief Executive Officer and co-founder of Old Franco-Nevada and past President of Newmont.
- David Harquail, as a director and Chief Executive Officer. Mr. Harquail was a senior executive of Old Franco-Nevada from 1987 until 2002 and served as the senior executive responsible for Newmont Capital from 2002 until recently.
- Steve Aaker, Sharon Dowdall and Geoff Waterman, as senior executives. These individuals have each been involved with the management of the assets of the Royalty Portfolio for a minimum of 15 years, currently serving as executives of Newmont Capital and formerly serving as key members of the management team of Old Franco-Nevada.
- David Peterson, as a director. Mr. Peterson served as a director of Old Franco-Nevada from 1995 until 2002.

Franco-Nevada believes that the members listed above played a significant role in the success of Old Franco-Nevada and Newmont Capital. However, while the Old Franco-Nevada executives mentioned above held executive roles at Newmont and/or Newmont Capital following the acquisition of Old Franco-Nevada by Newmont, several key executives did not continue on with Newmont Capital. In addition, while Mr. Harquail, Mr. Aaker, Ms. Dowdall and Mr. Waterman were part of the executive group of Newmont Capital for its duration, several other Newmont executives, including Seymour Schulich, the former co-Chief Executive Officer and co-founder of Old Franco-Nevada and Chairman of Newmont Capital, contributed to the success of Newmont Capital and will not be part of the current management team of Franco-Nevada. Upon the completion of the Offering, each of the executives listed above (other than Pierre Lassonde) who currently are employed by Newmont or Newmont Capital will assume full-time responsibilities with Franco-Nevada.

There are significant differences in Franco-Nevada’s management team and the management team that led to the success of Old Franco-Nevada and Newmont Capital. The financial performance of Old Franco-Nevada and Newmont Capital should not be viewed as indicative of the future performance of Franco-Nevada. See “Risk Factors — Risks Related to the Business of Franco-Nevada”.

Business Strengths and Competitive Advantages

Management believes that Franco-Nevada enjoys the following business strengths and competitive advantages:

Diversified and quality portfolio providing stable cash flows

- Management believes that the Royalty Portfolio represents one of the largest holdings of precious metal and mining resource royalties in a publicly listed company, with over 190 royalty interests in precious and base metal properties and over 100 royalty and/or working interests in oil and natural gas properties,

representing interests in 21 operating mining projects, 15 mining properties under development or advanced exploration and approximately 154 exploration mining properties. These interests make up a diverse portfolio that management believes would be difficult to replicate. Management expects the Royalty Portfolio to generate stable cash flows for investment in future growth opportunities and for the payment of dividends. The Royalty Portfolio generated \$78.6 million of EBITDA in 2006 and \$40.7 million of net income in 2006, which represented a 28% increase and a 50% increase, respectively, from 2005. See “Non-GAAP Measures”.

- The Royalty Portfolio is substantially made up of interests in significant assets, operated by industry leaders in regions of low political risk and is balanced across a number of commodities and stages of development.
 - The Company’s interests include (i) multiple NSR and NPI royalties on portions of Barrick’s Goldstrike Complex in Nevada, which is one of the largest primary gold operations in the world, producing 1.865 million ounces of gold in 2006; and (ii) a 5% NSR royalty on portions of the Stillwater Complex in Montana, which contain some of the highest grade PGM deposits in the world and is the largest PGM mine in North America.
 - Industry leaders such as Barrick, Xstrata plc, Goldcorp Inc., Stillwater, Lonmin Plc, EnCana Corporation, Apache Corporation, and CNRL own or operate many of the assets in which the Company has interests.
 - Over 90% of the Royalty Portfolio’s revenue in 2006 was derived from assets in the United States, Canada and Australia, regions where there has been a long history of, and support for, mining and oil and natural gas production activities. As a result, the cash flows from the Royalty Portfolio have a relatively lower risk profile than many mining or conventional upstream oil and natural gas companies operating in unstable political jurisdictions.
 - Franco-Nevada’s current single largest commodity exposure is to gold, followed by PGM, oil and natural gas. The Company also has exposure to nickel, copper, silver and other metals. This diversity of commodity exposures helps provide stability of cash flows for reinvestment in areas of relative commodity price weakness. The Company is currently completely unhedged, providing full exposure to changes in commodity prices.

Proven business model

- Management intends to pursue a business model consistent with that of Old Franco-Nevada and Newmont Capital. The business model is to:
 - manage and grow a diversified portfolio of resource sector royalties and investments that delivers attractive returns over long-term commodity cycles as compared to other resource sector investments,
 - use cash from well-valued assets to invest in undervalued assets, and
 - focus on per share net asset value accretion as opposed to increasing market capitalization.
- This business model was implemented with success at Old Franco-Nevada and Newmont Capital. In particular,
 - the share price of Old Franco-Nevada from its initial public offering in 1983 until its acquisition by Newmont in February 2002 appreciated at a CAGR of approximately 30% (adjusted for stock splits). In addition, Old Franco-Nevada was profitable for 14 consecutive years and paid 13 consecutive annual dividends, and
 - during the period from February 2002 to December 2006, the royalty assets managed by Newmont Capital generated an increase in revenues from \$35.7 million to \$88.6 million, representing a 26% CAGR without the addition of new capital. For a definition of CAGR, see “Glossary of Non-Geological Terms”.

- The past performance of Old Franco-Nevada and Newmont Capital is not indicative of the future performance of the Company. There are significant differences in the management of the Company and the assets in the Royalty Portfolio from the management and assets of Old Franco-Nevada and Newmont Capital. In addition, market conditions and commodity market prices in the future may be materially different from market conditions and commodity prices in the past. There can be no assurance that the Company will be able to achieve financial performance similar to that achieved by Old Franco-Nevada or Newmont Capital. See Risk Factors — “Risks Related to the Business of Franco-Nevada”.
- Management believes that cash flows generated from the Royalty Portfolio, together with the Company’s expected access to debt and equity capital, should allow management to execute this business model. In particular, the cash generated by the Royalty Portfolio does not require large capital investments by the Company, helping insulate Franco-Nevada from the risks inherent in developing large resource projects. With access to capital and minimal capital investments required, management believes this approach should provide the Company with financial strength to invest in opportunities that have been impacted by commodity price downturns or are otherwise undervalued in the market and have the potential to generate significant returns.
- Management’s strategy of, and experience in, investing in a broad spectrum of royalties, projects, properties and equities is expected to provide the Company with exposure to a range of investment opportunities. Similarly, management’s focus on investing in gold and its experience investing in a broad range of other resources, including precious metals, oil, natural gas and base metals, is expected to allow the Company to identify and take advantage of relative strengths and weaknesses across the various commodity groups.

Experienced and proven team

- Members of the management team and board of directors have worked together for as long as 20 years at both Old Franco-Nevada and Newmont Capital and have extensive knowledge of both the industry and the assets included in the Royalty Portfolio.
- Management has developed relationships with major metals and mining and oil and natural gas operators and expects to be able to leverage these relationships for access to investment opportunities and new royalty streams.
- The management team has a proven track record for value creation by playing a significant role in the past performance and value creation by Old Franco-Nevada and Newmont Capital.
- The interests of management are aligned with shareholders, as the management and directors will own in the aggregate approximately 7.7% of Franco-Nevada immediately following the completion of this Offering.

Royalty interests reduce exposure to operating and capital costs

- Royalty interests are the core investments under the Franco-Nevada’s business model. A majority of the Mineral Royalties are revenue-based royalties (including NSR, GR and ORR interests). These types of revenue-based royalty interests accounted for approximately 82% of the Royalty Portfolio’s revenue in 2006, and limit the Company’s exposure to operating and capital costs relative to other types of royalties. In particular, these types of revenue-based royalties provide exposure to commodity prices and production growth with limited exposure to operating, environmental, closure or capital costs.
- The Royalty Portfolio also has several NPI royalty interests. Although NPI royalty payments are calculated net of capital and operating costs, these costs are not required to be funded by the royalty holder and, as such, the holder does not risk excess capital. An NPI is particularly attractive on a long lived asset that has repaid much of its initial capital such as is the case with the Goldstrike Complex.

Growth potential of existing assets

- Franco-Nevada's royalties and working interests are on a pipeline of projects, which provides growth potential and diversification through interests in near-term development and exploration properties in attractive locations. This is in addition to the growth potential of producing properties. These interests include:
 - royalty interests in 15 properties that are in development or advanced exploration are expected by the operators to come into production in the near term and start paying royalties thereafter. With strong commodity prices and access to capital, many of these project developers have been rapidly moving projects towards production.
 - royalty interests in approximately 154 exploration properties, many located in significant mining districts, such as the Carlin Trend, which require minimal funding from Franco-Nevada. The majority of these properties are gold targets. Franco-Nevada estimates that since 2005 over \$100 million in capital expenditures was incurred by operators on the exploration and/or development of properties included in the Royalty Portfolio. Franco-Nevada should benefit from these exploration and development expenditures and has minimal requirement to fund the costs.
 - mineral rights in approximately 100,000 gross acres of unproved land in Canada, primarily related to oil and natural gas claims.
 - working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields in the Canadian Arctic, resulting in an effective working interest of approximately 9%, which together comprise one of the largest undeveloped natural gas resources discovered in Canada with estimated reserves of 1,140 Bcf, net to the Royalty Portfolio.

In addition, in a rising commodity price environment mine operators typically review opportunities for the expansion of production and extension of mine life. These opportunities are generated not only by rising commodity prices directly, but also the recalculation of mineral reserves using higher long-term commodity prices, or lower cut off grades, as well as the results of more aggressive exploration spending. These optimizations are targeted at increasing the value of a mining operation through increased revenue potential, and will likely also bring incremental capital expenditures and increased unit costs. The holder of a revenue-based royalty is typically a beneficiary of the production revenue impact of such optimizations with limited exposure to the capital and operating cost investment required to achieve those optimizations.

Growth strategy

Franco-Nevada intends, through the application of a disciplined operating and investing philosophy and the execution of a proven business model, to provide its shareholders with attractive returns by using cash generated from the Royalty Portfolio to:

- acquire royalty interests in producing precious, base metal and oil and natural gas properties and in development or exploration stage properties;
- invest in resource related companies;
- develop projects with established resources and maximize value through their subsequent sale, spin-out or royalty conversion;
- create new royalty interests and revenue streams; and
- acquire properties with no established resources and add value by exploration or by forming joint ventures with exploration companies for royalty conversion.

Although Franco-Nevada is expected to benefit from strong commodity prices given its portfolio of revenue based royalty interests, Franco-Nevada also expects to capitalize on opportunities for growth in commodity price downturns, as companies that experience reduced access to capital markets look to sell royalties to Franco-Nevada as an alternative means of raising capital.

INDUSTRY OVERVIEW

Franco-Nevada operates within the natural resources industry. A majority of the Company's revenues are derived from mining assets, with a focus on precious metals, but there is also significant revenue originating from oil and natural gas assets. Royalty revenue generally increases with increased commodity prices. Unless otherwise indicated, the views and opinions expressed in this section are those of third party industry consultants and are publicly sourced. Reference to real commodity prices in this section is to historical prices in current dollars, adjusted for inflation by the CPI Index.

Commodity Price Outlook

Gold and Precious Metals

Gold (Au). Gold prices have been on the rise since 2000 when the annual average price was \$279 per ounce. Average annual prices (per ounce) were \$409 in 2004, \$444 in 2005 and \$604 in 2006. As of November 20, 2007, the closing price of gold was \$795.50 per ounce. GFMS Limited, a leading industry consultancy firm, believes that the gold price rally into the mid-\$700 per ounce range is likely to continue over the next year or so. This belief is based on various assumptions, including further U.S. dollar weakness, growing financial instability, a small decline in gold supply and a rise in international political tensions. The following graph shows the real gold price from 1968 to year-to-date ("YTD") 2007.

Real Gold Prices (1968 — YTD 2007)

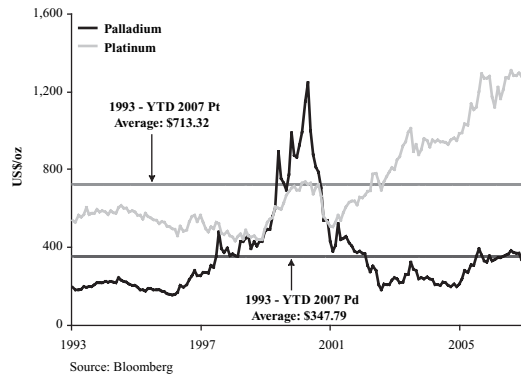


Operators de-hedged approximately 373 tonnes of gold in 2006, a four-fold increase over 2005. Producers' outstanding commitments as at the end of December 2006 totalled 1,364 tonnes, equivalent to 55% of annual global gold production. De-hedging has continued into 2007 with companies such as Lihir Gold Limited, Newcrest Mining Limited and Newmont, repurchasing in the aggregate over five million ounces of hedged gold product. These repurchases appear to be one of the drivers behind the recent gold price rally.

Platinum (Pt) and Palladium (Pd). Platinum prices have been increasing steadily since 2001 when the average annual price was \$529 per ounce. Average annual prices (per ounce) were \$846 in 2004, \$896 in 2005 and \$1,143 in 2006. As of November 20, 2007, the closing price of platinum was \$1,460 per ounce. According to Johnson Matthey, a leading industry consultant, the recent strengthening in the price of platinum is a result of limited stockpiles, increased demand, delays in supply and commodity funds maintaining long positions. Moreover, according to Johnson Matthey, the launch of exchange traded funds (ETFs) in platinum could create further upward pressure to the price of platinum.

Palladium prices have also been on an upward trend with average annual prices (per ounce) of \$230 in 2004, \$201 in 2005 and \$320 in 2006. As of November 20, 2007, the closing price of palladium was \$361 per ounce. According to Johnson Matthey, while the fundamentals of the palladium market are currently weak, investment funds and other investor interest is likely to provide support to palladium prices. The following graph shows the real platinum and palladium prices from 1993 to year-to-date 2007.

Real Pt and Pd Prices (1993 — YTD 2007)



Nickel (Ni). After hitting a low of \$2.71/lb in 2001, average annual nickel prices were \$6.28 in 2004, \$6.70 in 2005 and \$10.96 in 2006. Prices peaked in May of 2007 at \$24.52. As of November 20, 2007, the closing price of nickel was \$13.60/lb. According to the International Nickel Study Group, an industry expert, global nickel consumption is currently estimated at approximately 1.3 million tonnes per annum with potential growth in annual demand forecast of approximately 2-4% per annum. Growth in nickel demand in recent years has been attributed to increasing demand for nickel and nickel-containing products in China. According to the International Nickel Study Group, the increasing demand for nickel coupled with a constrained supply situation due in part to the lag of new mine production capacity, has resulted in recent increased nickel prices, significantly higher than average historical levels. The following graph shows the real nickel prices from 1987 to year-to-date 2007.

Real Nickel Prices (1987 — YTD 2007)

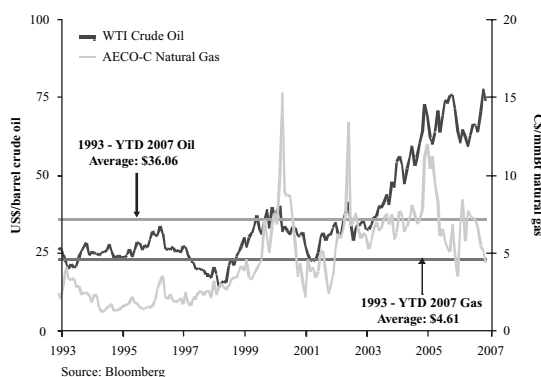


Oil & Natural Gas

Benchmark prices per barrel of crude oil have been rising since a low of \$10.76 in 1998. Average annual WTI prices (per barrel) were \$41.54 in 2004, \$56.59 in 2005 and \$66.09 in 2006. As of November 20, 2007, the closing WTI price (per barrel) was \$98.88. According to the U.S. Energy Information Administration, oil market fundamentals will likely remain tight, reflecting continued production restraint by members of OPEC, rising consumption, moderate growth in non-OPEC supply, and falling inventories. In addition, according to the U.S. Energy Information Administration, continued high demand and low surplus capacity leave the market vulnerable to unexpected supply disruptions through 2008.

The Alberta benchmark natural gas price (AECO-C) peaked in 2000 at \$16.95 per MMBtu. Prices have varied since then with average annual prices (per MMBtu) of \$5.93 in 2004, \$7.92 in 2005 and \$5.87 in 2006. As of November 20, 2007, the closing AECO-C spot price was \$5.54 per MMBtu. GLJ expects the AECO-C spot price to average about \$6.64 per MMBtu in 2007 and \$6.60 per MMBtu in 2008. The following graph shows the real oil and natural gas prices from 1993 to year-to-date 2007.

Real Oil and Natural Gas Prices (1993 — YTD 2007)



TYPES OF ROYALTIES AND OTHER INTERESTS

A royalty is a payment to a royalty holder by a property owner or an operator of a property and is typically based on a percentage of the minerals or other products produced or the profits or revenue generated from the property. The granting of a royalty to a person usually arises as a result of: (i) providing capital in exchange for granting the royalty; (ii) paying part of the consideration payable to prospectors or junior mining companies for the purchase of their property interests; or (iii) converting a participating interest in a joint venture relationship into a royalty.

Royalties are not working interests in a property. Therefore, the royalty holder is generally neither responsible for, nor has an obligation to, contribute additional funds for any purpose, including, but not limited to, operating or capital costs, or environmental or reclamation liabilities. Typically, royalty interests are established through a contract between the royalty holder and the property owner, although many jurisdictions permit the holder to also register or otherwise record evidence of a royalty interest in applicable mineral title or land registries. These unique characteristics of royalties provide royalty holders with special commercial benefits not available to the property owner because the royalty holder enjoys the upside potential of the property with reduced risk. The major types of royalties include (i) revenue-based royalties such as Net Smelter Return Royalties, Gross Royalties and Gross Overriding Royalties, (ii) profit-based royalties such as Net Profit Interest and Net Proceeds Royalties, and (iii) other royalties such as Advance Minimum Royalties, each as described below.

- **NSR — Net Smelter Return Royalties** are based on the proceeds paid by a smelter or refinery to the miner for the mining production from the property less certain transportation, smelting and refining costs as defined in the royalty agreement. This type of royalty provides cash flow that is free of any operating or capital costs and environmental liabilities. A smaller percentage NSR on an ore body can effectively equate to the economic value of a larger percentage NPI of the same ore body.
- **GR or GOR — Gross Royalties or Gross Overriding Royalties** are based on the total revenue stream from the sale of production from the property with few, if any, deductions.
- **ORR — Overriding Royalties** are based on the proceeds from the gross production and are usually free of any operating, capital and environmental costs.
- **NPI or NPR — Net Profit Interest or Net Proceeds Royalties** are based on the profit made after deducting costs related to production, which are specifically set out in the royalty agreement. NPI or NPR payments generally begin after payback of capital costs. Although the royalty holder is not responsible for providing capital, covering operating losses or environmental liabilities, increases in production costs will affect net profit and royalties payable.
- **AMR — Advance Minimum Royalty** is effectively rent paid to the royalty holder in lieu of the payment of royalties on production. Once production begins, the AMR payments are often credited against a stream of production royalty payments.

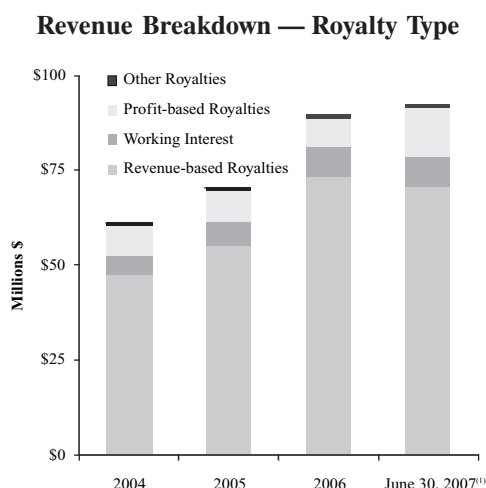
NSRs are the most common royalty for mineral projects with variations being based on changing (“sliding”) royalty rates with the changes indexed to metal prices, grade and/or capital repayment schedules.

A royalty interest is significantly different than a working interest (“WI”) in that a holder of a WI is liable for its share of capital, operating and environmental costs, usually in proportion to its ownership percentage, and it receives its pro-rata share of revenue. Minority working or equity interests are not considered to be royalties because of the ongoing funding commitments, although they can be similar in their calculations to NPIs or NPRs.

DESCRIPTION OF ROYALTY PORTFOLIO

The Royalty Portfolio consists of approximately 190 royalty interests in precious and base metal properties and over 100 royalty and/or working interests in oil and natural gas properties. These interests represent over two decades of acquisitions by Newmont and Old Franco-Nevada and make up a comprehensive portfolio. The Mineral Royalties include interests in 21 operating projects (including royalty interests covering portions of the Goldstrike Complex and Stillwater Complex), 15 properties under development or advanced exploration and approximately 154 exploration properties. A majority of the Mineral Royalties that are in production are related to gold producing mining properties, although the Mineral Royalties also include exposure to PGM, base metals and industrial minerals. The Oil & Gas Interests are located primarily in the Western Canadian Sedimentary Basin with similar amounts of revenue generated from both conventional oil and natural gas properties. These interests include working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located on and offshore Melville Island in the Canadian Arctic, resulting in an effective working interest of approximately 9%. In addition, the Royalty Portfolio includes mineral rights to 100,000 gross acres of unproved land in Canada primarily related to oil and natural gas rights.

The graph below provides a breakdown of the Royalty Portfolio’s historical revenue on an annual basis from 2004 to the last twelve months ended June 30, 2007 by royalty type.



Note:

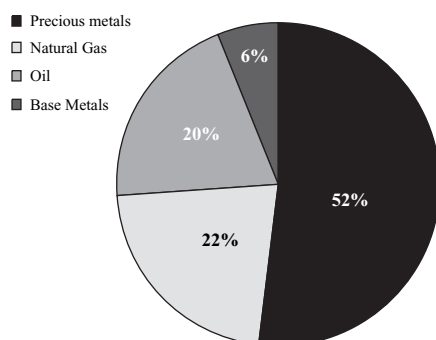
(1) Twelve month period ended June 30, 2007.

A number of the operations in which Franco-Nevada has a royalty interest are run by experienced operators, operating long-life projects, which typically have a long-term reserve life in a politically stable region. In addition, the Royalty Portfolio includes interests in a diverse group of commodities, including precious metals, base metals, oil and natural gas.

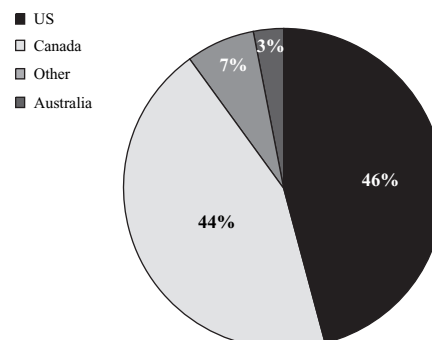
The graphs below provide a breakdown of the Royalty Portfolio’s revenue by geographic location and commodity type for the 2006 fiscal year, illustrating the diversification of the Royalty Portfolio across both geographic location and commodity type and the political stability of the geographic locations in which the underlying resources are located.

Based on current reserves and resources located in areas in which the Royalty Portfolio has royalty interests, management believes that revenue from gold and other precious metals will in the future represent an increasingly larger percentage of the Royalty Portfolio's overall revenue.

2006 Revenue Breakdown — Commodity Type

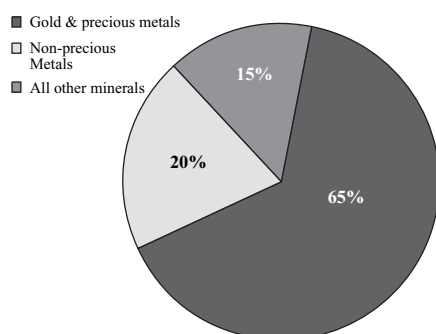


2006 Revenue Breakdown — Location

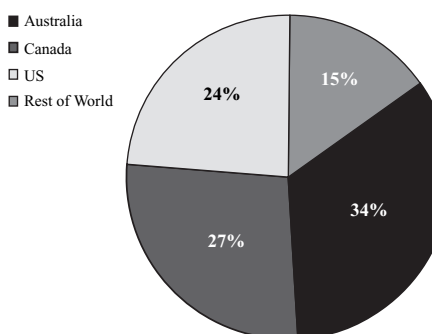


In addition, the Royalty Portfolio benefits from a diversification of commodity type and geographic location as the royalties are located in regions that have a long history of, and support for, mining and oil and natural gas production. The graphs below provide a breakdown of the percentage of Mineral Royalties by commodity type and the geographic location of all royalties included in the Royalty Portfolio.

Commodity Type — Number of Mineral Royalties



Geographic Location — Number of Royalties



Summary of Mineral Royalties

The following table sets forth certain financial and operating information concerning the royalties and their underlying properties described under “Material Mineral Royalty Interests”, “Significant Mineral Royalty Interests” and “Other Mineral Royalty Interests” below. Information of a technical nature, including all of the mine information, is based solely on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain and none of this information has been independently verified by Franco-Nevada or Newmont or its consultants, including SRK. See “Technical and Third Party Information”. The following table should be read in conjunction with the descriptions of these royalties found under the headings “Material Mineral Royalty Interests”, “Significant Mineral Royalty Interests” and “Other Mineral Royalty Interests”. For a more detailed description of these royalties, please see these sections.

Any information relating to production, reserves and resources in the following table refers to the whole of the mining operations on which Franco-Nevada holds its royalty interests and are not specific to Franco-Nevada's royalty interest in the mining operations. Accordingly, this information includes portions of properties over which the Royalty Portfolio may have no royalty or other interest. The only mines in which the Royalty Portfolio had a royalty interest over the whole of the mine property at the time the royalty or other interest was first acquired are Robinson, Cerro San Pedro, Tasiast, Falcondo, Rosemont, Mesquite, Mt. Muro, North Lanut, Eskay Creek, Henty, Mt. Keith, Kasese, Holloway & Holt, Bronzewing, Wiluna and Perama Hill. It is possible that, following the acquisition of the royalty interest, the mine property was expanded and the royalty interest no longer represents an interest over the entire mine property. For additional technical information for each of the properties listed in the table below, including information concerning tonnes and grade and reconciliation of Foreign Code used in the preparation of certain of the reserve and resource estimates hereunder, see “Mining Supplementary Technical Information”.

	ROYALTY INFORMATION							MINE INFORMATION*		
	Royalty Name	Operator	Mine Location	Royalty Type and %	2007 Royalty Revenue as of June 30/07 (\$000)	2006 Royalty Revenue (\$000)	Principal Royalty Product(s)	2006 Production	Reserves	Resources: M&I/Inferred
OPERATING	MATERIAL MINERAL ROYALTY INTERESTS									
	Goldstrike	Barrick Gold Corporation	Nevada	2-4% NSR 2.4-6% NPI	\$6,651	\$19,548	Au	1,865,000 oz.	15,956,000 oz.	2,413,000 oz. ^{A/} 688,000 oz.
	Stillwater	Stillwater Mining Company	Montana	5% NSR	\$7,575	\$13,507	Pd	463,000 oz. Pd;	23,048,000 oz. ⁽¹⁾	—/—
							Pt	138,000 oz. Pt		
	SIGNIFICANT MINERAL ROYALTY INTERESTS									
	Marigold (SFP/VEK)	Goldcorp Inc. and Barrick Gold Corporation ⁽²⁾	Nevada	5% NSR/ 1.75% NSR ⁽³⁾	\$2,053	\$2,755	Au	149,800 oz.	2,128,000 oz.	1,245,000 oz. ^{A/} 2,692,000 oz.
	Bald Mountain	Barrick Gold Corporation	Nevada	1%-4% NSR	\$1,204	\$2,483	Au	273,000 oz.	3,457,000 oz.	824,000 oz. ^{A/} 398,000 oz.
	Robinson	Quadra Mining Ltd	Nevada	0.225% NSR and other ⁽⁴⁾	\$1,075	\$1,061	Au	75,074 oz.	1,034,000 oz.	1,517,000 oz. ^{B/} 34,000 oz. ⁽⁵⁾⁽⁶⁾
							Cu	121.4 Mlbs.	845,000 t	1,660,000 t ^{B/} 53,000 t ⁽⁵⁾⁽⁶⁾
	Cerro San Pedro	Metallica Resources Inc.	Mexico	1.95% GR	—	—	Au	—	1,517,000 oz.	2,033,000 oz. ^{B/} 45,000 oz. ⁽⁵⁾
							Ag	—	62,076,000 oz.	75,660,000 oz. ^{B/} 2,215,000 oz. ⁽⁵⁾
	Tasiast	Red Back Mining Inc.	Mauritania	2% NSR ⁽⁷⁾	—	—	Au	—	1,040,000 oz.	1,230,000 oz. ^{B/} 1,165,000 oz. ⁽⁵⁾
	Falcondo ⁽⁸⁾	Xstrata plc	Dominican Republic	Dividend	\$7,274	\$2,924	Ni	29,675 t	Proved: 43.9 Mt @ 1.22%; Probable: 8.8 Mt @ 1.18%	M: 38.5 Mt @ 1.56% ^{B/} ; I: 23.9 Mt @ 1.43%/5.1 Mt @ 1.4%
DEVELOPMENT OR ADVANCED EXPLORATION	Pandora	Lonmin PLC/ Anglo Platinum	S. Africa	5% NPI	—	—	PGM	—	200,000 tons @ 4.14 g/ton ⁽⁹⁾	M: 11.6 Mtons @ 4.59 g/ton ^{A/} ; I: 23.4 Mtons @ 4.01 g/ton/ 32.2 Mtons @ 3.97 g/ton ⁽⁹⁾
	Rosemont	Augusta Resource Corporation	Arizona	1.5% NSR	—	—	Cu	—	Sulfides: 492,727 Ktons @ 0.47%; Oxides: 49,445 Ktons @ 0.18%	Sulfides: 5,421 Mlbs. ^{B/} 1,386 Mlbs.; Oxides: 297 Mlbs. ^{B/} 121 Mlbs.
							Mo	—	492,727 Ktons @ 0.015%	156.9 Mlbs. ^{B/} 22.8 Mlbs.
							Ag	—	492,727 Kton @ 0.12 oz./ton	66,500,000 oz. ^{B/} 9,300,000 oz.
	Hollister	Great Basin Gold Limited	Nevada	3%-5% NSR	—	—	Au	—	878,200 oz.	929,000 oz. ⁽¹⁰⁾ 872,000 oz.
							Ag	—	4,307,800 oz.	5,157,000 oz. ⁽¹⁰⁾ 3,169,000 oz.
Mesquite	Western Goldfields Inc.	California	0.5-2.0% NSR ⁽¹¹⁾	\$74	—	Au	—	2,767,000 oz.	1,102,000 oz. ^{A/} 7,000 tons @ 0.020 oz./ton	

	ROYALTY INFORMATION							MINE INFORMATION*		
	Royalty Name	Operator	Mine Location	Royalty Type and %	2007 Royalty Revenue as of June 30/07 (\$000)	2006 Royalty Revenue (\$000)	Principal Royalty Product(s)	2006 Production	Reserves	Resources: M&I*/Inferred
OPERATING	OTHER MINERAL ROYALTY INTERESTS									
	Mt. Muro	Straits Resources Limited	Indonesia	3-7% NSR ⁽¹²⁾	\$766	\$2,140	Au	47,452 oz.	Probable: 950 Kt @ 7.4 g/t	M: 4.3 Mt @ 0.2 g/t ^B ; I: 9.6 Mt @ 1.5 g/t / 140 Kt @ 5.9 g/t
							Ag	350,378 oz.	Probable: 950 Kt @ 61 g/t	M: 4.3 Mt @ 27 g/t ^B ; I: 9.6 Mt @ 31 g/t / 140 Kt @ 55 g/t
	North Lanut	Avocet Mining PLC	Indonesia	5% NSR ⁽¹³⁾	\$632	\$1,204	Au	54,520 oz.	227,400 oz.	467,600 oz. ^A / 370,800 oz. ⁽⁵⁾
	Eskay Creek	Barrick Gold Corporation	British Columbia	1% NSR	\$281	\$1,170	Au	113,000 oz.	103,000 oz.	25,000 oz. ^A / 20,000 oz. ^B
							Ag	⁽¹⁴⁾	5,307,000 oz.	1,304,000 oz. ^A / 480,000 oz. ^B
	Eagle Picher	EP Minerals, LLC	Nevada	⁽¹⁵⁾	\$196	\$691	De	—	—	—
	Mouska	IAMGOLD Corporation	Quebec	2% GR; 2% NSR ⁽¹⁶⁾	\$175	\$668	Au	153,000 oz. ⁽¹⁷⁾	352,000 oz. ⁽¹⁷⁾	749,300 oz. ^B / 486,200 oz. ⁽⁵⁾⁽¹⁷⁾
							Cu	—	—	—
	New Celebration	Harmony Gold Mining Co. Ltd.	Australia	1.75% NSR	(\$11) ⁽¹⁸⁾	\$650	Au	82,639 oz. ⁽¹⁹⁾	251,000 oz. ⁽¹⁹⁾	1,546,000 oz. ^B / 332,000 oz. ⁽⁵⁾⁽¹⁹⁾
	Henty	Barrick Gold Corporation	Tasmania	1% and 10% OR ⁽²⁰⁾	\$252	\$644	Au	68,000 oz.	197,000 oz.	11,000 oz. ^A / 37,000 oz.
	Mt. Keith	BHP Billiton Limited	Australia	0.25% NPI	\$811	\$407	Ni	100,100 t ⁽²¹⁾	OC: 164 Mt @ 0.57%; SP: 30 Mt @ 0.51%	M: OC — 246 Mt @ 0.54%; SP — 30 Mt @ 0.51% ^B ; I: OC — 117 Mt @ 0.47%/OC — 30 Mt @ 0.48%; SP Oxidised — 23 Mt @ 0.62%
	Commodore Mine	Downer EDi Mining	Australia	⁽²²⁾	\$63	\$79	Coal	—	—	—
	Kasese	Kasese Cobalt Company ⁽²³⁾	Uganda	10% FCF Share ⁽²⁴⁾	—	\$99	Co	—	—	—
	Holloway & Holt ⁽²⁵⁾	St. Andrew Goldfields	Ontario	2-10% NSR ⁽²⁶⁾	\$28.7	—	Au	—	—	964,000 oz./ 270,000 oz. ⁽⁵⁾
	Bronzewing	View Resources Limited	Australia	1% NSR	—	—	Au	—	544,000 oz.	696,000 oz. ^B / 120,000 oz.
	Ity	La Mancha Resources Inc./SODEMI	Cote d'Ivoire	2-3% NSR ⁽²⁷⁾	—	—	Au	42,568 Au	240,932 oz. ⁽²⁸⁾	314,358 oz. ⁽¹⁰⁾ / 16,397 oz. ⁽²⁸⁾

	ROYALTY INFORMATION							MINE INFORMATION*		
	Royalty Name	Operator	Mine Location	Royalty Type and %	2007 Royalty Revenue as of June 30/07 (\$000)	2006 Royalty Revenue (\$000)	Principal Royalty Product(s)	2006 Production	Reserves	Resources: M&I [*] /Inferred
DEVELOPMENT OR ADVANCED EXPLORATION	Wiluna	Apex Minerals NL	Australia	3-5% NSR ⁽²⁹⁾	\$226	\$689	Au	—	—	333,582 oz./ 434,875 oz. ⁽⁵⁾
	Dee Gold	Barrick Gold Corporation	Nevada	4-9% NSR ⁽³⁰⁾	\$100	\$200	Au	—	—	490,000 oz./ 30,000 oz.
	Pinson	Barrick Gold Corporation/ Atna Resources Ltd.	Nevada	1-2% NSR	\$24	\$46	Au	—	—	1,063,000 oz./ 1,146,600 oz. ⁽³¹⁾
	Admiral Hill	Crescent Gold Limited	Australia	⁽³²⁾	—	—	Au	—	71,310 oz.	123,000 oz. ^B / 77,000 oz.
	Calcatreu	Aquiline Resources Inc.	Argentina	2.5% NSR	—	—	Au	—	—	602,540 oz./ 125,920 oz.
							Ag	—	—	5,569,330 oz./ 1,166,000 oz.
	Detour Lake	Detour Gold Corporation/ Pelangio Mines Inc.	Ontario	2% NSR	—	—	Au	—	—	1,379,000 oz./ 2,035,650 oz.
	Interlake	Barrick Gold Corporation/ Teck Cominco Limited	Ontario	3% NSR 50% NPI	—	—	Au	—	—	—
	Peculiar Knob	Western Plains Resources Ltd.	Australia	⁽³³⁾	—	—	Fe	—	Proved: 13.1 Mt @ 62.7%; Probable: 2.3 Mt @ 63.0%	M: 13.4 Mt @ 63.7%; ⁽¹⁰⁾ I: 4.1 Mt @ 63.4%/1.5 Mt @ 64.5% ⁽³⁴⁾
	Moolart Well	Regis Resources NL	Australia	2% NSR	—	—	Au	—	—	789,000 oz./ 775,000 oz.
	King Vol	Kagara Zinc Ltd.	Australia	⁽³⁵⁾	—	—	Zn	—	1,317,000 t @ 11.2%	—/1,969,000 t @ 14.0%
							Cu	—	1,317,000 t @ 0.7%	—/1,969,000 t @ 0.8%
							Pb	—	1,317,000 t @ 0.8%	—/1,969,000 t @ 1.1%
							Ag	—	1,317,000 t @ 36 g/t	—/1,969,000 t @ 43 g/t
	Perama Hill	Frontier Pacific Mining Corporation	Greece	2% NSR	—	—	Au	—	—	1,363,000/ 27,000 oz.

* Any information relating to production, reserves and resources in the above table refers to the whole of the mining operations on which Franco-Nevada holds its royalty interests and is not specific to Franco-Nevada's royalty interests in the mining operations.

A Measured and indicated reserves are exclusive of reserves.

B Measured and indicated reserves are inclusive of reserves.

(1) Expressed as palladium plus platinum in-situ ounces at a rate of approximately 3.56 parts palladium to 1 part platinum.

(2) Mine information figures in this chart represent the corresponding figures of Goldcorp and Barrick in the aggregate.

(3) The Royalty Portfolio includes a 7/12 interest in a 3% NSR on the VEK portion of the Marigold property, resulting in an effective royalty rate of 1.75%.

(4) See "Significant Mineral Royalty Interests — Robinson" for a description of the royalty.

(5) Measured and indicated figures were reported separately but have been combined to provide an aggregate measured and indicated amount.

(6) At a 0.40% Cu cut off.

- (7) Royalty begins paying only after 600,000 oz. of gold produced.
- (8) The Royalty Portfolio has an equity interest of 4.1%. All revenue figures reported are from dividend payments on common shares as opposed to royalty payments.
- (9) Figures represent Anglo Platinum's attributable 42.5% interest in the Pandora joint venture only.
- (10) Unable to ascertain from source document whether measured and indicated figures were recorded inclusive or exclusive of reserves. At a 0.25 oz./ton cut off.
- (11) Royalty interest varies depending on the claim block of the project.
- (12) Sliding scale royalty paid on 90% of production and capped at production of 1,500,000 oz. for the property. As at June, 2007, approximately 1.35 million oz. have been produced from the project.
- (13) The 5% NSR is on 80% of gold production and will cease after 500,000 oz. of production.
- (14) Silver production is accounted for as a by-product credit against gold production costs.
- (15) The Royalty Portfolio contains two royalty interests in separate portions of the Eagle Picher project. Each provides for annual payments which are credited against actual royalties paid. One royalty interest is on an active producing lease and provides for the payment of 77 cents per 2,000 lbs. of processed diatomite (calculated in 1966 dollars, subject to adjustment). The other royalty provides for the payment of 25 cents per 2,000 lbs. of processed diatomite (calculated originally in 1971 dollars, but subject to increases or decreases in proportion to the price of diatomite). The property subject to this second royalty is currently non-producing.
- (16) 2% GR on gold production and a 2% NSR on copper production.
- (17) Production and reserve/resource figures are for the "Doyon Division" which is comprised of both the Mouska and Doyon gold mines.
- (18) Due to over-accrual in prior period.
- (19) Production and reserve/resource figures are for the entire South Kal project of which New Celebration comprises only a part.
- (20) Overriding royalty of 10% on principal metals, ex-refinery and by-products from Zone 1. Overriding royalty of 1% on principal metals, ex-refinery and by products from Zone 2.
- (21) Production figure is for the "Nickel West" operation of which Mt. Keith comprises only part.
- (22) Royalty is calculated at a rate of (i) AUS\$0.75 per tonne for all coal sold from certain portions of the Commodore Project, or (ii) 1.5% "NSR" (whichever is greater). Franco-Nevada is entitled to 81% of this royalty.
- (23) Subsidiary of Blue Earth Refineries Inc.
- (24) Free cash flow payment capped at \$10 million. Free cash flow is the actual proceeds of cobalt sales less costs of mining, processing, transportation and storage.
- (25) The Royalty Portfolio also contains a 1% NSR royalty interest in the adjoining Stock Gold Complex.
- (26) Royalty based on a sliding scale: 2% if price of gold is \$500 or less, increasing by 1% for every \$100 increase in the price of gold, up to a maximum of 10%.
- (27) NSR royalty is paid based on two levels of production. First, there is a 2% NSR on 51% of the 8 tonnes of gold produced between the 13th and 21st tonnes. Second, there is a 3% NSR on 51% of the 14 tonnes of gold produced between the 21st and 35th tonnes.
- (28) The reserve and resource figures are based only on La Mancha's 51% attributable interest in the Ity mine at the time the disclosure was made. La Mancha currently has a 45.9% attributable interest in the Ity mine. Unable to ascertain if measured and indicated resources are inclusive or exclusive of reserves.
- (29) The Wiluna gold royalty is a sliding scale royalty based on the U.S. spot price of gold. Gold recovered from the near mine environment is excluded for the first one million ounces.
- (30) Sliding scale NSR based on dollar value of ore (CPI indexed).
- (31) At a 0.2 oz./t Au cut off.
- (32) The Royalty Portfolio includes a 50% interest in AUD\$1.50 per bank cubic metre of ore extracted between 100,000 bcm and 850,000 bcm.
- (33) Royalty is: 79.8% of the product of (i) AUD\$0.0075, (ii) the percentage of daily iron ore production, and (iii) the total tonnes of iron ore produced in a day.
- (34) Unable to ascertain if measured and indicated resources are inclusive or exclusive of reserves.
- (35) Royalty is paid at a rate of AUS\$1.50 per wet tonne on 80% of ore production.

Material Mineral Royalty Interests

The Royalty Portfolio has two material mineral royalty interests, which are comprised of royalties covering portions of the Goldstrike and Stillwater complexes.

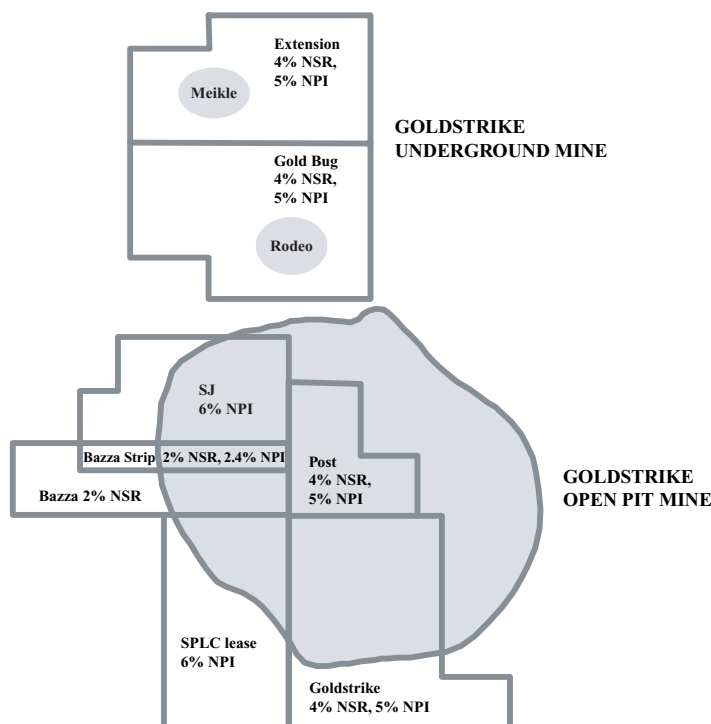
Goldstrike Complex

The material royalties on the Goldstrike properties were originally acquired by Old Franco-Nevada in 1986. The Royalty Portfolio holds numerous royalties covering portions of the Goldstrike mining complex (the “Goldstrike Complex”). The Goldstrike Complex is comprised of: (i) the Betze-Post open pit mine (the “Goldstrike Open Pit Mine”); and (ii) the Meikle and Rodeo underground mines (collectively, the “Goldstrike Underground Mine”). Barrick is the operator of each of these mines.

Goldstrike Complex Royalty

The royalties within the Goldstrike Complex are made up of the following multiple claims groups:

- 4% NSR and 5% NPI that cover the Post and Goldstrike claims (collectively known as the “Post and Goldstrike Royalty”), which cover the central and southern portions of the Goldstrike Open Pit Mine. These royalties apply to a total of 44 claims (865 acres). NSR payments have been made from the start of production on these claims, and NPI royalty payments began in the fourth quarter of 1993;
- 4% NSR and 5% NPI over 1,280 acres covering the Extension and Gold Bug claims (collectively known as the “Extension-Gold Bug Royalty”) which cover the Goldstrike Underground Mine. The Goldstrike Underground Mine is located just north of the Goldstrike Open Pit Mine, along the same mineralized trend as the surface deposits. The Goldstrike Underground Mine includes the Meikle deposit, a high-grade ore body that was discovered in 1989 and entered production in 1996 and the Rodeo deposit, a second ore body that entered production in 2002;
- 2% NSR over the Bazza claims and a 2% NSR and 2.4% NPI over the Bazza Strip area (collectively the “Bazza Royalty”), which cover a western portion of the Goldstrike Open Pit Mine; and
- 6% NPI over the SJ claims and SPLC lease area (collectively known as the “SJ and SPLC Royalty”), which cover the northwestern and southwestern portions of the Goldstrike Open Pit Mine.



Note: Not to scale.

Historical Financial and Operating Summary

The royalties within the Goldstrike Complex have over time been impacted by: (i) Barrick's planned mining sequence of the Goldstrike Open Pit Mine, which focuses production on differing royalty claims, resulting in differing royalty burdens, as well as away from lands over which the Company holds a royalty interest; (ii) increased commodity prices; (iii) gradually declining production rates from the Goldstrike Underground Mine due to lower head grades; and (iv) processing grades for 2007 year-to-date having been below reserve grade. While the Goldstrike Complex has a history of reserve replacement and discovery, since 2004 Barrick has not been able to completely cover depletion at the Goldstrike Complex, although exploration continues with some success. During the year ended 2006, approximately 85% of the ounces of gold produced at the Goldstrike Complex were subject to the Goldstrike royalties included in the Royalty Portfolio. Based on management's estimates, quarterly NPI payments from the SJ claims should commence in 2008.

	2004	2005	2006	2007 ⁽³⁾
Revenue (\$000) ⁽¹⁾	\$23,206	\$22,377	\$19,548	\$6,651
Production (K oz) ⁽²⁾	1,943	2,024	1,865	879
Proven and Probable Reserves (K oz) ⁽²⁾	19,158	17,376	15,956	— ⁽⁴⁾
Measured and Indicated Resources (K oz) ⁽²⁾	3,480	2,301	2,413	— ⁽⁴⁾
Inferred Resources (K oz) ⁽²⁾	2,441	1,209	688	— ⁽⁴⁾

Notes:

(1) Revenue relates to royalty revenue paid to Newmont.

(2) Production, reserves and resources are for the entire mining property and not specific to the Royalty Portfolio's royalty interest. Measured and Indicated Resources are exclusive of Proven and Probable Reserves.

(3) For the six months ended June 30, 2007.

(4) Data is not available.

Franco-Nevada does not have the obligation to fund any portion of the costs associated with the operations at the Goldstrike Complex. The NSR royalties are based upon gross production from the mine, reduced only by the ancillary costs of smelter and refining charges and transportation. The determinants of the revenue received under the NSR agreements are the number of ounces of gold produced, the selling price of the gold, and the cost of shipping, smelting and refining. In contrast, NPI royalties are calculated as proceeds less costs, where proceeds equal the number of ounces of gold produced from the royalty burdened claims multiplied by the spot price of gold on the date gold is credited to Barrick's account at the refinery and costs include operating and capital costs.

Barrick's mining sequence impacts the Royalty Portfolio's royalty receipts, causing fluctuations depending upon which claims are being exploited. Historically, the Post and Goldstrike Royalty was the majority contributor to the royalty revenue stream, as the Goldstrike Open Pit Mine was centered over those claims. Recently, the open pit operations have shifted to the west, and the Bazza Royalty and the SJ and SPLC Royalty areas are more important contributors to current open pit production. Management expects revenue from these royalty interests to be increasingly significant in the future.

Stillwater Complex

In April 1998, Old Franco-Nevada purchased a 5% NSR royalty covering a majority of the Stillwater mine and all of the East Boulder mine (collectively the "Stillwater Complex"), owned and operated by Stillwater in Montana.

Stillwater Complex Royalty

The Stillwater Complex royalty is a 5% NSR payable on all commercially recoverable metals produced from 813 of the 995 claims that cover the Stillwater Complex. The amount of the royalty is reduced by permissible deductions, which on average equates to approximately 10-12% of revenue. The royalty is calculated and payable monthly. Franco-Nevada may also elect to receive the royalty in cash or in kind.

Based on management's estimates, the Stillwater Complex royalty covers approximately 80-85% of the combined reserves and resources of the deposit. Historically, the percentage of ore mined from the royalty ground has been lower than the 80-85% reserve/resource estimate. However, in recent years the annual percentage of production on the royalty ground has increased, reaching approximately 86% in 2006. While the percentage of future production from the royalty lands will vary from year to year, management believes the cumulative rate to be approximately equal to the estimated percentage of reserves/resources covered by the royalty. Production began in 1987 at the Stillwater Mine and in 2002 at East Boulder Mine, which lies to the west of the Stillwater mining and milling operation.

Historical Financial and Operating Summary

The royalties within the Stillwater Complex have benefited from steadily increasing production from lands covered by royalty interests included in the Royalty Portfolio and increasing PGM prices. In addition, other than in 2006, Stillwater has been successfully replacing reserves net of depletion at the Stillwater Complex. As a result of what Stillwater describes as the unique PGM enrichment of the J-M Reef, management believes that, for the next several years, increases to ongoing reserves will not be a function of discovery, but will instead be dependent on adequate definition drilling, the developed-state of the infrastructure, and capital and operating cost pressures.

	2004	2005	2006	2007 ⁽⁵⁾
Revenue (\$000) ⁽¹⁾	\$ 8,249	\$ 8,651	\$ 13,507	\$ 7,575
Production (Pd/Pt K oz) ⁽²⁾	439/130	428/126	463/138	213/64
Proven and Probable Reserves (K oz) ⁽²⁾⁽³⁾⁽⁴⁾	23,861	24,082	23,048	— ⁽⁶⁾

Notes:

- (1) Revenue relates to royalty revenue paid to Newmont.
- (2) Production, reserves and resources are for the entire mining property and not specific to the Royalty Portfolio's royalty interest.
- (3) Expressed as palladium plus platinum in-situ ounces at a ratio of approximately 3.56 parts palladium to 1 part platinum.
- (4) Average mining and processing losses of approximately 12.8% must be deducted to arrive at estimated recoverable ounces.
- (5) For the six months ended June 30, 2007.
- (6) Data is not available.

Significant Mineral Royalty Interests

In addition to the royalties over the Goldstrike Complex and Stillwater Complex, the Royalty Portfolio has other significant producing and non-producing mineral royalties and equity investments, which are described below.

Marigold

The Marigold Property is made up of the SFP (Sante Fe Pacific) portion and the VEK (VEK/Andrus claims) portion. The Royalty Portfolio includes a 5% NSR royalty on production from the SFP portion of the Marigold property. The mine is located in Humboldt County, Nevada and has been in operation for over 15 years. The mine is operated by conventional open pit mining with heap leaching. Marigold is operated by a joint venture comprised of Goldcorp Inc. (66.66%) and Barrick (33.33%).

The Royalty Portfolio also includes an effective 1.75% NSR on the VEK portion of the Marigold property. This portion of the Marigold property was previously in production and generated revenues on production from the 8-south ore body from 1989 to 1994. Although there is no current production from this portion of the property, an AMR of \$160,000 is currently payable annually and is required to be credited as an advance to be deducted from subsequent royalties paid on production from the VEK claims.

Historical Financial and Operating Summary⁽¹⁾

The Royalty Portfolio's interests at the Marigold property have benefited from renewed production from the SFP portion of the Marigold property commencing in late 2005 and increasing commodity prices. The operators have been able to consistently replace reserves net of depletion at the property in recent history, with the exception of 2005 when cost pressures began to impact the gold industry.

	2004	2005	2006	2007 ⁽⁴⁾
Revenue (\$000) ⁽²⁾	\$ —	\$ 335	\$2,755	\$2,053
Production (K oz) ⁽³⁾	141.2	206.1	149.8	48.9
Proven and Probable Reserves (K oz) ⁽³⁾	744 ⁽⁵⁾	689 ⁽⁵⁾	2,128	— ⁽⁶⁾
Measured and Indicated Resources (K oz) ⁽³⁾	387 ⁽⁵⁾	389 ⁽⁵⁾	1,245	— ⁽⁶⁾
Inferred Resources (K oz) ⁽³⁾	859 ⁽⁵⁾	693 ⁽⁵⁾	2,692	— ⁽⁶⁾

Notes:

- (1) Information contained in the table refers only to Marigold SFP and does not include Marigold VEK.
- (2) Revenue relates to royalty revenue paid to Newmont on the SFP portion of Marigold.
- (3) Production, reserves and resources are not specific to the Royalty Portfolio's royalty interest in the SFP portion of Marigold. Measured and Indicated Resources are exclusive of Proven and Probable Reserves.
- (4) For the six months ended June 30, 2007.
- (5) Figure represents only Barrick's 1/3 interest in property.
- (6) Data is not available.

Bald Mountain

The Royalty Portfolio's Bald Mountain royalties cover a portion of the 154,500 acre Bald Mountain mine located in White Pine County, 90 miles northwest of Ely, Nevada. Operations began as two separate mines with different owners, initially producing gold in 1981 at Alligator Ridge on the east side of the property, and in 1986 at Bald Mountain on the west side of the property. The property was combined in 1993 by Placer Dome Inc. ("Placer Dome"). Historically, Bald Mountain has been operated from multiple small open pits, using multiple heap leach facilities. Since 2005, Placer Dome, and later Barrick, dramatically expanded reserves and production rates on the entire property, and Barrick continues to explore the property.

The lands over which the Royalty Portfolio holds its royalty interests, which are primarily situated on the eastern portions of the property, include approximately 18,160 acres that are subject to a 4% NSR on all gold and silver recovered from such portion, of which approximately 50% may be subject to reduction on account of royalties owing to other parties, and approximately 2,300 acres that are subject to a 2.4% NSR. The conventional open pit mine is operated by Barrick.

Historical Financial and Operating Summary

The Royalty Portfolio's Bald Mountain royalties have benefited from: (i) increased production from the lands covered by royalty interests included in the Royalty Portfolio; (ii) increasing overall mine production; and (iii) increased commodity prices. While the operator has been able to replace reserves net of depletion for several years, a dramatic increase in reserves began to occur in 2005 when the operator at that time, Placer Dome, increased its property-wide exploration budget. Barrick, the current operator of the property, is expected to continue to explore the property.

	2004	2005	2006	2007 ⁽³⁾
Revenue (\$000) ⁽¹⁾	\$ 234	\$ 566	\$2,483	\$1,204
Production (K oz) ⁽²⁾	46.7	80.3	273	— ⁽⁴⁾
Proven and Probable Reserves (K oz) ⁽²⁾	949	3,390	3,457	— ⁽⁴⁾
Measured and Indicated Resources (K oz) ⁽²⁾	1,422	845	824	— ⁽⁴⁾
Inferred Resources (K oz) ⁽²⁾	193	381	398	— ⁽⁴⁾

Notes:

(1) Revenue relates to royalty revenue paid to Newmont.

(2) Production, reserves and resources are in respect of the entire mining property and are not specific to the Royalty Portfolio's royalty interest. Measured and Indicated Resources are exclusive of Proven and Probable Reserves.

(3) For the six months ended June 30, 2007.

(4) Data is not available.

Robinson

The Robinson open pit mining complex is located near Ely, Nevada. Copper, gold and molybdenum are recovered in concentrates that are transported offsite for smelting. The mine is operated by Quadra Mining Ltd. ("Quadra Mining"). There are two royalty agreements covering different portions of the Robinson mine.

Under an agreement purchased from Nerco Exploration Company ("Nerco"), the royalty holder receives a 0.225% NSR on all base-metal and associated precious metal production. The royalty will cease after \$17 million has been paid pursuant to the agreement.

Under an agreement purchased from Alta Gold Co. ("Alta"), the royalty holder receives a 10% NSR on 51% of the gold production from the property in excess of 60,000 ounces of gold per year. The royalty holder is also entitled to receive a price participation royalty on 51% of all copper production from the property in excess of 130 million pounds of copper payable in any year in which the average price of copper exceeds \$1 per pound, adjusted for inflation (based on 1990 dollars).

In January 2007, Quadra Mining reported production of 75,074 ounces of gold and 121.4 million pounds of copper for 2006, exceeding its earlier forecast. Quadra Mining recently reported gold production for the nine months ended September 30, 2007 of 81,071 ounces and 108,717 ounces for the last twelve months ended September 30, 2007. For the nine months ended September 30, 2007 and last twelve months ended September 30, 2007 copper production was reported as 99.5 million pounds and 134.8 million pounds, respectively.

Historical Financial and Operating Summary

After production stopped in 1999, the Royalty Portfolio's Robinson royalties recommenced following resumption of production at the property in the second quarter of 2004. Increasing commodity prices and production triggered the commencement of payments from the Alta gold/copper price-participation royalty.

Based on Quadra Mining's disclosure of production for the nine months ended September 30, 2007, gold production year-to-date of 81,071 has already exceeded the Alta threshold and management expects royalty payments from this Alta gold royalty in the third and fourth quarter of 2007.

	2004	2005	2006	2007 ⁽³⁾
Revenue (\$000) ⁽¹⁾	\$—	\$432	\$1,061	\$1,075
Production (K oz Au/m Mlbs Cu) ⁽²⁾	—	81/126	75.1/121.4	56.9/68.8
Proven and Probable Reserves (K oz Au/K t Cu) ⁽²⁾ . . .	1,187/893	1,160/1,004	1,034/845	— ⁽⁴⁾
Measured and Indicated Resources (K oz Au/K t Cu) ⁽²⁾	2,413.8/2,287.8 ⁽⁵⁾	1,517/1,660 ⁽⁶⁾	1,517/1,660 ⁽⁶⁾	— ⁽⁴⁾
Inferred Resources (K oz Au/K t Cu) ⁽²⁾	59.6/96.6	34/53	34/53	— ⁽⁴⁾

Notes:

- (1) Revenue relates to royalty revenue paid to Newmont.
- (2) Production, reserves and resources are in respect of the entire mining property and are not specific to the Royalty Portfolio's royalty interest. Measured and Indicated Resources are inclusive of Proven and Probable Reserves.
- (3) For the six months ended June 30, 2007.
- (4) Data is not available.
- (5) At a 0.30% Cu cut off.
- (6) At a 0.40% Cu cut off.

Pandora

The Royalty Portfolio includes a 5% NPI royalty on the 17,193 acre Pandora property in the western Bushveld area of South Africa. On April 6, 2001 Anglo American Platinum Corporation ("Anglo Platinum") and Lonmin Plc announced they would form a joint venture to develop the Pandora property. Anglo Platinum has been paying AMR payments of ZAR100,000 (approximately \$14,000) on the royalty interest since 1994. Full scale production has previously been forecasted to begin in 2012. However, based on information from Anglo Platinum, Franco-Nevada believes that there has been recent test-scale mining on the property, which has been confirmed by payments received in the second half of 2007.

Cerro San Pedro

The Royalty Portfolio includes a 1.95% GR royalty on all precious metals recovered on the Cerro San Pedro project. The Cerro San Pedro project is located in central Mexico near San Luis Potosi. Production from the mine started in 2007. The mine is owned and operated by Metallica Resources Inc. ("Metallica Resources"). As of April 2007, Metallica Resources publicly disclosed that it expects Cerro San Pedro to produce 90,000 ounces of gold per year and 2.1 million ounces of silver per year over a 10-year mine life.

Rosemont

The Royalty Portfolio includes a 1.5% NSR royalty on all minerals extracted from the Rosemont (Helvetia) project, located in Pima County, approximately 30 miles southeast of Tucson, Arizona, which is currently in the permitting process. The property contains three known potentially open-pit mineable Cu/Mo/Ag skarn deposits (Rosemont, Peach Elgin and Broadtop Butte, respectively) and is situated near a number of large porphyry type producing copper mines operated by Freeport-McMoRan Copper & Gold Inc. (formerly Phelps Dodge Corporation) and Asarco LLC. The project is owned by Augusta Resource Corporation ("Augusta"), with a recent significant investment in Augusta by Sumitomo Corporation.

Augusta has publicly reported that measured and indicated resources at Rosemont include 74.5 million tonnes of oxide ore, and 543.1 tonnes of sulfide mineralization containing copper, silver and molybdenum. Metal content within this resource is estimated at 4.65 billion pounds of copper, 146 million pounds of molybdenum and 61 million ounces of silver.

On August 28, 2007, Augusta released a Bankable Feasibility Study, indicating that the Rosemont (Helvetia) project is technically and economically feasible and that the project will be a conventional modern hard rock open pit operation, with a mine life of 18.2 years, and annual production of: (i) 234 million pounds of copper (84% recovery); (ii) 4.5 million pounds of molybdenum (56% recovery); and (iii) 2.65 million ounces of silver (78% recovery) expected for the first eight years of production.

Augusta has publicly reported that permitting and engineering initiatives are currently underway, with pre-production mining projected by Augusta to begin in 2010.

Hollister

The Royalty Portfolio includes a 5% NSR, less third party underlying royalties, on portions of the Hollister project, Nevada, resulting in the royalty holder being entitled to receive an effective 3% NSR on a 45 claim block area called Hillcrest-Finley River Block, and a 5% NSR royalty on another portion of the Ivanhoe property. The Hollister project is located at the northern end of the prolific Carlin Trend in northeast Nevada. Great Basin Gold Limited. ("Great Basin") owns and operates the Hollister project.

Great Basin has completed and announced technical and feasibility studies, indicating reserves of 878,200 ounces of gold and 4,307,800 ounces of silver. Great Basin anticipates annual production of approximately 150,000 ounces of gold equivalent.

Mesquite

The Mesquite Mine produced approximately 3.0 million ounces of gold between 1986 through December 31, 2005. The mine is located in southern California and is permitted for open pit mining and heap leach processing. Newmont owned and operated the mine from 1997 until 2001, at which time it was placed on care and maintenance during a period of low gold prices. Newmont subsequently sold the mine to Western Goldfields, Inc. ("Western Goldfields") in 2003 and entered into a net operating cash flow ("NOCF") agreement, which applied to production from ore existing on the heap leach pads at the time of sale in 2003 and NSR royalties on future production of all metals and minerals, including gold.

The entire Mesquite property is subject to a royalty. However, the percentage varies depending on the particular portion of the property. In particular, the NSR royalties, which cover new production from Mesquite, range from 0.5 to 2.0%, depending on the claim block and may each be paid in cash or in-kind. The NOCF is tied to the existing gold inventory in the heaps at the time of sale in 2003 and was calculated based on the entire proceeds received from production less direct operating and capital costs. Management is currently negotiating a simpler royalty arrangement, which would eliminate the NOCF interest.

Western Goldfields has publicly disclosed that it expects production from the new mining operations to re-commence at Mesquite in January 2008, with full production expected in 2008. Western Goldfields' current plan calls for annual production of 165,000 ounces of gold. In March 2007, Western Goldfields announced an increase in the reserves and resources at Mesquite. In particular, reserves increased from 2.36 million ounces of gold to 2.77 million ounces of gold, measured and indicated resources (inclusive of reserves) increased from 3.6 million ounces of gold to 3.87 million ounces of gold.

Tasiast

The Royalty Portfolio includes a 2% NSR royalty on the Tasiast mine, which is located in Mauritania, West Africa. The royalty is not payable until 600,000 ounces of gold have been produced, which management believes will occur in 2013. Payment of the royalty is to be made in-kind within 30 days of each payment period.

The deposit is to be mined by open pit mining. It includes reserves of 1 million ounces of gold, and the operator expects to produce 108,000 ounces of gold per year at an average grade of 3.25 g/t. The mine was officially opened in July 2007. Red Back Mining Inc. ("Red Back") exercised its option to acquire 100% of the Tasiast mine in July 2007 from Rio Narcea Gold Mines, Ltd., and is now the 100% owner and operator of Tasiast. The Tasiast property covers a 60 kilometre strike length of the prospective Aoueuat greenstone belt.

Significant Equity Interests

Falconbridge Dominicana, C. Por A.

In addition to the significant royalty interests described above, the Royalty Portfolio includes an approximate 4.1% equity interest in Falconbridge Dominicana, C. Por A. (“Falcondo”), through the ownership of common shares of Falcondo, which owns and operates an integrated complex of mines, smelter, crude oil supply system, oil refinery, and power plant producing ferronickel in the Dominican Republic. Revenue is received through dividend distributions on these common shares. These dividends are made at the discretion of Falcondo and, as such, there is no assurance that historical dividends are indicative of future dividend payments or that the Royalty Portfolio will receive dividends in any period. Xstrata Nickel, a division of Xstrata PLC, is the majority shareholder of Falcondo, following its acquisition of Falconbridge Limited in 2006. As of the date hereof, the Royalty Portfolio has received dividends of approximately \$10.5 million in fiscal 2007.

Historical Financial and Operating Summary

	2004	2005	2006	2007 ⁽³⁾
Revenue (\$000) ⁽¹⁾	\$ 745	\$ 1,505	\$ 2,924	\$ 7,274 ⁽⁴⁾
Production (t) ⁽²⁾	29,477	28,668	29,675	14,749

Notes:

- (1) Refers to dividend payments on the common shares, net of 18% withholding tax.
- (2) Production, reserves and resources are in respect of the entire mining properties and are not specific to the Royalty Portfolio's equity interest.
- (3) For the six months ended June 30, 2007.
- (4) Xstrata has advised the Company that a portion of this amount represents non-recurring dividends.

Other Mineral Royalty Interests

In addition to those assets described above, the Royalty Portfolio includes another 13 operating and 11 developing or advanced exploration royalty properties which are generally in or near historic mining districts and are situated along prospective mineral trends or are undergoing varying degrees of exploration by the operators of such properties. While none of the 11 developing or advanced exploration royalty properties are in production, the operators expect to bring these properties into production. As a royalty interest holder, Franco-Nevada has no control over when or if these properties will become producing properties. With strong commodity prices and access to capital, many of the project operators have been rapidly moving projects towards production. For a description of these royalty interests, please see the table under “Description of Royalty Portfolio”.

Mineral Royalty Growth Opportunities

The Royalty Portfolio also includes approximately 154 other non-producing NSR and other royalties (which includes the “Other Mineral Royalty Interests” described above) on mineral properties in the U.S., Canada, Australia and several other countries. While none of these properties are currently in production, they nonetheless represent potential future royalty streams. The non-producing royalties cover various commodity types, with 65% of the royalties covering gold and precious metals, 20% covering non-precious metals and the remainder covering all other minerals. Many of the properties are in various stages of exploration, pre-development, reserve development and feasibility analysis. Several other interests represent claims over land areas in or adjacent to currently producing properties.

Oil & Gas Interests

The Oil & Gas Interests include producing and non-producing lands located in British Columbia, Alberta, Saskatchewan, Manitoba and the Canadian Arctic. Producing lands include Crown, freehold, unitized and non-unitized oil and natural gas production. The properties contain long-life, low-decline reserves, include interests in frontier areas (see “Arctic Gas”) and are operated by experienced operators, including, among others, EnCana, Apache Corporation, Talisman Energy Inc., CNRL and Petro-Canada.

The following table sets forth certain financial and operating information concerning the Oil & Gas Interests for the six month period ended June 30, 2007, and for the years ended December 31, 2006, 2005 and 2004.

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)				
Significant Properties	18,014	24,013	30,568	15,891
Other Properties	5,446	6,389	7,032	3,270
Total	23,460	30,402	37,600	19,161
Operating costs (\$000's)	916	2,001	796	476
Operating statistics				
Production (Boe/d)	2,010	1,990	2,200	2,300
Production split (oil:gas)	50:50	51:49	48:52	45:55

Note:

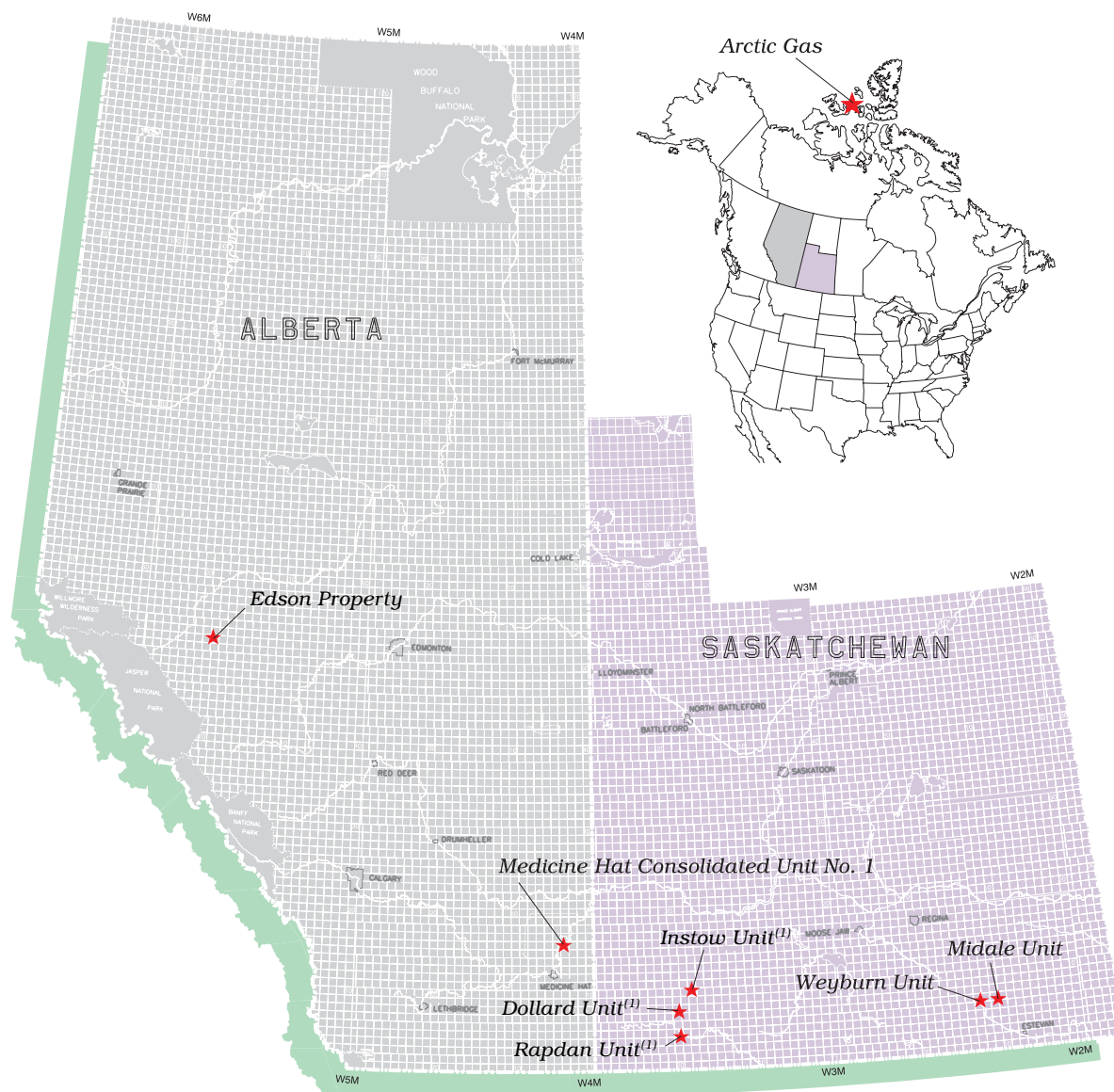
(1) For the six months ended June 30, 2007.

Significant Properties

The following is a description of the oil and natural gas interests on the Edson Property, Weyburn Unit, Midale Unit, Medicine Hat Consolidated Unit No. 1 and Tidewater Interests (collectively, the “Significant Properties”) which are the most significant royalties and working interests included in the Oil & Gas Interests. The following describes these Significant Properties, the production from these properties net to the Royalty Portfolio and the proved reserves of these properties net to the Royalty Portfolio. The Significant Properties accounted for approximately 79% of the production revenue from the Oil & Gas Interests for the year ended December 31, 2006 and 81% of proved reserves for the year ended December 31, 2006. As of December 31, 2006, total proved plus probable reserves for these Significant Properties was 7.7 MMboe, using forecast costs and prices.

Geographic Location

The following map sets out the location of the Significant Properties and Arctic Gas.



(1) The Dollard Unit, Rapdan Unit, Instow Unit and other properties located in southern Saskatchewan make up the Tidewater Interests.

Edson Property, Alberta

The Edson Property is located approximately 209 kilometers west of Edmonton, Alberta and encompasses over 26,560 gross (net 3,984) acres, of which 9,600 gross (net 1,440) acres are currently undeveloped. Franco-Nevada has a 15% overriding royalty in this property. The wells are operated by CNRL. As at December 31, 2006 the property was producing approximately 37 MMcf/d from 113 gross (net 17.0) producing gas wells mainly from the Upper Cretaceous Cardium Formation, with lesser amounts from the Viking, Cadomin and Bluesky Formations.

Gas is processed at the CNRL operated Galloway, Edson West and Ansell gas plants which extract natural gas liquids. These plants have a combined processing capacity of 146 MMcf/d. The main reserves-bearing formation in the Edson property area is the Upper Cretaceous Cardium Formation. The Edson property lies in

an area of northwest-southeast trending fault traces where the faults ramp up through the Cardium Formation. The faults dip to the west. The best Cardium wells, both vertical and especially horizontal, have targeted the hanging wall of the updip leading edge of Cardium sand cycles. This potentially helps the wells take advantage of the better productivity associated with narrow areas of higher fracture density induced by the higher stresses related to deformation along the leading edges of the faults.

During the first six months of 2007 five additional wells were brought into production bringing the number to 118 gross (net 17.7) wells producing in aggregate 4.5 MMcf/d of natural gas and 240 Bbls/d of NGLs totalling 990 Boe/d of production net to Franco-Nevada. As of December 31, 2006, net proved reserves to the Oil & Gas Interests were 1,814 Mboe.

Historical Financial and Operating Summary

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)	8,120	10,217	14,664	8,246
Production (MBoe)	271	267	354	199

Note:

(1) For the six months ended June 30, 2007.

Weyburn Unit, Saskatchewan

The Weyburn Unit is located approximately 129 kilometers southeast of Regina, Saskatchewan. The Unit encompasses approximately 53,360 gross (net 824) acres in which the Mississippian Midale beds are unitized. Franco-Nevada holds a 1.11037% working interest and a 0.44% royalty interest in the Weyburn Unit. Production commenced from the Midale zone within the unitized area in 1955 under primary depletion (solution gas expansion). Formation of the Unit occurred in 1963 for the purpose of implementing an inverted nine-spot waterflood pressure maintenance scheme on 80 acre well spacing.

Current gross production capability of the Unit is approximately 33,500 BOPD at an average water cut of 83.5% from 621 gross (net 9.6) producing oil wells. Cumulative oil production of the Unit as of the December 31, 2006 effective date is estimated to be 403 MMbbls, or 28.7% of the OOIP of 1,402 MMbbls recognized by GLJ. Ultimate reserves for the Weyburn Unit are forecasted by GLJ to be 504 MMbbls in the total proved reserves case and 624 MMbbls in the proved plus probable reserves case. Produced oil within the Unit averages 28 to 31 degrees API and contains approximately 2% sulphur.

A CO₂ miscible flood was initiated in 1996 and initial CO₂ injection began in October 2000. Management believes that EnCana anticipates that the life of the field will be extended by 25 years and an incremental 120 million gross (1.9 million net to Franco-Nevada) Boe will be recovered.

As of June 30, 2007, production net to the Oil & Gas Interests was 400 Bbls/d. Franco-Nevada takes product-in-kind for the working interest portion of this production and markets it through a third party marketer. As of December 31, 2006, net proved reserves to the Oil & Gas Interests were 2,329 Mbbl.

Historical Financial and Operating Summary

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)	4,625	7,163	8,979	4,300
Production (Mbbl)	138	158	169	82

Note:

(1) For the six months ended June 30, 2007.

Midale Unit, Saskatchewan

The Midale Unit was discovered in 1953 and the Midale Unit was formed in 1964 for the purpose of implementing a pressure maintenance scheme by water injection. The Midale Unit is located in southeast Saskatchewan approximately 40 kilometers southeast of the town of Weyburn and encompasses 13,760 gross (net 353) acres with 260 gross (net 6.7) producing wells. Franco-Nevada holds a 1.594% working interest and a 0.972% royalty interest in the Unit. Apache Canada Ltd. is the current Unit operator.

As of June 30, 2007, production net to the Oil & Gas Interests was 135 Boe/d. Franco-Nevada takes product-in-kind for the working interest portion of this production and markets it through a third party marketer. As of December 31, 2006, net proved reserves to the Oil & Gas Interests were 634 Mboe, comprised of 633 Mbbl of oil and 6 MMcf of natural gas.

Historical Financial and Operating Summary

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)	2,847	3,480	3,460	1,550
Production (MBoe)	71	63	55	24

Note:

(1) For the six months ended June 30, 2007.

Medicine Hat Consolidated Unit No. 1, Alberta

Medicine Hat Consolidated Unit No. 1 is a unitized gas field located in Alberta, approximately 257 kilometers southeast of Calgary, Alberta, and encompasses 62,770 gross (net 1,443) acres with 623 gross (net 14.3) producing wells. Franco-Nevada holds an effective 2.3% overriding royalty in the Medicine Hat Consolidated Unit No. 1. This Unit is operated by Petro-Canada and produces natural gas without any associated liquids. This Unit was formed in 1994 and produces from the Medicine Hat zone of Upper Cretaceous Age.

As of June 30, 2007, production net to the Oil & Gas Interests was 147 Boe/d (880 Mcf/d). As of December 31, 2006, net proved reserves to the Oil & Gas Interests were 424 Mboe (2,547 MMcf).

Historical Financial and Operating Summary

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)	1,449	1,900	2,055	1,098
Production (MBoe)	48	50	50	27

Note:

(1) For the six months ended June 30, 2007.

Tidewater Interests, Saskatchewan

Franco-Nevada holds a 56.13% interest in the Saskatchewan Gulf Securities Tidewater Royalty. The Tidewater Interests consist of a 2.5% overriding royalty on 28,900 gross (net 405) acres of land spread throughout southern Saskatchewan in the Dollard Unit, Instow Unit, Tidewater Non-Unit, Miscellaneous Tidewater properties and Rapdan Unit. The portfolio's net overriding royalty is 1.40%. This royalty was created by an agreement dated June 6, 1949 between Gulf Securities Corporation Ltd. and Tide Water Associated Oil Company and is administered by Computershare Trust Company of Canada.

Production comes from 11 units and approximately 250 gross (net 3.5) non-unitized wells and consists of oil and, depending on the area, some solution gas. There are a number of different operators of these units and wells. Talisman Energy Inc., Pemoco Ltd. and Canetic Resources Inc. operated units and wells that produced 80% of the Oil & Gas Interests' revenue received from the Tidewater Interests. The producing formations are in the Madison Group of Mississippian age.

As of June 30, 2007, production net to the Oil & Gas Interests was 74 Boe/d. As of December 31, 2006, net proved reserves to the Oil & Gas Interests were 293 Mboe.

Historical Financial and Operating Summary

	Years ended December 31			Six months ended 2007 ⁽¹⁾
	2004	2005	2006	
Revenue (\$000's)	973	1,253	1,410	697
Production (MBoe)	29	28	27	14

Note:

(1) For the six months ended June 30, 2007.

Arctic Gas

The Oil & Gas Interests include 1,140 Bcf of natural gas proved, plus probable, plus possible reserves, net to the Royalty Portfolio, in the Drake Point, Hecla, King Christian and Roche Point gas fields located on and offshore Melville Island, approximately 700 miles northeast of the Mackenzie River Delta in the Arctic Ocean. This represents an effective working interest of approximately 9% in these natural gas reserves. The reserves are an estimate of reserves, net to the portfolio, as evaluated by McDaniel & Associates Consultants Ltd., independent reservoir engineers, in a letter dated March 27, 1998.

The fields were discovered in 1969 and thereafter and are the largest gas fields in Canada's high Arctic region. Reserves are located in the Jurassic Borden Island Formation and the gas zones average 100 ft in thickness. These zones have good porosity, high permeability and the gas has no associated liquids or H₂S. Geographic remoteness has prevented their commercialization to date. Petro-Canada has the largest ownership stake in these fields, at approximately 45%, while several other companies, including Exxon Mobil Corporation and Imperial Oil Limited, own smaller stakes. Although no operating agreement is currently in place, management believes that Petro-Canada will be the operator of these fields when and if they are

commercialized. See “Risk Factors — Risks Related to Mining Operations and Oil and Natural Gas Operations — There is currently no infrastructure to deliver potential future production from Franco-Nevada’s Arctic natural gas assets to market and currently no plans to develop these reserves”.

Additional Oil & Gas Royalty Interests

The Significant Properties described above account for approximately 79% of total oil and natural gas revenues in 2006, while approximately 50 areas contribute the remaining approximately 21% of total oil and natural gas revenues. These 50 areas are comprised of approximately 3,500 gross producing wells, and encompass a wide variety of royalty agreements and operators and are primarily located in Alberta and Saskatchewan.

Properties With No Attributed Reserves

Franco-Nevada has the petroleum and natural gas rights in 100,000 gross acres of unproved land. Franco-Nevada also has approximately 76,000 gross (net 11,000) acres of unproved non-producing lands which have been leased out for which production has not commenced. There are currently no work commitments for such lands. The unproved lands and unproved non-producing leased lands are located in Alberta, Saskatchewan and Manitoba.

GOLDSTRIKE MINING AND TECHNICAL INFORMATION

Goldstrike Report

The information set out below is based on the Goldstrike Report, prepared by SRK, an independent consulting firm, in compliance with NI 43-101. The Goldstrike Report was prepared under the supervision of and endorsed by Dr. Neal Rigby, CEng, MIMMM, PhD and Leah Mach, CPG, MSc, each a “qualified person” under NI 43-101.

Franco-Nevada is relying on an exemption from completing certain items required in a technical report, available under Part 9 of NI 43-101, in the Goldstrike Report, as Franco-Nevada has requested but was denied access to the necessary data from Barrick and is not able to obtain the necessary information from the public domain. This exemption arises pursuant to Section 9.2(1) of NI 43-101, and exempts Franco-Nevada and SRK from the requirements to perform an onsite visit of the Goldstrike Complex, and to complete those items in a technical report that require data verification, inspection of documents, or personal inspection of the property.

Barrick takes no responsibility and assumes no liability for the statements in the Goldstrike Report. No express or implied representation or warranty has been made by Barrick that the contents of the Goldstrike Report are verified, accurate, suitably qualified, reasonable or free from errors, omissions or other defects. The information set forth below is based upon the Goldstrike Report.

Property Description and Location

The Goldstrike Complex is located in north-central Nevada in Elko and Eureka Counties, approximately 40km north of the town of Carlin. The property hosts substantial gold deposits and includes the Goldstrike Open Pit Mine and the Goldstrike Underground Mine. The mines share processing facilities, which are located nearby.

As of December 31, 2006, the Goldstrike Complex comprised approximately 4,197ha of surface rights ownership or control, with 3,420ha held privately and 778ha held from publicly owned lands, and approximately 3,535ha of mineral rights ownership or control, with 2,741ha held privately and 794ha held from publicly owned lands. These rights are owned or controlled through various forms of patents issued by the United States of America and by ownership of unpatented mining and millsite claims that are held subject to the paramount title of the United States of America. Patented claims are lands that are legally purchased from the United States government and are a federally recognized legal interest in land equivalent to fee simple title. The Goldstrike Complex includes a total of 298 unpatented mining and millsite claims to control the public acreage. The Goldstrike Open Pit Mine and Goldstrike Underground Mine and the majority of the beneficiation and processing facilities at the Goldstrike Complex are situated on land owned by Barrick.

SRK is not aware of any existing environmental liabilities for the Goldstrike project. SRK was unable to verify the permits that Barrick holds in order to operate the mines on the Goldstrike Complex, but mining legislation applicable to operations in Nevada will obligate an owner to obtain an approved Plan of Operations from the Bureau of Land Management, the United States Forest Service (“USFS”) or the Nevada Division of Environmental Protection and numerous State permits covering environmental matters and operating and infrastructure related matters.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Goldstrike Complex is located on the Carlin Trend which lies within the Basin and Range Province and is characterized by long, narrow mountain ranges and valleys trending in a north to northeasterly direction. The valley floor elevations are generally 4,700 to 6,000ft, while the mountain elevations are typically 8,000 to 9,500ft. The project elevation is 5,576ft in the hilly terrain of the Tuscarora Mountains. Vegetation in the Carlin Trend area is typical of the Great Basin region. The native plant community is dominated by big sagebrush-bunchgrass, with the specific species of sagebrush dependent on elevation, soil type, and precipitation. Interspersed with the sagebrush-bunchgrass vegetation is the pinyon-juniper woodland. This vegetation type consists of single-leaf pinyon pine and Utah juniper.

The climate is arid and has little impact on operations. Summers are warm and dry (temperatures range from 70°F to over 100°F) and winters are relatively dry and cold (–0 to mid-20s°F). Approximately 10in of rain and 40in of snow fall annually.

A regional airport exists in Elko, as well as Amtrak service to Elko. Access to the Goldstrike Complex area is via U.S. Interstate 80 from Elko and then north from Carlin by approximately 40km of local roads. Access agreements with Newmont and a right-of-way issued by the Bureau of Land Management provide access to the property.

SRK is unable to comment on the sufficiency of surface rights because Franco-Nevada does not have access to that data.

Power is acquired from purchased electricity and from the burning of propane, diesel and gasoline. In 2005, Barrick built a 115MW natural gas fired power plant capable of providing up to 85% of Goldstrike’s power requirements. Water is sourced from groundwater wells and pit dewatering. Water is recycled through the mine’s processing system. The Goldstrike Complex hosts a number of buildings and ancillary facilities, including tailings and waste disposal areas. As the Carlin Trend is host to surrounding established mine sites, skilled mining personnel are available for employment. A total of approximately 1,600 employees work at the Goldstrike Open Pit Mine and the Goldstrike Underground Mine.

History

PanCana Minerals Ltd. (“PanCana”) first mined the property for gold in 1976. In 1978, Western States Minerals Corporation (“WSMC”) became the operator in a joint venture with PanCana. Barrick acquired a 50% interest and assumed management of the Goldstrike Complex on December 31, 1986 with the acquisition of WSMC’s 50% interest in the property. Barrick completed the acquisition of 100% ownership of the property in January 1987. Mining of the Post deposit commenced in 1987. Following acquisition, two sulphide ore zones were identified (the Betze and Deep Post deposits). During the first two years after acquisition, a carbon-in-leach mill and ancillary facilities, as well as a crushing and agglomeration plant were constructed.

The Goldstrike Underground Mine (Meikle deposit) commenced production in 1996. During 2000, Barrick completed construction of a roaster facility for the treatment of carbonaceous ore on the property. In 2001, a development program to bring the Rodeo deposit into production as part of the Goldstrike Underground Mine was completed and a new ball mill was added to increase autoclave recovery.

The tables below set out the historic production from the Goldstrike Open Pit Mine and the Goldstrike Underground Mine.

Historic Production for the Goldstrike Open Pit Mine

Year	t-mined (000's)	t-ore Processed (000's)	Avg. Grade (oz/t)	Recovery Rate (%)	Total oz Prod. (000's)
1997	159,000	5,487	0.32	91.0	1,606
1998	161,000	5,176	0.32	89.2	1,499
1999	155,000	4,763	0.27	88.2	1,130
2000	143,000	7,438	0.25	87.5	1,647
2001	154,233	9,187	0.20	85.1	1,550
2002	142,898	10,322	0.16	83.3	1,410
2003	141,693	10,041	0.19	82.0	1,559
2004	134,212	10,779	0.15	85.1	1,381
2005	129,833	10,097	0.18	85.6	1,514
2006	131,229	10,507	0.15	86.9	1,388

Historic Production for the Goldstrike Underground Mine

Year	t-mined (000's)	t-ore Processed (000's)	Avg. Grade (oz/t)	Recovery Rate (%)	Total oz Prod. (000's)
1997	775	741	0.81	95.6	574
1998	877	857	1.03	95.9	847
1999	998	1,035	1.00	94.0	977
2000	1,257	1,239	0.70	92.9	806
2001	1,372	1,375	0.56	93.0	713
2002	1,635	1,638	0.43	91.3	640
2003	1,631	1,622	0.39	88.3	552
2004	1,573	1,566	0.40	89.7	561
2005	1,463	1,488	0.38	89.9	510
2006	1,420	1,425	0.37	89.8	477

Geological Setting

The Goldstrike Complex is located on the Carlin trend in Nevada. The Carlin Trend is a 38mi (60km) long north-northwest alignment of predominantly carbonate-hosted gold deposits located in northeastern Nevada, within the Basin and Range physiographic Province of the western United States of America. Gold deposits are generally hosted in a variable stratigraphic package of Ordovician through Lower Mississippian rocks. Within specific deposits, however, Cretaceous and Tertiary dike swarms and the Jurassic-Cretaceous Goldstrike granodiorite stock constitute up to 15% of the mineralized material.

The salient features that characterized Carlin-type deposits are summarized as follows: Carbonate dissolution; Silicification, particularly within structural conduits; Argillic alteration of primary silicate minerals; Gold-enriched sulfidation of reactive iron in host rocks to form gold-bearing sulfide minerals (pyrite, arsenical pyrite, marcasite, arsenical marcasite); and Multi-phase fluid inclusions, characterized by low salinity, variable amounts of CO₂, and low homogenization temperatures.

The north-northwest alignment of the Carlin Trend deposits is not in itself a manifestation of any singular fault zone, but rather a combination of structural features in a zone of crustal weakness and sustained high heat flow, as indicated by multiple periods of intrusive activity. While structural influences differ between deposits on a regional scale, common features include: high-angle, northwest-striking fault sets that served as primary fluid conduits and are commonly filled by lamprophyric and monzonitic dikes; high-angle northeast-striking faults that served as secondary conduits, particularly at structural intersections with northwest faults; and broad to moderate amplitude anticlinal folds in autochthonous carbonate rocks; and high-angle and stratabound, premineral stage, collapse breccia bodies.

The area is characterized by broad amplitude, northerly plunging anticlines within autochthonous carbonate assemblage rocks that are now preserved in uplifted tectonic windows along the Carlin Trend. All Carlin Trend gold deposits discovered thus far occur within or proximal to these tectonic windows. The current regional physiography is the manifestation of tertiary extensional tectonics.

The area of the Goldstrike Complex consists of folded and faulted Paleozoic sedimentary rocks, which were intruded by the diorite to granodiorite Goldstrike stock of the Jurassic Age. Mesozoic folding and thrust faults form important structural traps for the mineralization in the Goldstrike Open Pit Mine. The gold mineralization occurred at the onset of Tertiary volcanism, approximately 39 million years ago.

Mineralization

Gold in the Carlin Trend deposits occurs as submicron particles primarily within the lattices of pyrite and arsenian pyrite. Estimated depth formations for the Carlin deposit are on the order of more than 4.4 km $\pm$ 2.0 km, within a temperature range of 180 to 245 °C.

The original Carlin deposit represents the more passively emplaced, stratigraphically controlled end member to a broader spectrum of deposit types. Contrasting structurally controlled mineralization is the dominant style in such deposits as Deep Star, Meikle, and the Deep Sulfide Feeder zone in the Gold Quarry

deposit. Since the Carlin discovery, the influence of structure and variations in host lithology has demonstrated that the styles of mineralization on the Carlin trend are as varied as the size and grade of the deposits.

The major gold deposits — Post Oxide, Betze, Rodeo and Meikle — are all hosted in sedimentary rocks of the Silurian to Devonian ages. The Post Oxide orebody occurs in the siliceous siltstones, mudstones, argillites and minor limestones of the Rodeo Creek Formation. Betze and Rodeo are found in the silty limestones and debris flows of the Popovich Formation. The Meikle deposit occurs in hydrothermal and solution collapse breccias in the Bootstrap Limestone of the Roberts Mountains Formation. The gold at Goldstrike was carried into the various orebodies by hot hydrothermal fluids, and deposited with very fine pyrite and silica. Over time, the pyrite oxidized, freeing the gold and making its extraction relatively easy, as in the Post Oxide deposit. In the deeper deposits — Betze, Rodeo and Meikle — the gold is still locked up with the iron sulphide and an additional processing step (autoclaving or roasting) is required to free the gold.

The gold mineralization at the Goldstrike Open Pit Mine is controlled by favorable stratigraphy, structural complexities in the form of faults and folds, and the contact of the Goldstrike intrusive. The deposit represents many styles of mineralization occurring within numerous rock types and alteration assemblages. The favored host for gold mineralization is the Popovich Limestone followed by the Rodeo Creek unit, Goldstrike sill complex and Roberts Mountains Formation. Some ore occurs below sills, which act as dams to the ascending hydrothermal fluids. Alteration is characterized by decalcification of limestone, silicification of all rock types and clay development in structurally disturbed areas. Overall, the Betze-Post ore zones extend for 1,829m in a northwest direction and average 183 to 244m in width and 122 to 183m in thickness.

The Goldstrike Underground Mine includes two major orebodies: Meikle and Rodeo. The Meikle orebody, located 1.6km north of the Goldstrike Open Pit Mine, is a high-grade orebody which was discovered in 1989 and started production in 1996. The Meikle orebody incorporates five mineralized zones: the Main Meikle, Meikle Extension, South Meikle, Griffin, and West Griffin. The Rodeo orebody, located 0.5 km northwest of the Goldstrike Open Pit Mine, is a moderate grade orebody discovered in 1988 and brought into production in 2002. The Rodeo orebody includes four mineralized zones: Upper Rodeo, Lower Rodeo, West Rodeo, and Barrel. The Meikle and Rodeo orebodies are interconnected by two haulage drifts and can be accessed from two shafts and by a decline at the bottom of the Goldstrike Open Pit Mine.

Carbonate breccias and limestones of the Devonian Popovich Formation and various intrusive rocks host the orebodies that comprise the Goldstrike Underground Mine. In contrast to the Goldstrike Open Pit Mine area, the overlying mudstones and argillites of the Devonian Rodeo Creek Member are generally unmineralized. Gold-bearing fluids have ascended faults and fractures and have deposited gold and other minerals, such as pyrite and barite, in permeable horizons in the breccias and limestones.

Exploration

Barrick continues to explore for new reserves and resources at the Goldstrike Complex. In 2006, the exploration and development drilling program focused on the North Post underground reserve delineation and Deep North Post resource delineation projects with positive results. A total of 14,452m of underground and surface drilling were completed in 2006. Results at North Post show an increase in size and continuity for the lower southern zone, and confirmed the thin discontinuous nature of the upper zone. Barrick has stated that in 2007, the exploration group expects to focus on the West Banshee reserve delineation and East Banshee and North Post resource delineation drilling programs.

An underground reserve development drilling program at Banshee was delayed in 2006 due to slower than expected mining advance. Two holes were completed late in the year, testing for southern extensions of West Banshee with negative results. The Banshee underground reserve development drilling program was scheduled to continue in 2007 with approximately 50,000ft of underground core drilling planned. The primary goals are to convert West Banshee resource to reserves, and significantly expand the East Banshee resource. Some of the Banshee deposits fall within the Extension and Gold Bug Royalty.

Drilling

More than 6,500 drillholes have been completed within and around the Betze-Post deposit. Approximately 69% of the total drillholes are reverse circulation and rotary drillholes and the remaining are diamond core holes. Underground drilling at the Meikle deposit commenced in 1995 and a total of 376,645m in 5,984 underground holes had been completed in and around the deposit as of December 31, 2006. A total of 338 surface holes, for 157,608m, have been drilled in and around the Meikle deposit. Underground drilling commenced at the Rodeo deposit in 1998 and, as of December 31, 2006, a total of 2,663 underground holes totalling 185,008m had been drilled in and around the deposit. A total of 230 surface holes, for 104,943m, have been drilled in and around the Rodeo deposit. Underground drilling commenced at the North Post deposit in 2005 and a total of 14,995m in 55 underground core holes have been drilled as of December 31, 2006.

Sampling and Analysis

Drill spacing through the Betze, West Betze and Screamer deposits at the Goldstrike Open Pit Mine is approximately 53m and at Post is 46m. Drill spacing in the North Screamer and West Barrel deposits is approximately 30m. Franco-Nevada has not verified the location of these deposits as against the royalties on the Goldstrike Complex. Almost all of the total drillhole footage has been sampled on 1.5m intervals and assayed for gold by the fire assay method with cyanide atomic adsorption finish. All assaying is checked and verified under a comprehensive, multi-level quality assurance and quality control program that includes external laboratory check assays.

Drill spacing through the Meikle deposit is 8 to 26m. Some of the wider-spaced core holes are sampled on 6m intervals (chip samples) and 1.5m whole or split core in mineralized intervals. All samples are fire-assayed with an atomic absorption spectrometer finish followed by a gravimetric finish. Most sampling and assaying is done on-site with both internal check assays and external check assays performed by independent laboratories.

Drill samples collected for use in the geologic modeling and mineral resource estimation for the Goldstrike Open Pit Mine are under the direct supervision of the geology department at Goldstrike. Sample preparation and analyses are conducted by the Barrick Goldstrike lab and by independent laboratories.

Security of Samples

Procedures are employed to ensure security of samples during their delivery from the drill rig to the laboratory. All drillhole collar, survey and assay information used in modeling and resource estimation are manually verified and approved by geologic staff prior to entry into the mine-wide database. The quality assurance procedures and assay protocols used in connection with drilling and sampling on the Goldstrike Complex conform to industry accepted quality control methods.

SRK has not reviewed any of the project data directly and cannot comment on the result of data verifications. Franco-Nevada was denied access to the necessary data from Barrick and is not able to obtain the necessary information from the public domain.

Mineral Resources and Mineral Reserve Estimates

Unless otherwise noted, Barrick's reserves and resources have been calculated as at December 31, 2006 in accordance with CIM Definitions and NI 43-101. Calculations have been prepared by employees of Barrick, its joint venture partners or its joint venture operating companies, as applicable. Such calculations incorporate then current and/or expected mine plans and cost levels at each property. The mineral resources are in addition to mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability when calculated using mineral reserve assumptions.

Mineral Resources

Varying cut-off grades have been used depending on the mine, methods of extraction and type of ore contained in the reserves. Mineral resource metal grades and material densities have been estimated using industry-standard methods appropriate for each mineral project with support of various commercially available

mining software packages. Barrick's normal data verification procedures have been employed in connection with the calculations. An assumed gold price of \$525/oz has been used in estimating resources.

Barrick reports that verification procedures include industry-standard quality control practices.

The table below presents Goldstrike Open Pit Mine and the Goldstrike Underground Mine mineral resources as of December 31, 2006.

Goldstrike Open Pit Mine and Goldstrike Underground Mine Mineral Resources

<u>Location and Category</u>	<u>Tons (x1000)</u>	<u>Grade (oz/t)⁽¹⁾</u>	<u>Ounces (x000s)⁽²⁾</u>
Goldstrike Open Pit			
Measured	12,168	0.054	655
Indicated	<u>8,016</u>	<u>0.045</u>	<u>358</u>
Measured & Indicated	20,184	0.50	1,013
Inferred	489	0.078	38
Goldstrike Underground			
Measured	1,185	0.393	466
Indicated	<u>2,958</u>	<u>0.316</u>	<u>934</u>
Measured & Indicated	4,143	0.338	1,400
Inferred	2,159	0.301	650
Goldstrike Properties Total			
Measured	13,353	0.084	1,121
Indicated	<u>10,974</u>	<u>0.118</u>	<u>1,292</u>
Measured & Indicated	24,327	0.099	2,413
Inferred	2,648	0.260	688

Source: Barrick AIF, March 30, 2007

Notes:

- (1) Grade represents an average, weighted by reference to tons of ore type where several recovery processes apply.
- (2) Ounces of gold, estimated to be present in the tons of ore which would be mined and processed. Mill recovery rates have not been applied in calculating the contained ounces.

Mineral Reserves

Barrick reports its reserves in accordance with NI 43-101, as required by Canadian securities regulatory authorities. Mineral reserves have been calculated as at December 31, 2006 using an assumed gold price of \$475/oz.

The table below presents Goldstrike Open Pit and Goldstrike Underground Mine mineral reserves as of December 31, 2006.

Goldstrike Mineral Reserves (as at December 31, 2006)

<u>Location and Category</u>	<u>Tons (x1000)</u>	<u>Grade (oz/t)⁽¹⁾</u>	<u>Ounces (x000s)⁽²⁾</u>
Goldstrike Open Pit			
Proven	62,699	0.117	7,336
Probable	42,507	0.136	5,786
Proven and Probable	105,206	0.125	13,122
Goldstrike Underground			
Proven	3,108	0.495	1,538
Probable	4,554	0.285	1,296
Proven and Probable	7,662	0.370	2,834
Goldstrike Properties Total			
Proven	65,807	0.135	8,874
Probable	47,061	0.150	7,082
Proven and Probable	112,868	0.141	15,956

Source: Barrick AIF, March 30, 2007

Notes:

- (1) Grade represents an average, weighted by reference to tons of ore type where several recovery processes apply.
- (2) Ounces of gold, estimated to be present in the tons of ore which would be mined and processed. Mill recovery rates have not been applied in calculating the contained ounces.

As at December 31, 2006, metallurgical recovery at the Goldstrike Open Pit Mine averaged approximately 83.9% at a cut-off grade of 0.050 to 0.070 oz/t and at the Goldstrike Underground Mine averaged approximately 83.9% at a cut-off grade of 0.293 oz/t.

Mining Operations

Mining Operations

The Goldstrike Open Pit Mine is an open pit truck-and-shovel operation, using standard, proven equipment. Based on existing reserves and production capacity, the expected remaining mine life is approximately 19 years.

Two different underground mining methods are used at Goldstrike Underground Mine, being long-hole open stoping and drift-and-fill (used for flat-lying mineralization or where ground conditions are less competent). The Goldstrike Underground Mine is a trackless operation. Based on existing reserves and production capacity, the expected remaining mine life is approximately 9 years.

Processing

The Goldstrike Complex has two processing facilities: an autoclave installation, which is used to treat the property's non-carbonaceous sulphide (refractory) ore; and the roaster, which is used to treat the property's carbonaceous ore (whose active carbon content responds poorly to autoclaving). The combined design capacity of these two facilities is approximately 33,000 to 35,000t/d. These process facilities treat the ore from both the Goldstrike Open Pit Mine and Goldstrike Underground Mine. Gold contained in recovered ore is processed into doré on-site and shipped to outside refineries for processing into gold bullion. All operations permits have been obtained and are in good standing.

Reclamation

At December 31, 2006, the recorded amount of estimated future reclamation and closure costs that were also asset retirement obligations, as defined in FAS 143 (which is similar to CICA-3110-Asset Retirement Obligations), for the Goldstrike Complex was \$58.9 million. Franco-Nevada is not responsible for the reclamation and closure costs but Franco-Nevada's NPI royalty on these properties may be affected to the extent such reclamation and closure costs are included in the NPI calculation. In connection with the reclamation of the mine area, Barrick has provided the financial security as required by governmental authorities. Major expenditure items covered by the asset retirement obligation are long-term care and monitoring, surface contouring, waste dump closure and process facility demolition.

Taxes

The State of Nevada imposes a 5% net proceeds tax on the value of all minerals extracted in the State. This tax is calculated and paid by Franco-Nevada based on a prescribed net income formula which is different from book income.

Operating and Capital Costs

Barrick reports cash operating expenses at the Goldstrike Complex were \$247 per ounce in 2006 and in the six months to June 30, 2007 were \$320 per ounce. Royalties, amortization and accretion were also reported as part of production costs, resulting in total productions costs of \$347 per ounce in 2006 and \$415 per ounce in the six months to June 30, 2007. Capital expenditures were reported in addition to production costs, at \$41 million in 2006 and \$35 million for the six months to June 30, 2007.

STILLWATER MINING AND TECHNICAL INFORMATION

Stillwater Report

The information set out below is based upon the Stillwater Report, prepared by SRK, an independent consulting firm, in compliance with the NI 43-101. The Stillwater Report was prepared under the supervision of and endorsed by Dr. Neal Rigby CEng, MIMMM, PhD and Leah Mach, CPG, MSc, each a “qualified person” under NI 43-101.

Franco-Nevada is relying on an exemption from completing certain items required in a technical report, available under Part 9 of NI 43-101, in the Stillwater Report, as Franco-Nevada has requested but was denied access to the necessary data from Stillwater and is not able to obtain the necessary information from the public domain. This exemption arises pursuant to Section 9.2(1) of NI 43-101, and exempts Franco-Nevada and SRK from the requirements to perform an onsite visit of the Stillwater Complex, and to complete those items in a technical report that require data verification, inspection of documents, or personal inspection of the property.

Stillwater takes no responsibility nor assumes any liability for the statements in the Stillwater Report. No express or implied representation or warranty has been made by Stillwater that the contents of the Stillwater Report are verified, accurate, suitably qualified, reasonable or free from errors, omissions or other defects. The information set forth below is based upon the Stillwater Report.

Property Description and Location

The Stillwater Complex consists of a series of mining claims situated in the Beartooth Mountains in south central Montana. The property occupies and surrounds an approximately 28 mile intersection of the J-M Reef, a zone of mineralization that contains deposits of PGM and includes two operating PGM mines, the Stillwater Mine located in Stillwater County and the East Boulder Mine located 15 miles west of the Stillwater Mine and located in Sweet Grass County. Stillwater also owns a refinery and smelter at Columbus, Montana, approximately 34 miles northwest of the property.

The Stillwater Complex is constituted by 995 patented and unpatented lode or millsite claims covering approximately 16,000 acres. Stillwater reports that approximately 130 of these claims cover 100% of the known apex of the J-M Reef, while the remainder of the claims either adjoin the apex of the reef or are located on adjacent federal lands utilized for Stillwater's operations facilities.

Approximately 825 of Stillwater's claims are unpatented mining and millsite claims. Unpatented mining claims may be located on lands open to mineral appropriation and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain and claims are more commonly subject to challenges of third parties, regulatory or statutory changes, or contests by the federal government. The validity of an unpatented mining claim or millsite claim, in terms of establishing and maintaining possessory rights, depends on strict compliance with a complex body of federal and state statutory and decision law regarding the location, qualifying discovery of valuable minerals, occupancy and beneficial use by the claimant. Unpatented claims are subject to annual fees and improvements, with the annual fee for Montana claims being \$125, payable by September 1 each year. The processing facilities at the East Boulder Mine are situated on 127 validated unpatented millsite claims.

The Stillwater Complex includes 161 patented mining claims. In addition, there are nine claims that remain in application for patent rights, as they have been first-half certified but are pending final action under a successful April 2005 appeal ruling by the Interior Board of Land Appeals. Patented claims are legally purchased from the United States government, and are a federally recognized legal interest in land equivalent to fee simple title. As at December 31, 2006, 100% of Stillwater's proven and probable ore reserves on the Stillwater Complex were secured by either patented mining claims or the nine claims that are in application.

In addition to the Stillwater Complex royalty to be held by Franco-Nevada, there are 158 claims subject to a 0.35% NSR in favour of the Mouat family, of which 102 claims overlap with the Stillwater Complex royalty.

Stillwater holds operating permits covering approximately 2,453 acres at the Stillwater mine and covering approximately 977 acres at the East Boulder mine. The permits delineate lands that may be subject to surface disturbance. At present, approximately 431 acres have been disturbed at the Stillwater mine, and 210 acres have been disturbed at the East Boulder mine. Stillwater employs concurrent reclamation wherever feasible.

Reclamation regulations affecting Stillwater's operations are promulgated and enforced by the Hard Rock Bureau of the Montana Department of Environmental Quality ("DEQ"). The USFS may impose additional reclamation requirements during the permitting process.

Stillwater has also adopted additional environmental protection measures such as expanded monitoring programs and reduction in traffic flows to the mine sites as a result of a settlement agreement with an environmental group that had contested the Montana DEQ's approval of the environmental impact statement and reclamation provisions, which Stillwater estimates at a total cost of approximately \$250,000 to \$400,000 per annum.

Stillwater's business is also subject to extensive federal, state and local government controls and regulations, including regulation of mining and exploration, which could involve the discharge of materials, and contaminants into the environment, disturbance of land, reclamation of disturbed lands, associated potential impacts to threatened or endangered species and other environmental concerns. Those controls impose permit requirements, effluent standards, air emission standards, waste handling and disposal restrictions and other design and operational requirements, as well as record keeping and reporting requirements, upon various aspects of mineral exploration, extraction and processing. SRK reports that it is not aware of any existing environmental liabilities on the Stillwater Complex.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Stillwater Complex is located in Stillwater and Sweet Grass Counties, in south-central Montana. The Stillwater mine itself is approximately 85 miles southwest of Billings, Montana, while the East Boulder mine is located approximately 100 miles from Billings. Both mines are accessed via the Interstate highway system through to local roads.

Stillwater and Sweet Grass Counties contain varied geographic features, ranging from the Beartooth Mountains at the southern end of the counties, to the Stillwater and Yellowstone River valleys in the central section, to the lake basins and coulees at the northern end. Elevations are from 3,400 feet above sea level to over 12,000 ft above sea level near Granite Peak. The Stillwater Complex is located in areas described as montane forest which are characterized by coniferous forests of larch, fir, hemlock, pine, and spruce.

Average monthly temperatures in Stillwater and Sweet Grass Counties range from over 60°F in the summer to around 20°F in the winter, depending upon location and elevation. The Stillwater Complex has a year round operating season. The mountain areas have more precipitation in winter than summer, as opposed to adjacent lowlands. Snowfall ranges from 81 in. to 300 in. annually in most mountain areas depending on elevation.

There is currently no available data reporting on the power and water supply of the Stillwater and East Boulder mines, but since the properties are operating mines it is assumed that there are sufficient power and water supplies for operations. Stillwater does report that it accesses power and water from established sources. Each of the Stillwater and East Boulder mine has substantial mining and processing infrastructure, including tailings facilities with capacity for at least another 20 years of production at current rates. Montana and the adjoining western States have a long history of mining and mining personnel are available within the region.

History

Mining in the Stillwater Complex began with chromite, copper and nickel. Since the late 1800s, the Stillwater Complex and adjacent rocks were known to contain copper, nickel and chromium.

Sulfide rich rocks were discovered within the Basal series, the metasedimentary rocks immediately below the complex, in 1883. The Stillwater Mining Company was incorporated in the summer of 1884 and a mining project commenced in 1885. In 1889, the government halted production as it was found to be on Crow Indian Reservation lands.

Only minimal exploration occurred until the early 1960s. Commencing in the 1960s through to the 1970s, the Anaconda Minerals Company ("Anaconda") and Freeport Exploration Company conducted exploration primarily for copper and nickel, including geophysical surveys, mapping and drilling, with modest results.

Platinum group elements exploration did not begin until the early 1960s. Field exploration continued each year, with only minimal encouragement until 1973, when geologists with Johns-Manville Corporation

(“Manville”) discovered the major Stillwater platinum group element zone, commonly referred to now as the J-M Reef. After trenching and drilling confirmed the lateral continuity and character of the mineralization, claim staking accelerated. By the summer of 1975, Manville held claims over all but about 1.5 miles of the 28-mile strike length of the J-M Reef.

In 1979 the Chevron Resources Company (“Chevron”) joined Manville to form the joint-venture company Stillwater PGM Resources. By autumn 1982, extensive additional exploration and testing again confirmed the broadly tabular continuity of the ore package with encouraging ore grades. Furthermore, a test stope showed that shrinkage stoping would be an acceptable mining method. In 1982, Anaconda and Stillwater PGM Resources reached an agreement to form the Stillwater Mining Company, a Chevron-Manville-Anaconda partnership, with Chevron Resources Company as the managing partner. A program to prove reserves and determine grade was initiated. Detailed field mapping was continued, augmented by a surface drilling program.

Stillwater Mining Company was incorporated in 1992 and on October 1, 1993, Chevron and Manville transferred substantially all assets, liabilities and operations at the Stillwater Complex to Stillwater, with Chevron and Manville each receiving a 50% ownership interest in Stillwater’s stock. In September 1994, Stillwater redeemed Chevron’s entire 50% ownership. Stillwater completed an initial public offering in December 1994, and Manville sold a portion of its shares through the offering reducing its ownership percentage to approximately 27%. In August 1995, Manville sold its remaining ownership interest to institutional investors.

Mining at Stillwater commenced in 1986 and at East Boulder in 2002. Total past production for the Stillwater Complex for the years 2002 to 2006 are listed in the table below.

Stillwater Complex Historic Production

<u>Year</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Palladium Ounces produced (000s)	463	428	439	450	476
Platinum Ounces produced (000s)	138	126	130	134	141
Total (000s)	601	554	569	584	617
Tons milled (000s)	1,289	1,206	1,212	1,185	1,257
Mill head grade (ounce per ton)	0.51	0.50	0.51	0.53	0.54
Sub-grade tons milled (000s) ⁽¹⁾	62	80	58	84	74
Sub-grade mill head grade (ounce per ton)	0.13	0.15	0.22	0.20	0.17
Total tons milled (000s) ⁽¹⁾	1,351	1,286	1,270	1,269	1,331
Combined mill head grade (ounce per ton)	0.49	0.48	0.50	0.51	0.52
Total mill recovery (%)	91	91	91	91	90

Note:

(1) Sub-grade tons milled includes reef waste material only. Total tons milled includes ore tons and sub-grade tons only. Amounts for 2002 have been adjusted to conform to current year presentation.

On June 23, 2003, Stillwater sold a controlling stake in its common stock to Norimet, a wholly-owned subsidiary of Norilsk Investment, a Russian company. On September 3, 2003, Norimet completed a cash tender offer to acquire an additional 4,350,000 shares of Stillwater, and as of February 12, 2007 is reported to hold approximately 54.4% of Stillwater’s outstanding common stock.

Geological Setting

The J-M Reef ore deposit is situated along the northern edge of the Beartooth Uplift and Plateau. The plateau and Stillwater Complex have been deeply incised by the major drainages and tributaries of the Stillwater and Boulder Rivers down to elevations at the valley floor of approximately 5,000 ft. Geologically, the Stillwater Layered Igneous Complex is composed of a succession of ultramafic to mafic rocks derived from a large complex magma body emplaced deep in the Earth’s crust an estimated 2.7 billion years ago. A slower cooling process resulted in mineral segregations being deposited into extensive and uniform layers of varied mineral concentrations. The uniquely PGM-enriched J-M Reef and its characteristic host rock package represent one such layered sequence.

The Stillwater Complex is characterized by a steeply dipping basic igneous sheet intruded into Precambrian schists and gneisses. The igneous complex is a large ultramafic to mafic layered intrusion. The complex is exposed across 28 miles of the north flank of the Beartooth Mountain Range and is comprised of three distinct zones: (a) a basal zone that consists of a chilled fine grained gabbro overlain by gabbro, norite and feldspar pyroxenites with thickness of up to 700 ft (210 m); (b) an ultramafic zone that averages around 3,500 ft (1,100 m) in thickness and is composed of a lower peridotite member consisting of alternating dunite, chromitite, harzburgite and bronzite pyroxenite; and (c) a banded zone that is composed of alternating norite, gabbro and anorthosite with a maximum thickness of 14,000 ft (4,300 m).

The PGM orebodies are located in the lower part of the banded zone within a horizon referred to as the J-M reef. It is a continuous layer near the base of the banded zone and consists of one to three m thick pegmatitic peridotite and troctolite with disseminated sulfide minerals. Common sulfides include pyrrhotite, pentlandite (containing up to 5% palladium), and chalcopyrite along with lesser amounts of moncheite, cooperite, braggite, kotulskite and platinum-iron alloys.

Localized faulting and intrusive mafic dikes are also evident along the 28 mile strike length of exposed Stillwater Complex. The impact of these structural events is localized along the J-M Reef and may affect the percent mineable tonnage in an area, create additional dilution, or result in below cut-off grade and barren zones. The upper portion and exposed edge of the reef complex were eroded forming the lenticular-shaped surface exposure of the Stillwater Complex and J-M Reef package currently evident.

Mineralization

The J-M Reef is a predictable, and unusually uniform, geologic formation that has been traced over considerable distances within the Stillwater Complex. The surface outcrops of the reef have been examined, mapped and sampled for approximately 28 miles along its east-southeasterly course and over a known expression of over 8,200 feet vertically. The predictability of the J-M Reef has been further confirmed in subsurface mine workings of the Stillwater and East Boulder mines and by over 27,000 drill holes.

The PGMs in the J-M Reef consist primarily of palladium, platinum and a minor amount of rhodium. The reef also contains significant amounts of copper and nickel, and trace amounts of gold and silver. In addition to the PGM reef there are nickel-copper and chromite horizons. The nickel-copper horizon grades approximately 0.25% nickel and 0.25% copper with trace amounts of cobalt and PGMs. The PGM reef has an average grade of 15.5 grams per ton platinum and palladium with an approximate 1:3.5 ratio of platinum to palladium.

The mineralized zone is narrow, with an average width of 5 ft, but is both deep, extending up to 1.5 miles of vertical extent, and long, being traced continuously for approximately 28 miles in length. The mineralized zone dips at a downward angle from near vertical to 38 degrees, with the deposit extending both laterally and to depth from available mine openings. The portion of the reef that hosts reported probable ore reserves extends for a lateral distance of approximately 34,000 ft at the Stillwater Mine and approximately 17,000 ft at the East Boulder Mine, suggesting the potential for the mine to extend to a combined distance underground of approximately 9.7 miles.

Exploration

The J-M Reef has been explored from the surface along its entire 28-mile strike length by surface sampling and drilling. Surface exploration drilling consists of an array of over 900 drill holes with a maximum horizontal spacing between holes of 1,000 ft. Comprehensive evaluation of PGM mineralization encountered in the J-M Reef has allowed delineation of indicated (probable) reserves adjacent to the Stillwater and East Boulder mines and confirmation of the existence of mineralized material over much of the remaining strike length.

As part of Stillwater's ongoing development activities, it continues to convert its established probable ore reserves to proven ore reserves through the lateral and vertical development of the Stillwater and East Boulder Mines.

Drilling

The Stillwater Complex has been subjected to over 27,000 drill holes. Stillwater continues an active drill program, completing approximately 650,000 additional ft of drilling in 2006.

Sampling and Analysis and Security of Samples

Stillwater has reported only minimal sampling data and information about the security of samples. It has been reported that Stillwater operates a system of Quality Assurance/Quality Control (“QA/QC”) protocols at both mine sites to test the sampling and analysis procedures. To test assay accuracy and reproducibility, pulps from core samples are resubmitted and compared. To test for sample label errors or cross-contamination, blank core samples are submitted with the mineralized sample lots and compared. The QA/QC protocols are practiced on both resource development and production samples.

SRK was not able to review any of the project data directly and cannot comment on the result of data verifications.

Mineral Resources and Mineral Reserve Estimates

Stillwater is listed on the New York Stock Exchange and is not a reporting issuer in Canada, and as such Stillwater reports ore reserves in accordance with the Guide 7 (“Guide 7”) definitions for reserves established by the Securities and Exchange Commission. Stillwater does not report resources and does not calculate reserves following the CIM Definitions. SRK confirms that while the CIM definitions are not identical to those of Guide 7, they are approximately equivalent. Without access to the Stillwater Complex or the internal information generated by Stillwater for its reserve estimates, SRK cannot verify and reconcile the reported reserves for the Stillwater Complex in accordance with CIM Definitions. Therefore, the ore reserves reported for the Stillwater Complex are assumed to be compliant with Guide 7 and it is assumed that the reserves reported in accordance therewith will be consistent with CIM Definitions.

Stillwater utilizes industry standard statistical methodologies to calculate ore reserves based on interpolation between and projection beyond sample points. Interpolation and projection are limited by certain modifying factors including geologic boundaries, economic considerations and constraints to safe mining practices. Sample points consist of variably spaced drill core intervals through the J-M Reef obtained from drill sites located on the surface and in underground development workings. Results from all sample points within the ore reserve area are evaluated and applied in determining the resources that form the basis of the ore reserve.

For proven ore reserves (measured resources), distances between samples range from 25 to 100 ft but are typically spaced at 50-foot intervals both horizontally and vertically. The sample data for proven ore reserves consists of survey data, lithological data and assay results. The data is entered into a 3-dimensional modeling software package and is analyzed to produce a 3-dimensional solid block model of the resource. The assay values are further analyzed by a geostatistical modeling technique (kriging) to establish a grade distribution within the 3-dimensional block model. Dilution is then applied to the model and a diluted tonnage and grade is calculated for each block. Ore and waste tons, contained ounces and grade are then calculated and summed for all blocks. A percent mineable factor based on historic geologic unit values is applied and the final proven reserve tons and grade are calculated.

Two types of cut-off grades are recognized for the J-M Reef, a geologic cut-off boundary and an economic cut-off grade. The geologic cut-off boundary of 0.3 troy ounces of palladium plus platinum per ton is an inherent characteristic of the formation of the J-M Reef and is used for calculation of the proven and probable reserves. The economic cut-off grade is lower than the geologic cut-off. The determination of the economic cut-off grade is completed on a round by round basis and is driven primarily by excess mill capacity and geologic character encountered at the face.

Probable ore reserves are based on longer projections, up to a maximum radius of 1,000 ft beyond the limit of existing drill hole sample intercepts of the J-M Reef obtained from surface and underground drilling. Statistical modeling and the established continuity of the J-M Reef as determined from results of mining activity to date support Stillwater’s technical confidence in estimates of tonnage and grade over this projection distance. The probable reserve estimate of tons and grade is based on the projection of factors calculated from adjacent proven reserve blocks or from diamond drilling data where available.

Guide 7 includes technical, legal and economic guidelines for the reporting of reserves. These guidelines have not historically constrained Stillwater’s ore reserves, and did not constrain the ore reserves at December 31, 2006. Under these guidelines, ore may be classified as proven or probable if extraction and sale result in positive

cumulative undiscounted cash flow. Stillwater utilizes the historical trailing 12-quarter average combined PGM market price and the current PGM market price in ascertaining these cumulative undiscounted cash flows. In testing ore reserves at December 31, 2006, Stillwater applied the trailing 12-quarter combined average PGM market price of \$409.57 per ounce, based upon the 12-quarter average palladium price of \$250.39 per ounce and the 12-quarter average platinum price of \$961.27 per ounce.

Reserves are defined as that part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination. Proven ore reserves are defined as ore reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of ore reserves are well established. Probable ore reserves are defined as ore reserves for which quantity and grade and/or quality are computed from information similar to that used for proven ore reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced.

The degree of assurance, although lower than that for proven ore reserves, is high enough to assume continuity between points of observation. The proven and probable ore reserves reflect variations in the PGM content and structural impacts on the J-M Reef. These variations are the result of localized depositional and structural influences on the distributions of economic PGM mineralization. Geologic domains within the reserve boundaries of the two mines include areas where as little as 0% and up to 100% of the J-M Reef is economically mineable. The ore reserve estimate gives effect to these assumptions.

Stillwater's proven ore reserves are generally expected to be extracted utilizing existing mine infrastructure. Additional capital expenditures will be required to extract Stillwater's probable ore reserves.

As of December 31, 2006 Stillwater's proven and probable ore reserves were as follows:

	<u>December 31, 2006</u>	<u>December 31, 2006</u>	<u>December 31, 2006</u>
	<u>Tons</u>	<u>Average grade</u>	<u>Contained ounces</u>
	(000's)	(ounce/ton) ⁽¹⁾	(000's) ⁽¹⁾⁽²⁾
Stillwater Mine			
Proven Reserves	2,775	0.66	1,818
Probable Reserves	15,539	0.63	9,749
Total Proven and Probable Reserves	18,314	0.63	11,567
East Boulder Mine			
Proven Reserves	2,011	0.45	902
Probable Reserves	22,116	0.48	10,579
Total Proven and Probable Reserves	24,127	0.48	11,481
Total Stillwater and East Boulder Reserves			
Proven Reserves	4,786	0.57	2,721
Probable Reserves	37,656	0.54	20,327
Total Proven and Probable Reserves	42,442	0.54	23,048

Notes:

(1) Expressed as palladium plus platinum in-situ ounces at a ratio of approximately 3.56 parts palladium to 1 part platinum. Stillwater mine is at a 3.5 to 1 ratio and the East Boulder mine is 3.6 to 1.

(2) Average mining and processing losses of approximately 12.8% must be deducted to arrive at the estimated recoverable ounces.

SRK is unable to determine life of mine that includes probable reserves as Stillwater has not publicly disclosed this information. Stillwater reports that, as of December 31, 2006 and based solely on proven reserves, life of mine will continue for 40 months at the Stillwater mine and 45 months at the East Boulder mine. Based on current production rates at the Stillwater Complex and including probable reserves, Stillwater could operate its mine sites for several additional years.

Mining Operations

Stillwater Mining Operations

The Stillwater mine is an underground mine located on the eastern portion of the J-M Reef. The mine facilities are located in the Stillwater Valley on a permitted 2,450 acre parcel of land. Mine facilities include a concentrator, changing facilities, water treatment plant, office, storage facilities, shop and warehouse, headframe and hoist house.

Stillwater uses two mechanized mining methods: “ramp-and-fill” and “sub-level stoping”. The reef is mined in a retreat sequence and mined out areas are filled with development waste. Mechanized mining accounted for approximately 85% of total tons mined in 2006. Stillwater determines the appropriate mining method to be used on a stope-by-stope basis based on engineering analysis. Stillwater has developed a 5.9 mile segment of the J-M Reef at the Stillwater mine that covers elevations of 2,000 and 7,000 fasl. Access to the ore is accomplished via a 1,950 ft vertical shaft and by a system of horizontal adits and drifts driven parallel to the strike of the J-M Reef at vertical intervals of between 150 ft and 300 ft. Seven main adits have been driven from surface portals on the west and east slopes of the Stillwater Valley at various elevations between 5,000 fasl and 5,900 fasl. Stillwater is currently developing a decline system from the 3,200 ft elevation to access and develop deeper areas in the central part of the mine below those currently serviced by the existing shaft. At the end of 2006 this decline had extended down to 2,052 ft.

Stillwater uses 29 footwall lateral drifts and six primary rams and vertical excavations at the Stillwater mine to provide personnel and equipment access, supply haulage and drainage, intake and exhaust ventilation systems, muck haulage, backfill plant access, powder storage and emergency egress. Stillwater reported in 2006 that it intends to expand the use of selective mining methods over the next three to four years. Sub-level mining will be de-emphasized and captive cut and fill mining will be increased to up to 35% of total mining.

East Boulder Mining Operations

The J-M Reef is accessed at East Boulder by two 18,500 ft long, 15 ft diameter horizontal tunnels. The access tunnels intersect the ore body at an elevation 6,450 fasl. The ore body is currently developed by four levels of footwall lateral drifts driven parallel to the ore body totalling approximately 26,000 ft, and by two primary ramps totaling approximately 11,250 ft. The ore body is accessed vertically by ramp systems driven approximately every 1,200 ft along the length of the deposit. The predominant mining methods at this time are sub-level stoping and ramp-and-fill mining methods. In 2005, Stillwater began introducing selective mining at the East Boulder mine, employing the “captive cut-and-fill” method of mining. By the end of 2006, approximately 12% of East Boulder’s ore production was coming from the captive cut-and-fill method.

Stillwater reports that selective mining will be further expanded over the next three to four years at the East Boulder mine. In the move to selective mining, the sub-level mining method will be de-emphasized and captive cut-and-fill will be expanded to comprise up to about 75% of total mining. Selective mining is intended to increase recovery of the ore reserve by better matching the mining method to the ore characteristics, to decrease the volume of secondary development and its associated costs, to decrease dilution of the ore by matching the face width more closely to the ore width, resulting in a higher grade ore delivered to the mill, and to decrease reliance on large mobile mining equipment, thereby reducing capital and support costs.

Processing

Stillwater’s processing facilities include concentrators at each mine site to grind the ore and extract the contained metal sulfides and a smelter and base metals refinery located in Columbus, Montana. The concentrator at the Stillwater mine has an approximate design capacity of 3,000 tons per day, while the

concentrator at East Boulder has a capacity of approximately 2,000 tons per day. Crushed ore is fed into the concentrator, mixed with water and ground to a slurry in the mill circuit to liberate the PGM-bearing sulfide minerals from the rock matrix. Various reagents are added to the slurry to separate the valuable sulfides from the waste rock in a flotation circuit. In this circuit, the sulfide minerals are floated, recycled, reground and refloated to produce a concentrate suitable for further processing. The flotation concentrate is filtered and transported in bins to Stillwater's metallurgical complex in Columbus, Montana. A portion of tailings material is used as fill material to provide support for additional mining activities. The balance is placed in tailings containment areas on the surface. The Stillwater mill recovery of PGMs has been essentially constant at 92% in 2006, 2005 and 2004, while the East Boulder mill recovery of PGMs was 89%, 89% and 88% in 2006, 2005 and 2004, respectively.

Stillwater operates a metallurgic smelter complex at Columbus, Montana that processes PGM material. Smelter capacity is approximately 120 tons of concentrate and spent catalytic converter material per day. Stillwater has a base metals refinery located on property it owns adjacent to the smelter. The refinery utilizes the patented Sherritt Process, whereby sulfuric acid is used to dissolve the nickel, copper, cobalt and residual iron in the converter matte. The removal of these metals upgrades the PGM fraction of the converter matte product substantially from 1.5% PGMs to 37% PGMs. The refinery produces a PGM filter cake that is shipped for final refining to third party precious metal refiners.

Stillwater's processing operations also recover rhodium (approximately 3,000 to 4,000 oz per year), gold (approximately 11,000 oz per year), silver (approximately 6,000 oz per year), copper (approximately 900,000 lbs per year) and nickel (approximately 1.6 million lbs in 2006). These minerals and elements are treated as a byproduct and sold at prevailing market rates.

Contracts

Stillwater has three long-term sales contracts with its customers that contain guaranteed floor prices for metal delivered from mine production. This includes long-term sales contracts with General Motors Corporation and Ford Motor Company for palladium and platinum produced from its mines. Under the contracts, Stillwater currently has committed between 80% and 100% of its palladium production and 70% of its platinum production through 2010. Metal sales are priced at a slight discount to market. The remaining mine production is not committed under these contracts and remains available for sale at prevailing market prices.

Operating and Capital Costs

During 2006, the Stillwater mine's cash costs were \$280/oz, compared to \$314/oz in 2005, while the East Boulder mine's cash costs were \$326/oz, compared to \$346/oz in 2005. Meanwhile, aggregate production costs at Stillwater were \$400/oz and at East Boulder were \$501/oz.

MINING SUPPLEMENTARY TECHNICAL INFORMATION

Description of Mineral Reserves and Resources

The following tables set out reserve and resource information for each of the royalty interests listed under the sections entitled “Material Mineral Royalty Interests”, “Significant Mineral Royalty Interests”, “Significant Mineral Equity Interests” and “Other Mineral Royalty Interests” unless the information for a specific property is not available. Unless otherwise noted, all reserves and resources pertain to the whole of the mining operation and are not specific to the Royalty Portfolio’s royalty interest in the mining operation. All figures are based solely on information publicly disclosed by the owners or operators of these properties and none of this information has been independently verified by Franco-Nevada, Newmont or its consultants, including SRK. For further information on each of the listed properties, reference may be had to the available public documentation of the respective owners and operators.

Unless noted with a “*”, each of the owners or operators reports its reserves and resources in accordance with NI 43-101 and the CIM Definitions adopted therein. Where a “*” denotes a property, the reserve and resource figures have been calculated in compliance with a Foreign Code recognized by NI 43-101, and referenced below the property name. For further details on the reporting of reserves and resources using Foreign Codes, refer to the heading “Reconciliation to CIM Definitions” in this section. Unless otherwise noted, resources are exclusive of reserves, or public sources do not indicate whether figures are inclusive or exclusive. See “Description of Royalty Portfolio — Summary of Mineral Royalties”.

Mineral Reserves

Gold

Property	PROVEN			PROBABLE			TOTAL		
	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Goldstrike	65,807 tons	0.135 oz/ton	8,874	47,061 tons	0.150 oz/ton	7,082	112,868 tons	0.141 oz/ton	15,956
Marigold (SFP/VEK) (Barrick Gold Corporation ½ interest)	16,664 tons	0.022 oz/ton	360	17,626 tons	0.020 oz/ton	348	34,290 tons	0.021 oz/ton	708
Marigold (SFP/VEK) (Goldcorp Inc. ⅓ interest)	30,230 t	0.74 g/t	720	31,590 t	0.68 g/t	700	61,820 t	0.71 g/t	1,420
Bald Mountain	75,366 tons	0.033 oz/ton	2,470	34,556 tons	0.029 oz/ton	987	109,922 tons	0.031 oz/ton	3,457
Robinson	117,625 t	0.26 g/t	1,000	4,776 t	0.22 g/t	34	122,401 t	0.26 g/t	1,034
Cerro San Pedro	—	—	—	—	—	—	85,813 t	0.55 g/t	1,517 ⁽¹⁾
Hollister (Ivanhoe)	519.8 t	34.40 g/t	573.7	269.7 t	35.18 g/t	304.5	789.5 t	34.67 g/t	878.2
Mesquite	114,390 tons	0.017 oz/t	1,931	45,914 tons	0.018 oz/t	836	160,304 tons	0.017 oz/ton	2,767
Tasiast	761 t	3.24 g/t	80	11,223 t	2.66 g/t	960	11,984 t	2.70 g/t	1,040
Mt. Muro *JORC	—	—	—	950 t	7.4 g/t	—	950 t	7.4 g/t	—
North Lanut *JORC	Riska: 1,089 t	Riska: 1.19 g/t	Riska: 41.8	Riska: 2,133 t	Riska: 1.84 g/t	Riska: 126.1	4,370 t	1.62 g/t	227.4
	Stockpile: 98 t	Stockpile: 1.52 g/t	Stockpile: 4.8	Effendi: 1,050 t	Effendi: 1.62 g/t	Effendi: 54.7			
Eskay Creek	104 tons	0.731 oz/ton	76	32 tons	0.844 oz/ton	27	136	0.757 oz/ton	103
Wiluna *JORC	—	—	—	—	—	—	—	—	—
Mouska ⁽²⁾	720 t	7.7 g/t	179.3	706 t	7.6 g/t	172.7	1,426 t	7.7 g/t	352
New Celebration ⁽³⁾ *SAMREC	500 t	0.93 g/t	14	3,900 t	1.89 g/t	237	4,400 t	1.79 g/t	251
Henty	—	—	—	741 tons	0.266 oz/ton	197,000	741 tons	0.266 oz/ton	197,000
Dee Gold	—	—	—	—	—	—	—	—	—
Pinson	—	—	—	—	—	—	—	—	—
Holloway and Holt	—	—	—	—	—	—	—	—	—
Admiral Hill	—	—	—	1,963 t	1.1 g/t	71.31	1,963 t	1.1 g/t	71.31
Bronzewing *JORC	—	—	—	8,838 t	1.9 g/t	544	8,838 t	1.9 g/t	544
Calcatreu	—	—	—	—	—	—	—	—	—
Detour Lake	—	—	—	—	—	—	—	—	—
Interlake	—	—	—	—	—	—	—	—	—
Ity ⁽⁴⁾	1,094.491 t	5.34 g/t	187.671	342.126 t	4.84 g/t	53.261	1,436.546	5.22 g/t	240.932
Moolart Well	—	—	—	—	—	—	—	—	—
Perama Hill	—	—	—	—	—	—	—	—	—

PGM

Property	PROVEN			PROBABLE			TOTAL		
	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Stillwater *Guide 7	4,786 t	0.57 oz/ton	2,721	37,656 t	0.54 oz/ton	20,327	42,442 t	0.54 oz/ton	23,048
Pandora⁽⁵⁾ *SAMREC	200 tons	4.14 g/ton	—	—	—	—	200 tons	4.14 g/ton	—

Nickel

Property	Ore Type (where applicable)	PROVEN		PROBABLE		TOTAL	
		Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
Falcondo *JORC	—	43.9	1.22	8.8	1.18	—	—
Mt. Keith *JORC	Open-cut	107	0.58	57	0.55	164	0.57
	Stockpile	30	0.51	—	—	30	0.51

Silver

Property	PROVEN			PROBABLE			TOTAL		
	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Cerro San Pedro	—	—	—	—	—	—	85,813 t	22.5 g/t	62,076 ⁽¹⁾
Rosemont	126,120 tons	0.14 oz/t	—	366,607 tons	0.12 oz/t	—	492,727 tons	0.12 oz/t	—
Hollister	519.8 t	186.08 g/t	3,103.4	269.7 t	139.18 g/t	1,204.4	789.5 t	170.06 g/t	4,307.8
Mt. Muro	—	—	—	950 t	61 g/t	—	950 t	61 g/t	—
Eskay Creek	104 tons	38.66 oz/ton	4,021	32 tons	40.19 oz/ton	1,296	136 tons	39.02 oz/t	5,307
Calcatreu	—	—	—	—	—	—	—	—	—
King Vol	—	—	—	1,317 t	36 g/t	—	1,317 t	36 g/t	—

Copper

Property	Grade Cutoff	PROVEN			PROBABLE			TOTAL		
		Tonnes (t)/ Tons (000s)	Grade (%)	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade (%)	Contained Cu (000s)	Tonnes (t)/ Tons (000s)	Grade (%)	Contained Cu (000s)
Robinson	—	117,625 t	0.69	810 t	4,776 t	0.72	35 t	122,401 t	0.69	845 t
Rosemont	Sulfide >= 3.29 \$/ton NSR Cutoff	126,120 tons	0.50	—	366,607 tons	0.46	—	492,727 tons	0.47	—
	Oxides >= 1.77 \$/ton NSR	9,938	0.19	—	39,507	0.17	—	49,445	0.18	—
Mouska	—	—	—	—	—	—	—	—	—	—
King Vol	—	—	—	—	1,317 t	0.7	—	1,317 t	0.7	—

Molybdenum

	PROVEN		PROBABLE		TOTAL	
Property	Tons (Millions)	Grade (%)	Tons (Millions)	Grade (%)	Tons (Millions)	Grade (%)
Rosemont	126,120 tons	0.015	366,607 tons	0.015	492,727 tons	0.015

Iron

		PROVEN		PROBABLE		TOTAL	
Property	Ore Type (where applicable)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
Peculiar Knob	—	13.1	62.7	2.3	63%	—	—

Zinc

		PROVEN		PROBABLE		TOTAL	
Property	Ore Type (where applicable)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
King Vol	—	—	—	1,317 t	11.2	1,317 t	11.2

Mineral Resources

Gold

	MEASURED			INDICATED			INFERRED		
Property	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Goldstrike	13,353 tons	0.084 oz/ton	1,121	10,974 tons	0.118 oz/t	1,292	2,648 tons	0.260 oz/ton	688
Marigold (SFP/VEK) (Barrick Gold Corporation ½ interest)	12,683 tons	0.018 oz/ton	222	18,846 tons	0.018 oz/ton	333	88,212 tons	0.011 oz/ton	1,012
Marigold (SFP/VEK) (Goldcorp Inc. ½ interest)	12,700 tons	0.67 g/t	270	18,240 tons	0.71 g/t	420	122,530 tons	0.43 g/t	1,680
Bald Mountain	15,037 tons	0.035 oz/ton	527	8,252 tons	0.036 oz/ton	297	17,290 tons	0.023 oz/ton	398
Robinson ⁽⁶⁾ 0.2%Cu cut off	554,280 t	0.22 g/t	3,156	155,910 t	0.14 g/t	681	89,056 t	0.05 g/t	338
0.4%Cu cut off	180,766 t	0.27 g/t	1,386	23,983 t	0.16 g/t	131	8,353 t	0.09 g/t	34
0.6%Cu cut off	95,341 t	0.30 g/t	791	12,265 t	0.17 g/t	67	2,388 t	0.12 g/t	10
0.8%Cu cut off	56,726 t	0.28 g/t	459	8,269 t	0.15 g/t	44	1,684 t	0.11 g/t	7
1.0%Cu cut off	33,955 t	0.27 g/t	270	4,312 t	0.15 g/t	22	714 t	0.09 g/t	3
Cerro San Pedro ⁽⁶⁾	106,289 t	0.55 g/t	1,880	9,929 t	0.48 g/t	153	3,176 t	0.44 g/t	45
Hollister ⁽⁶⁾ 0.25 oz/ton	560 tons	1.04 oz/ton	584	343	1.00 oz/ton	344	805	1.08 oz/ton	872
0.35 oz/ton	448 tons	1.23 oz/ton	551	280	1.16 oz/ton	326	627 tons	1.31 oz/ton	820
Mesquite	27,393 tons	0.02 oz/ton	546	25,944 tons	0.021 oz/t	556	7,000 tons	0.020 oz/t	—
Tasiast ⁽⁶⁾	860 t	3.17 g/t	88	13,693 t	2.59 g/t	1,142	18,633 t	1.94 g/t	1,165
Mt. Muro ⁽⁶⁾ *JORC	4,300 t	0.2 g/t	—	9,600 t	1.5 g/t	—	140 t	5.9 g/t	—
North Lanut *JORC									
Riska	125 t	1.27 g/t	5.1	1,654 t	0.81 g/t	43.1	4,072 t	1.05 g/t	137.5
Effendi	—	—	—	2,463 t	0.79 g/t	62.8	655 t	0.99 g/t	20.8
Talugon	—	—	—	—	—	—	600 t	2.59 g/t	50
Durian	3,704 t	1.08 g/t	128.6	3,573 t	0.84 g/t	96.5	4,758 t	0.7 g/t	111.7
Osela	1,716 t	1.48 g/t	81.6	1,326 t	1.17 g/t	49.9	1,797 t	0.9 g/t	50.8
Eskay Creek	22 tons	0.636 oz/ton	14	14 tons	0.786 oz/ton	11	56 tons	0.357 oz/ton	20
Wiluna *JORC	200.917 t	2.41 g/t	15.548	1,672.972 t	5.91 g/t	318.034	2,314.958 t	5.84 g/t	434.875
Mouska ⁽²⁾⁽⁶⁾	1,278 t	6.3 g/t	259.8	2,940 t	5.2 g/t	489.5	3,231 t	4.7 g/t	486.2
New Celebration ⁽³⁾⁽⁶⁾ *SAMREC	2,300 t	1.97 g/t	148	24,900 t	1.75 g/t	1,398	5,900 t	1.76 g/t	332
Henty	—	—	—	56 tons	0.196 oz/ton	11	151 tons	0.245 oz/ton	37
Dee Gold	—	—	—	7,210 t	2.11 g/t	490	400 t	2.07 g/t	30
Pinson	1,152.4 tons	0.454 oz/ton	523.2	1,353.5 tons	0.399 oz/ton	540.6	3,374.5 tons	0.340 oz/ton	1,146.6
Holloway and Holt	728 t	7.0 g/t	165	3,294 t	7.5 g/t	799	1,154 t	7.3 g/t	270
Admiral Hill ⁽⁶⁾	—	—	—	4,667 t	0.8 g/t	123	1,710 t	1.4 g/t	77
Bronzewing ⁽⁶⁾ *JORC	—	—	—	10,572 t	2.0 g/t	696	2,001 t	1.8 g/t	120
Calcatreu	—	—	—	6,155 t	3.04 g/t	602.54	1,876 t	2.10 g/t	125.92
Detour Lake	—	—	—	20,045 t	2.14 g/t	1,379.5	35,435.5 t	1.80 g/t	2,035.65
Interlake	—	—	—	—	—	—	—	—	—
Ity ⁽⁴⁾	1,408.268 t	5.17 g/t	234.243	541.708 t	4.60 g/t	80.115	145.741 t	3.50 g/t	16.397
Moolart Well	—	—	—	23,500 t	1.05 g/t	789	34,500 t	0.70 g/t	775
Perama Hill	—	—	—	11,710t	3.62 g/t	1,363	330t	2.58	27

PGM

Property	MEASURED			INDICATED			INFERRED		
	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Stillwater *Guide 7	—	—	—	—	—	—	—	—	—
Pandora⁽⁵⁾ *SAMREC	11,600 tons	4.59 g/ton	—	23,400 tons	4.01 g/ton	—	32,200 tons	3.97 g/ton	—

Nickel

Property	Ore Type (where applicable)	MEASURED		INDICATED		INFERRED	
		Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
Falcondo⁽⁶⁾ *JORC	—	38.5	1.56	23.9	1.43	5.1	1.4
Mt. Keith⁽⁶⁾ *JORC	Open-Cut	246	0.54	117	0.47	30	0.48
	Stockpile	30	0.51	—	—	—	—
	Stockpile Oxidized	—	—	—	—	23	0.62

Silver

Property	MEASURED			INDICATED			INFERRED		
	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)	Tonnes (t)/ Tons (000s)	Grade	Ounces (000s)
Cerro San Pedro⁽⁶⁾	106,289 t	20.3 g/t	69,371	9,929 t	19.7 g/t	6,289	3,176 t	21.7 g/t	2,215
Rosemont⁽⁶⁾ Oxides Cut-off: 0.10%Cu Sulfides Cut-off: 0.20%Cu	14,300 tons	—	—	60,200 tons	—	—	30,000 tons	—	—
	120,400 tons	0.15 oz/ton	17,500	422,700 tons	0.12 oz/ton	49,000	163,000 tons	0.06 oz/ton	9,300
Hollister⁽⁶⁾ 0.25 oz/ton 0.35 oz/ton	560 tons	6.09 oz/ton	3,413	343 tons	5.09 oz/ton	1,744	805	3.94 oz/ton	3,169
	448 tons	6.98 oz/ton	3,124	280	5.78 oz/ton	1,618	627	4.32 oz/ton	2,707
Mt. Muro⁽⁶⁾	4,300 t	27 g/t	—	9,600	31 g/t	—	140 t	55 g/t	—
Eskay Creek	22 tons	30.41 oz/ton	669	14 tons	45.36 oz/ton	635	56 tons	8.57 oz/ton	480
Calcatreu	—	—	—	6,155 t	28.1 g/t	5,569.330	1,867 t	19.4 g/t	1,166
King Vol	—	—	—	—	—	—	1,969 t	43 g/t	—

Copper

Property	Grade Cutoff	MEASURED			INDICATED			INFERRED		
		Tonnes (t)/ Tons (000s)	Grade (%)	Contained Cu (000s)	Tonnes (t)/ Tons (000s)	Grade (%)	Contained Cu (000s)	Tonnes (t)/ Tons (000s)	Grade (%)	Contained Cu (000s)
Robinson⁽⁶⁾	0.20%Cu	554,280 t	0.55	2,510 t	155,910 t	0.44	532	89,056	0.32	256
	0.40%Cu	180,766 t	0.84	1,472 t	23,983 t	0.82	188	8,353	0.72	53
	0.60%Cu	95,341 t	1.17	1,063 t	12,265 t	1.20	133	2,388	1.40	25
	0.80%Cu	56,726 t	1.52	797 t	8,269 t	1.48	105	1,684	1.83	20
	1.0%Cu	33,955 t	1.84	594 t	4,312 t	1.78	70	714	2.37	11
Rosemont⁽⁶⁾	Oxides: 0.10	14,300 tons	0.21	61,000 lbs	60,200 tons	0.20	236,000 lbs	30,000 tons	0.20	121,000 lbs
	Sulfides: 0.20	120,400 tons	0.55	1,312 lbs	422,700 tons	0.49	4,109 lbs	163,000 tons	0.43	1,386,000 lbs
Mouska	—	—	—	—	—	—	—	—	—	—
King Vol	—	—	—	—	—	—	—	1,969	0.8	—

Molybdenum

		MEASURED			INDICATED			INFERRED		
Property	Grade Cutoff	Tonnes (000s)	Grade (%)	Lbs. Mo (000s)	Tonnes (000s)	Grade (%)	Contained Mo (000s)	Tonnes (000s)	Grade (%)	Contained Mo (000s)
Rosemont ⁽⁶⁾	Oxides: 0.10	14,300	—	—	60,200	—	—	30,000	—	—
	Sulfides: 0.20	120,400	0.016	38,500	422,700	0.014	118,400	163,000	0.007	22,800

Iron

		MEASURED		INDICATED		INFERRED	
Property	Ore Type (where applicable)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
Peculiar Knob	—	13.4	63.7	4.1	63.4	1.5	64.5

Zinc

		MEASURED		INDICATED		INFERRED	
Property	Ore Type (where applicable)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)	Tonnes (Millions)	Grade (%)
King Vol	—	—	—	—	—	1.969	14.0

Notes:

- (1) Only aggregate reserve totals are provided in the most recent source document.
- (2) Reserve and resource figures are for the “Doyon Division” which is comprised of both the Mouska and Doyon gold mines.
- (3) Reserve and resource figures are for the entire South Kal project of which New Celebration comprises only part.
- (4) Reserve and resource figures are based only on La Mancha’s 51% attributable interest in the Ity mine at the time the public disclosure was made. La Mancha now has a 45.9% attributable interest in the Ity mine.
- (5) Reserve and resource figures represent Anglo Platinum’s attributable 42.5% interest in the Pandora joint venture only.
- (6) Measured and indicated resources are inclusive of reserves.

Reconciliation to CIM Definitions

In this prospectus, Franco-Nevada has disclosed a number of resource and reserve estimates covering properties related to the Mineral Royalties that are not based on CIM Definitions, but instead have been prepared in reliance upon one of the following mineral resource and reserve reporting codes:

- The Australasian Code for Reporting of Mineral Resources and Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia, as amended (“JORC”);
- South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee under the auspices of the South African Institute of Mining and Metallurgy, as amended (“SAMREC”); and
- The mining industry guide entitled “Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations” contained in the Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended (“Guide 7”),

(collectively, the “Foreign Codes”). Estimates based on Foreign Codes are acceptable under NI 43-101 in certain circumstances.

In each case, the resources and reserves reported hereunder are direct reproductions of estimates previously disclosed by the relevant property owner, without reference to the underlying data used to calculate the estimates. Accordingly, Franco-Nevada is not able to reconcile the resource and reserve estimates prepared in reliance on a Foreign Code with that of CIM Definitions. Franco-Nevada has directed SRK, as engineers experienced in the preparation of resource and reserve estimates using CIM and each of the Foreign Codes, to confirm the extent to which an estimate prepared under a Foreign Code would differ from that prepared under CIM Definitions. SRK has confirmed that while the CIM Definitions are not identical to those of the Foreign Codes, the guidelines are substantively similar to those of CIM and will generally result in reporting of substantially similar reserve and resource estimates. SRK further confirmed that, while they are not in a position to verify the procedures in which the estimates prepared using Foreign Codes that are reproduced hereunder were conducted, in the course of their preparation of a resource or reserve estimate they would effectively use the same procedures to prepare and report the resource or reserve estimate regardless of the reliance on CIM or any of the Foreign Codes. SRK noted two provisos to this confirmation, being (i) Guide 7 prohibits the reporting of resources, and will only permit reporting of reserves; and (ii) Guide 7 imposes prescriptive requirements for the assumed metal prices used in the calculation of reserves which the staff at the SEC interpret to require historic three-year average prices, while each of CIM and the other Foreign Codes permits the author of a resource or reserve estimate to use his or her discretion to establish a reasonable assumed metal price in such calculations.

OIL AND GAS SUPPLEMENTARY TECHNICAL INFORMATION

Statement of Reserves Data and Other Oil and Natural Gas Information

GLJ was engaged by NMCCCL, a subsidiary of Newmont, to evaluate the crude oil and natural gas reserves of the Significant Properties and the value of future net revenue attributable to such reserves. GLJ has prepared a report in accordance with the requirements of NI 51-101. The GLJ Report was dated May 15, 2007, with an effective date of December 31, 2006 with an addendum dated October 18, 2007. The GLJ Report was prepared using assumptions and methodology guidelines outlined in the COGE Handbook.

All evaluations of future revenue contained in the GLJ Report are after the deduction of royalties, development costs, production costs and well abandonment costs of all wells on the Significant Properties to which reserves have been attributed, but before consideration of indirect costs such as general and administrative, overhead recovery and other miscellaneous expenses. The estimated future net revenues contained in the following tables do not necessarily represent the fair market value of the reserves in respect of the Significant Properties. There is no assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the notes to the tables. The recovery and reserves estimates of the Significant Properties described herein are estimates only. The actual reserves on the Significant Properties may be greater or less than those calculated.

Reserves Data (Constant Prices and Costs)

The following is a summary of the crude oil and natural gas reserves and the value of future net revenue of NMCCCL as at December 31, 2006 as evaluated by GLJ in the GLJ Report using constant prices and costs. The pricing used in the constant price evaluation is set forth below under the heading "Constant Prices and Costs". Some of the tables may not add due to rounding.

RESERVES CATEGORY	Light & Medium Oil			Heavy Oil			Natural Gas			NGL			Total Oil Equivalent		
	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (MMcft)	Net (MMcft)	C.I. (MMcft)	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (Mboe)	Net (Mboe)	C.I. (Mboe)
Proved															
Producing	1,503	2,075	2,300	0	174	174	3	10,223	10,223	0	450	450	1,504	4,403	4,628
Developed Non-Producing . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Undeveloped	557	723	780	0	0	0	0	166	166	0	10	10	557	761	817
Total Proved	2,060	2,798	3,079	0	174	174	4	10,388	10,388	0	460	460	2,060	5,164	5,445
Total Probable	973	1,295	1,424	0	25	25	0	3,072	3,072	42	199	204	1,016	2,031	2,165
Total Proved Plus Probable . . .	3,033	4,094	4,504	0	199	199	4	13,460	13,461	42	659	664	3,076	7,195	7,610

Net Present Value of Future Net Revenue (Constant Prices and Costs)

The net present value of future net revenue attributable to the reserves categories referred to above, before and after deducting future income tax expenses, calculated without discount and using a discount rate of 10%, is set forth below:

<u>Reserves Category</u>	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)	
	0%	10%
	(C\$000)	
Proved		
Producing	\$180,612	\$101,991
Developed Non-Producing	—	—
Undeveloped	31,616	15,755
Total Proved	212,228	117,746
Total Probable	85,196	26,320
Total Proved Plus Probable	297,424	144,066

<u>Reserves Category</u>	Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)	
	0%	10%
	(C\$000)	
Proved		
Producing	\$122,989	\$68,717
Developed Non-Producing	0	0
Undeveloped	22,348	10,797
Total Proved	145,338	79,514
Total Probable	58,841	17,766
Total Proved Plus Probable	204,179	97,279

Total Future Net Revenue (Constant Prices and Costs)

The undiscounted future net revenue attributable to proved and proved plus probable reserves (in total) as of December 31, 2006 is set forth below.

<u>Reserves Category</u>	<u>Revenue</u>	<u>Royalties</u>	<u>Operating Costs</u>	<u>Development Costs</u>	<u>Well Abandonment and Reclamation Costs</u>	<u>Future Net Revenue Before Income Taxes</u>	<u>Future Income Taxes</u>	<u>Future Net Revenue After Income Taxes</u>
Proved (C\$000)	\$270,137	\$27,815	\$18,500	\$11,028	\$565	\$212,228	\$66,891	\$145,388
Proved Plus Probable (C\$000)	382,982	40,973	24,116	19,863	606	297,424	93,245	204,179

Future Net Revenue by Production Group (Constant Prices and Costs)

The net present value of future net revenue (before deducting future income tax expenses), by production group, and calculated using a discount rate of 10%, is set forth below:

	Production group	Net present value of future net revenue before income taxes (discounted at 10% per year) (C\$000)
Total Proved		
	Light & Medium Oil ⁽¹⁾	\$ 65,299
	Heavy Oil ⁽¹⁾	4,113
	Natural Gas ⁽²⁾	48,334
	Total	117,746
Total Proved Plus Probable		
	Light & Medium Oil ⁽¹⁾	\$ 82,282
	Heavy Oil ⁽¹⁾	4,396
	Natural Gas ⁽²⁾	57,388
	Total	144,066

Notes:

(1) Including solution gas and other by-products.

(2) Including by-products but excluding solution gas.

Constant Prices and Costs

The constant prices and costs pricing assumptions used in the GLJ Report with respect to net values of future net revenue as well as the inflation rates used for operating and capital costs are set forth below. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101. The crude oil and natural gas constant prices are based on the December 31, 2006 posted price as determined by GLJ. The constant price assumptions assume the continuance of current laws, regulations and operating costs in effect on the date of the GLJ Report.

Year	WTI @ Cushing Oklahoma (\$US/bbl)	Light, Sweet Crude Oil (40 API at Edmonton) (\$Cdn/bbl)	Bow River Crude Oil Stream Quality at Hardisty (\$Cdn/bbl)	Canadian Natural Gas Price (AECO-C) (\$Cdn/MMbtu)	NGL Edmonton Propane (\$Cdn/bbl)	NGL Edmonton Butane (\$Cdn/bbl)	NGL Edmonton Pentanes Plus (\$Cdn/bbl)	Inflation %/year	Exchange Rate \$US/\$Cdn
2006 (year end)	60.85 ⁽²⁾	67.58 ⁽³⁾	48.86 ⁽⁴⁾	6.07 ⁽⁵⁾	43.25	54.06	71.55 ⁽⁶⁾	0.0	0.8581 ⁽¹⁾

Notes: These prices are actual posted prices at the referenced date; other reference prices are derived based on historical price differentials.

(1) Noon rate from the Bank of Canada.

(2) U.S. Energy Information Administration (Cushing, OK WTI Spot Price FOB).

(3) Average Dec. 31, 2006 posted price reported by Imperial, Shell, Flint Hill, Petro-Canada, BP and Suncor.

(4) Average Dec. 31, 2006 posted price reported by Imperial, Flint Hill, Encana and BP.

(5) Same day settlement price from NGX.

(6) Average Dec. 31, 2006 posted price reported by Shell, Flint Hill, Encana and BP.

Reserves Data (Forecast Prices and Costs)

The following is a summary of the crude oil and natural gas reserves and the value of future net revenue of NMCCCL as at December 31, 2006 as evaluated by GLJ in the GLJ Report using forecast prices and costs. The

pricing used in the forecast price evaluation is set forth below under the heading “Forecast Prices and Costs”. Some of the tables may not add due to rounding.

RESERVES CATEGORY	RESERVES SUMMARY														
	Light & Medium Oil			Heavy Oil			Natural Gas			NGL			Total oil equivalent		
	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (MMcf)	Net (MMcf)	C.I. (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	C.I. (Mbbbl)
Proved															
Producing	1,503	2,075	2,299	0	174	174	3	10,441	10,441	0	463	463	1,504	4,453	4,677
Developed Non-Producing . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Undeveloped	557	726	780	0	0	0	0	166	166	0	10	10	557	763	817
Total Proved	2,060	2,801	3,079	0	174	174	4	10,607	10,607	0	473	473	2,060	5,216	5,494
Total Probable	973	1,297	1,424	0	25	25	0	3,187	3,187	42	206	211	1,016	2,059	2,191
Total Proved Plus Probable	3,033	4,098	4,503	0	199	199	4	13,793	13,793	42	679	684	3,076	7,274	7,685

Net Present Value of Future Net Revenue (Forecast Prices and Costs)

The net present value of future net revenue attributable to the reserves categories referred to above, before and after deducting future income tax expenses, calculated without discount and using a discount rate of 5%, 10%, 15% and 20%, is set forth below:

Reserves Category	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)				
	0%	5%	10%	15%	20%
	(C\$000)				
Proved					
Producing	\$219,700	\$149,117	\$114,413	\$ 93,900	\$ 80,328
Developed Non-Producing	0	0	0	0	0
Undeveloped	31,386	21,484	15,409	11,486	8,838
Total Proved	251,086	170,601	129,822	105,386	89,166
Total Probable	113,632	53,027	30,241	19,528	13,711
Total Proved Plus Probable	364,718	223,628	160,063	124,914	102,876

Reserves Category	Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)				
	0%	5%	10%	15%	20%
	(C\$000)				
Proved					
Producing	\$150,081	\$101,196	\$ 77,245	\$63,132	\$53,820
Developed Non-Producing	0	0	0	0	0
Undeveloped	22,181	14,952	10,539	7,704	5,801
Total Proved	172,262	116,147	87,784	70,836	59,621
Total Probable	78,589	36,302	20,449	13,031	9,026
Total Proved Plus Probable	250,851	152,449	108,233	83,867	68,647

Total Future Net Revenue (Forecast Prices and Costs)

The undiscounted future net revenue attributable to proved and proved plus probable reserves (in total) as of December 31, 2006 is set forth below:

<u>Reserves Category</u>	<u>Revenue</u>	<u>Royalties</u>	<u>Operating Costs</u>	<u>Development Costs</u>	<u>Well Abandonment and Reclamation Costs</u>	<u>Future Net Revenue Before Income Taxes</u>	<u>Future Income Taxes</u>	<u>Future Net Revenue After Income Taxes</u>
Total Proved (C\$000)	<u>\$314,349</u>	<u>\$28,806</u>	<u>\$22,087</u>	<u>\$11,595</u>	<u>\$775</u>	<u>\$251,086</u>	<u>\$ 78,824</u>	<u>\$172,262</u>
Total Proved Plus Probable (C\$000) . .	<u>461,209</u>	<u>44,111</u>	<u>30,033</u>	<u>21,476</u>	<u>870</u>	<u>364,718</u>	<u>113,867</u>	<u>250,851</u>

Future Net Revenue by Production Group (Forecast Prices and Costs)

The net present value of future net revenue (before deducting future income tax expenses), by production group, and calculated using a discount rate of 10%, is set forth below:

<u>Reserves Category</u>	<u>Production group</u>	<u>Net present value of future net revenue before income taxes (discounted at 10% per year) (C\$000)</u>
Total Proved		
	Light & Medium Oil ⁽¹⁾	\$ 65,441
	Heavy Oil ⁽¹⁾	4,246
	Natural Gas ⁽²⁾	60,135
	Total	<u>129,822</u>
Total Proved Plus Probable		
	Light & Medium Oil ⁽¹⁾	\$ 83,382
	Heavy Oil ⁽¹⁾	4,563
	Natural Gas ⁽²⁾	72,118
	Total	<u>160,063</u>

Notes:

(1) Including solution gas and other by-products.

(2) Including by-products but excluding solution gas.

Forecast Prices and Costs

The forecast prices and costs pricing assumptions used in the GLJ Report with respect to net values of future net revenue as well as the inflation rates used for operating and capital costs are set forth below. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101. The crude oil and natural gas forecast prices are based on the December 31, 2006 posted price as determined by GLJ. The forecast price assumptions assume the continuance of current laws, regulations and operating costs in effect on the date of the GLJ Report.

Year	WTI @ Cushing Oklahoma (\$US/bbl)	Light, Sweet Crude Oil (40 API at Edmonton) (\$Cdn/bbl)	Bow River Crude Oil Stream Quality at Hardisty (\$Cdn/bbl)	Canadian Natural Gas Price (AECCO- C/NIT) (\$Cdn/MMbtu)	NGL Edmonton Propane (\$Cdn/bbl)	NGL Edmonton Butane (\$Cdn/bbl)	NGL Edmonton Pentanes Plus (\$Cdn/bbl)	Inflation %/year	Exchange Rate \$US/\$Cdn
2007 (Full Year)	62.00	70.25	49.00	7.20	45.00	56.25	71.75	2.0	0.870
2008	60.00	68.00	49.00	7.45	43.50	50.25	69.25	2.0	0.870
2009	58.00	65.75	48.75	7.75	42.00	48.75	67.00	2.0	0.870
2010	57.00	64.50	48.25	7.80	41.25	47.75	65.75	2.0	0.870
2011	57.00	64.50	49.00	7.85	41.25	47.75	65.75	2.0	0.870
2012	57.50	65.00	49.50	8.15	41.50	48.00	66.25	2.0	0.870
2013	58.50	66.25	50.25	8.30	42.50	49.00	67.50	2.0	0.870
2014	59.75	67.75	51.50	8.50	43.25	50.25	69.00	2.0	0.870
2015	61.00	69.00	52.50	8.70	44.25	51.00	70.50	2.0	0.870
2016	62.25	70.50	53.50	8.90	45.00	52.25	72.00	2.0	0.870
2017	63.50	71.75	54.50	9.10	46.00	53.00	73.25	2.0	0.870
2018+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0	0.870

Reserves Disclosure Varies with Accounting

NMCLL did not, and Franco-Nevada will not, own any minority interests in any oil and natural gas companies. Therefore, there are no reserves attributable to a minority interest.

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

Proved and probable undeveloped reserves on a forecast price and cost basis have been estimated in accordance with procedures and standards contained in the COGE Handbook. Franco-Nevada holds both non-operating working interests and royalty interests in its oil and gas properties and therefore does not principally determine the development schedule of these oil and gas properties. The operators of these properties determine the development of these assets and Franco-Nevada's role, as a working interest holder, will be limited to paying its working interest share of the expenses associated therewith. For proved undeveloped properties, please see the preceding charts under "Reserves Data (Forecast Prices and Costs)" and "Net Present Value of Future Net Revenue (Forecast Prices and Costs)".

Significant Factors or Uncertainties

Franco-Nevada does not foresee significant uncertainties that could affect its current reserves, with the exception of typical commodity price and operating cost volatility and the proposed changes to Alberta's oil and natural gas royalty regime which could substantially increase the royalties currently paid to the Government of Alberta by the operators. This will only impact working interests held by Franco-Nevada in Alberta. See "Risk Factors — Risks Related to Mining Operations and Oil and Natural Gas Operations".

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenue attributable to Franco-Nevada's proved reserves reported in the GLJ Report using constant prices and costs.

Entity Description	ANNUAL CAPITAL EXPENDITURE (C\$000)													Total	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Remainder	Undiscounted	Discounted
Total Proved	2,656	1,738	1,376	1,177	1,015	913	515	458	425	209	77	77	391	11,028	8,090
Total Proved Plus															
Probable	2,681	3,097	2,485	1,639	1,531	1,252	1,018	1,134	1,132	1,067	816	509	1,502	19,863	13,007

The table below sets out the development costs deducted in the estimation of future net revenue attributable to Franco-Nevada's proved reserves reported in the GLJ Report using forecast prices and costs.

Entity Description	ANNUAL CAPITAL EXPENDITURE (C\$000)													Total Undiscounted	Total 10% Discounted
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Remainder		
Total Proved	2,632	1,747	1,407	1,225	1,076	987	563	512	485	245	94	95	525	11,595	8,354
Total Proved Plus															
Probable	2,656	3,128	2,552	1,705	1,622	1,348	1,124	1,275	1,298	1,251	975	614	1,927	21,476	13,702

Franco-Nevada expects to fund its estimated future development costs from working capital. Franco-Nevada does not anticipate that such costs will make development of any property uneconomic or will have any material impact on disclosed reserves or future net revenue. All costs are to be incurred in Canada.

OTHER OIL AND GAS INFORMATION

Forward Contracts

Franco-Nevada does not have any forward contracts for oil or natural gas.

Additional Information Concerning Abandonment and Reclamation Costs

Franco-Nevada is liable for ongoing environmental obligations and for the ultimate abandonment and reclamation costs for its oil, gas, and NGL properties (including surface leases, wells, facilities and pipelines) upon abandonment only in respect of its working interest in the Weyburn Unit and Midale Unit. There are no ongoing obligations of Franco-Nevada on its royalty interests in oil and natural gas properties. Franco-Nevada identifies obligations related to its oil, gas and NGL properties by estimating the present value of expected future costs to reclaim and abandon these properties and the timing of costs to be incurred in future periods.

The estimates for abandonment are currently based on 11.6 net wells in respect of which Franco-Nevada expects to incur such costs. Franco-Nevada anticipates the total amount of such costs to be approximately C\$606,000 on an undiscounted basis. Of this amount Franco-Nevada anticipates that approximately C\$28,000 (undiscounted) will be incurred in the next three financial years.

Tax Horizon

Franco-Nevada is a newly incorporated company formed to purchase the Royalty Portfolio. Franco-Nevada will be taxable at an expected rate of approximately 33% on the revenue from the oil and natural gas royalty and working interests.

Costs Incurred

The following table sets out NMCCL's property acquisition, exploration and development costs for the fiscal year ended December 31, 2006.

Location	Proved			Unproved Property Acquisition	Total
	Property Acquisition	Exploration	Development		
Canada (C\$000)	—	—	\$ 3,363	—	\$ 3,363

Exploration and Development Activities

The following table summarizes the number and type of wells that NMCCL drilled or participated in drilling for the year ended December 31, 2006. Franco-Nevada plans to continue with similar exploration and development activities. All of Franco-Nevada's current exploration and development activities are in Canada.

	Gross	Net	Oil Wells	Net Wells Drilled		Dry Wells
				Gas Wells	Service Wells	
Exploratory Wells	—	—	—	—	—	—
Development Wells	60	.81	.69	.12	—	—
Total (Canada)	60	.81	.69	.12	—	—

Production Estimates

The following tables present GLJ's constant case and forecasted case for proved and proved plus probable average daily production by product type for 2007. All production is from Canada. The production of natural gas from the Edson properties will exceed 20% of Franco-Nevada's production of natural gas and is expected to account for 93% of all natural gas production for the 12 months ended December 31, 2007. The production of oil from the Weyburn Unit will exceed 20% of Franco-Nevada's production of oil and is expected to account for 50% of all oil production for the 12 months ended December 31, 2007.

2007 Average Daily Production from Total Proved Reserves (Constant Case)

Entity Description	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (bbl/d)	Net (bbl/d)	Gross (bbl/d)	Net (bbl/d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (bbl/d)	Net (bbl/d)
Total Proved								
<i>Working Interests</i>								
Midale Unit (W.I.)	81	71	0	0	6	6	0	0
Weyburn Unit (W.I.)	331	280	0	0	0	0	0	0
<i>Total Working Interests</i>	412	352	0	0	6	6	0	0
<i>Royalty Interests</i>								
Dollard Unit	0	0	0	27	0	0	0	0
Edson	0	0	0	0	0	3,339	0	196
Instow Unit	0	8	0	0	0	1	0	0
Medicine Hat Consolidated Unit No. 1	0	0	0	0	0	854	0	0
Midale Unit (R.I.)	0	49	0	0	0	4	0	0
Miscellaneous Tidewater Units	0	4	0	0	0	0	0	0
Rapdan Unit	0	0	0	8	0	0	0	0
Tidewater Non-Unit	0	28	0	0	0	0	0	0
Weyburn Unit (R.I.)	0	131	0	0	0	0	0	0
<i>Total: Royalty Interests</i>	0	221	0	36	0	4,198	0	196
Total: Total Proved	412	572	0	36	6	4,203	0	196

2007 Average Daily Production from Total Proved and Probable Reserves (Constant Case)

Entity Description	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (bbl/d)	Net (bbl/d)	Gross (bbl/d)	Net (bbl/d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (bbl/d)	Net (bbl/d)
Total Proved Plus Probable								
<i>Working Interests</i>								
Midale Unit (W.I.)	86	76	0	0	6	6	0	0
Weyburn Unit (W.I.)	372	317	0	0	0	0	0	0
<i>Total Working Interests</i>	459	393	0	0	6	6	0	0
<i>Royalty Interests</i>								
Dollard Unit	0	0	0	27	0	0	0	0
Edson	0	0	0	0	0	3,520	0	207
Instow Unit	0	8	0	0	0	1	0	0
Medicine Hat Consolidated Unit No. 1	0	0	0	0	0	860	0	0
Midale Unit (R.I.)	0	53	0	0	0	4	0	0
Miscellaneous Tidewater Units	0	4	0	0	0	0	0	0
Rapdan Unit	0	0	0	8	0	0	0	0
Tidewater Non-Unit	0	28	0	0	0	0	0	0
Weyburn Unit (R.I.)	0	147	0	0	0	0	0	0
<i>Total: Royalty Interests</i>	0	240	0	36	0	4,385	0	207
Total: Total Proved Plus Probable	459	633	0	36	6	4,392	0	207

2007 Average Daily Production from Total Proved Reserves (Forecast Case)

Entity Description	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (bbl/d)	Net (bbl/d)	Gross (bbl/d)	Net (bbl/d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (bbl/d)	Net (bbl/d)
Total Proved								
<i>Working Interests</i>								
Midale Unit (W.I.)	86	76	0	0	6	6	0	0
Weyburn Unit (W.I.)	368	312	0	0	0	0	0	0
<i>Total Working Interests</i>	454	388	0	0	6	6	0	0
<i>Royalty Interests</i>								
Dollard Unit	0	0	0	27	0	0	0	0
Edson	0	0	0	0	0	3,339	0	196
Instow Unit	0	8	0	0	0	1	0	0
Medicine Hat Consolidated Unit No. 1	0	0	0	0	0	854	0	0
Midale Unit (R.I.)	0	52	0	0	0	4	0	0
Miscellaneous Tidewater Units	0	4	0	0	0	0	0	0
Rapdan Unit	0	0	0	8	0	0	0	0
Tidewater Non-Unit	0	28	0	0	0	0	0	0
Weyburn Unit (R.I.)	0	146	0	0	0	0	0	0
<i>Total: Royalty Interests</i>	0	239	0	36	0	4,198	0	196
Total: Total Proved	454	627	0	36	6	4,204	0	196

2007 Average Daily Production from Total Proved Plus Probable Reserves (Forecast Case)

Entity Description	Light and Medium Oil		Heavy Oil Liquids		Natural Gas		Natural Gas Liquids	
	Gross (bbl/d)	Net (bbl/d)	Gross (bbl/d)	Net (bbl/d)	Gross (Mcf/d)	Net (Mcf/d)	Gross (bbl/d)	Net (bbl/d)
Total Proved Plus Probable								
<i>Working Interests</i>								
Midale Unit (W.I.)	86	76	0	0	6	6	0	0
Weyburn Unit (W.I.)	372	315	0	0	0	0	0	0
<i>Total Working Interests</i>	459	392	0	0	6	6	0	0
<i>Royalty Interests</i>								
Dollard Unit	0	0	0	27	0	0	0	0
Edson	0	0	0	0	0	3,520	0	207
Instow Unit	0	0	0	0	0	1	0	0
Medicine Hat Consolidated Unit No. 1	0	0	0	0	0	860	0	0
Midale Unit (R.I.)	0	53	0	0	0	4	0	0
Miscellaneous Tidewater Units	0	4	0	0	0	0	0	0
Rapdan Unit	0	0	0	8	0	0	0	0
Tidewater Non-Unit	0	28	0	0	0	0	0	0
Weyburn Unit (R.I.)	0	148	0	0	0	0	0	0
<i>Total: Royalty Interests</i>	0	241	0	36	0	4,385	0	207
Total: Total Proved Plus Probable	459	633	0	36	6	4,392	0	207

Production History

The following table sets forth Franco-Nevada's average daily production volumes for oil, natural gas and natural gas liquids, before deduction of royalties, for each fiscal quarter in 2006 and for the entire year.

2006	Average Daily Production (boe/d)			
	Oil	Natural Gas	Natural Gas Liquids	Total
First Quarter	963	778	200	1,941
Second Quarter	888	1,130	217	2,235
Third Quarter	875	1,124	195	2,194
Fourth Quarter	907	1,184	202	2,293
Entire Year	909	1,054	204	2,166

The following table sets forth Franco-Nevada's average prices received, royalties paid, production costs and resulting netback for oil, natural gas and natural gas liquids for each fiscal quarter in 2006.

Oil	(\$/bbl)				
	Q1	Q2	Q3	Q4	Year
Price received	\$53.37	\$61.48	\$69.99	\$56.69	\$60.38
Royalties paid	3.74	5.93	6.02	4.48	5.01
Production costs	1.91	2.57	2.81	3.38	2.66
Netback	<u>\$47.72</u>	<u>\$52.98</u>	<u>\$61.16</u>	<u>\$48.83</u>	<u>\$52.71</u>

Natural Gas	(\$/Mcf)				
	Q1	Q2	Q3	Q4	Year
Price received	\$11.78	\$ 7.65	\$ 6.11	\$ 5.79	\$ 7.83
Royalties paid	—	—	—	—	—
Production costs	—	—	—	—	—
Netback	<u>\$11.78</u>	<u>\$ 7.65</u>	<u>\$ 6.11</u>	<u>\$ 5.79</u>	<u>\$ 7.83</u>

NGL	(\$/bbl)				
	Q1	Q2	Q3	Q4	Year
Price received	\$63.51	\$68.04	\$67.25	\$56.46	\$63.86
Royalties paid	—	—	—	—	—
Production costs	—	—	—	—	—
Netback	<u>\$63.51</u>	<u>\$68.04</u>	<u>\$67.25</u>	<u>\$56.46</u>	<u>\$63.86</u>

The following table sets forth for each of the Significant Properties, Franco-Nevada's production volumes for oil, natural gas and natural gas liquids, for fiscal 2006.

Production	(Mboe)			
	Oil	Natural Gas	Natural Gas Liquids	Total
Weyburn Unit	168.6	—	—	168.6
Midale Unit	54.5	—	—	54.5
Tidewater	26.5	—	—	26.5
Edson	—	279.6	74.3	353.9
Medicine Hat	—	49.6	—	49.6
Other	81.9	55.9	—	137.8
Total	<u>331.5</u>	<u>385.1</u>	<u>74.3</u>	<u>790.9</u>

SUMMARY COMBINED FINANCIAL INFORMATION

The following table sets forth historical summary combined financial information of the Royalty Portfolio, which has been derived from the audited combined financial statements of the Royalty Portfolio for the year-end periods from 2004 to 2006, as well as the unaudited combined financial statements of the Royalty Portfolio for the six month periods ended June 30, 2007 and 2006. The tables should be read in conjunction with the combined financial statements of the Royalty Portfolio and the related notes thereto, unaudited pro forma combined financial statements and the related notes thereto, included elsewhere in this prospectus, and “Management’s Discussion and Analysis”. The combined financial statements of the Royalty Portfolio have been prepared in United States dollars in accordance with Canadian generally accepted accounting principles.

	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
	(in thousands)				
Precious and base metals royalties	\$22,175	\$23,986	\$48,049	\$38,379	\$36,930
Oil and natural gas royalties	19,161	19,711	37,600	30,402	23,460
Dividends received	7,274	—	2,924	1,505	745
Total Revenues	48,610	43,697	88,573	70,286	61,135
Production taxes	1,234	1,549	3,014	1,153	2,192
Oil and natural gas operating costs	476	335	796	2,001	916
Depreciation and amortization ⁽¹⁾	5,104	8,363	17,340	18,335	19,394
General and administrative ⁽²⁾	2,539	2,953	6,206	5,490	3,597
Write-down of assets	—	—	—	—	410
Total costs and expenses	9,353	13,200	27,356	26,979	26,509
Operating income	\$39,257	\$30,497	\$61,217	\$43,307	\$34,626
Net income	\$25,478	\$21,873	\$40,743	\$27,092	\$21,501
Other comprehensive income	\$ 9,983	—	—	—	—
Comprehensive income	\$35,461	\$21,873	\$40,743	\$27,092	\$21,501
EBITDA ⁽³⁾	\$43,930	\$38,882	\$78,612	\$61,634	\$53,958
Capital expenditures	\$ 1,138	\$ 1,706	\$ 3,085	\$ 2,731	\$ 1,138
Net cash provided from operations	\$30,728	\$26,342	\$49,623	\$38,841	\$36,763
EBITDA margin ⁽³⁾⁽⁴⁾	90.4%	89.0%	88.8%	87.7%	88.3%

Notes:

- (1) Depreciation and amortization will increase substantially in future periods as a result of an increase in the book value of the Company’s assets upon completion of this Offering and the acquisition by the Company of the Royalty Portfolio and related transactions. See “Unaudited Pro-Forma Combined Financial Statements of Franco-Nevada Corporation “commencing” on page F-28.
- (2) The Company expects to incur annual general and administrative expenses of approximately \$6-\$9 million in the future. The increase relates to the additional expense of being a public company.
- (3) EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. See “Non-GAAP Measures”.
- (4) EBITDA margin is EBITDA divided by Total Revenues.

	June 30, 2007	December 31,	
		2006	2005
	(in thousands)		
Current assets	\$ 9,434	\$ 9,436	\$ 8,936
Long term assets ⁽¹⁾	\$275,698	\$270,118	\$283,963
Current liabilities	\$ 462	\$ 916	\$ 905

Note:

- (1) Includes royalty interests in mineral properties, Interests in oil and natural gas properties (net), Investments in Falcondo and Other assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of financial position and results of operations of the Royalty Portfolio ("MD&A") has been prepared as at the date of this prospectus and should be read in conjunction with the combined financial statements of the Royalty Portfolio and related notes thereto that appear elsewhere in this prospectus. Included herein are certain forward-looking statements that involve various risks, uncertainties and other factors. See "Forward Looking Statements". This MD&A has been prepared for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and June 30, 2007 and is based on financial statements prepared in accordance with Canadian GAAP.

The financial condition and results of operations of the Royalty Portfolio under the ownership and management of Newmont will not necessarily be indicative of future performance of Franco-Nevada, as Franco-Nevada will have a different capital structure, and its access to and cost of capital will be different. Although the management teams of the Royalty Portfolio under Franco-Nevada and Newmont are similar, there are important and material differences. See "Risk Factors".

Certain information contained in this MD&A, particularly under the heading "Outlook", are forward-looking statements that are not historical facts but reflect management's current expectation concerning future results. The actual operating results may differ materially from the results discussed in the forward-looking statements because of a number of risks and uncertainties, including the matters discussed below and elsewhere in this prospectus. In particular, see "Forward Looking Statements" and "Risk Factors".

Background to Franco-Nevada

Franco-Nevada is a resource sector royalty and investment company that was formed to acquire the Royalty Portfolio. Franco-Nevada intends to grow this portfolio through the development of existing properties and through acquisitions and investments. See "Acquisition and Related Transactions". The Royalty Portfolio consists of the Mineral Royalties and the Oil & Gas Interests. See "Business of Franco-Nevada".

Completion of the acquisition of the Royalty Portfolio, this Offering, the Management and Board Placement and the incurrence of debt under the New Credit Facility, each as reflected in the unaudited pro forma combined financial statements of Franco-Nevada and related notes thereto that appear elsewhere in this prospectus, will result in the following:

- Certain subsidiaries of Newmont will become wholly-owned subsidiaries of Franco-Nevada and their results will be fully consolidated from the date of the acquisition.
- Franco-Nevada will incur increased management and administrative expenses as a result of becoming an independent public company. To assist in this transition, Franco-Nevada will enter into a transition services agreement with Newmont pursuant to which Newmont will agree to provide certain services to Franco-Nevada. See "Acquisition and Related Transactions — Related Agreements".
- The book value of the assets of the Royalty Portfolio will be increased to their fair market value as a result of the transactions. This will result in a substantially increased depreciation charge in subsequent financial reporting periods to the Company's income and reduced net income although it will not impact the cash flow generated by the business.
- The tax basis of the assets of the Royalty Portfolio (other than certain Canadian Assets) will be increased to their fair market value as a result of these transactions. The depletion of this tax basis will reduce cash taxes in Canada and the US in future periods.
- Franco-Nevada will enter into the New Credit Facility and drawdown \$140 million on closing and incur related debt service obligations.
- Franco-Nevada expects to incur a greater level of expenditures going forward, in the form of new investments.

Overview of Royalty Interests and Industry Trends

The Royalty Portfolio consists largely of non-operating royalty interests in various precious and base metal, oil and natural gas, and industrial mineral properties. The Royalty Portfolio provides Franco-Nevada the right to receive revenues net of specific costs, where applicable, based on the market price of the respective commodities. As a result of the largely non-operating nature of the royalty interests and the unhedged exposure

to various commodities, the Royalty Portfolio's financial results are closely tied to the performance of commodity prices — particularly gold, PGM, oil, and natural gas — and to the production volumes from the properties covered by the royalty interests. See “Types of Royalties and Other Interests”.

A growing global economy, increasing industrial demand and commodity supply constraints have driven increases in commodity prices. Average spot prices for the commodities to which the Company principally has exposure are shown below:

Commodity Prices

Commodity	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
Gold \$/oz ⁽¹⁾	\$ 658	\$ 590	\$ 604	\$ 444	\$ 409
Crude Oil (WTI) \$/bbl	\$61.58	\$66.95	\$66.09	\$56.59	\$41.51
Natural Gas (AECO-C) C\$/MMbtu	\$ 6.51	\$ 6.06	\$ 5.87	\$ 7.92	\$ 5.93
Palladium \$/oz ⁽¹⁾	\$ 355	\$ 318	\$ 320	\$ 201	\$ 230
Platinum \$/oz ⁽¹⁾	\$1,238	\$1,111	\$1,143	\$ 896	\$ 846
Nickel (LME) \$/lb	\$20.16	\$ 7.88	\$10.96	\$ 6.70	\$ 6.28

Notes:

(1) London Fix PM prices were used.

Source: Bloomberg and Newmont's 10-K filing.

For a further description of commodity price outlooks see “Industry Overview”.

Selected Combined Financial Information

	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
	(in thousands)				
Precious and base metals royalties	\$22,175	\$23,986	\$48,049	\$38,379	\$36,930
Oil and natural gas royalties	19,161	19,711	37,600	30,402	23,460
Dividends received	7,274	—	2,924	1,505	745
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Production taxes	1,234	1,549	3,014	1,153	2,192
Oil and natural gas operating costs	476	335	796	2,001	916
Depreciation and amortization ⁽¹⁾	5,104	8,363	17,340	18,335	19,394
General and administrative ⁽²⁾	2,539	2,953	6,206	5,490	3,597
Write-down of assets	—	—	—	—	410
Total costs and expenses	9,353	13,200	27,356	26,979	26,509
Operating income	\$39,257	\$30,497	\$61,217	\$43,307	\$34,626
Net income	\$25,478	\$21,873	\$40,743	\$27,092	\$21,501
Other comprehensive income	\$ 9,983	—	—	—	—
Comprehensive income	\$35,461	\$21,873	\$40,743	\$27,092	\$21,501
EBITDA ⁽³⁾	\$43,930	\$38,882	\$78,612	\$61,634	\$53,958
Capital expenditures	\$ 1,138	\$ 1,706	\$ 3,085	\$ 2,731	\$ 1,138
Net cash provided from operations	\$30,728	\$26,342	\$49,623	\$38,841	\$36,763
EBITDA margin ⁽³⁾⁽⁴⁾	90.4%	89.0%	88.8%	87.7%	88.3%

Notes:

(1) Depreciation and amortization will increase substantially in future periods as a result of an increase in the book value of the Company's assets upon completion of this Offering and the acquisition by the Company of the Royalty Portfolio and related transactions. See “Unaudited Pro-Forma Combined Financial Statements of Franco-Nevada Corporation” commencing on page F-28.

(2) The Company expects to incur annual general and administrative expenses of approximately \$6-\$9 million in the future. The increase relates to the additional expense of being a public company.

(3) EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. See “Non-GAAP Measures”.

(4) EBITDA margin is EBITDA divided by Total Revenues.

	June 30, 2007	December 31, 2006 2005	
		(in thousands)	
Current assets	\$ 9,434	\$ 9,436	\$ 8,936
Long term assets ⁽¹⁾	\$275,698	\$270,118	\$283,963
Current liabilities	\$ 462	\$ 916	\$ 905

Note:

(1) Includes Royalty interests in mineral properties, Interests in oil and natural gas properties (net), Investment in Falcondo and Other assets.

Results of Operations

Overall

The Royalty Portfolio performed strongly from 2004 through June 30, 2007, with consistent increases in revenue, EBITDA, operating income and net income. These results were largely driven by the commodity price environment that strengthened through the period.

Over the period, the revenues from Stillwater have become an increasingly larger proportion of the portfolio, representing 13% of revenues in 2004 and 16% for the six months ended June 30, 2007. This has been largely due to Stillwater's increasing production from its East Boulder Mine on which the Company has royalty claims on 100% of production compared with only a proportion of production from the Stillwater mine.

While the Goldstrike Complex continues to mature, gold royalty receipts have increased from properties such as Bald Mountain and Marigold. The Robinson mine also re-commenced production in 2004, providing a new copper, gold, and molybdenum royalty stream. Revenue from these three assets in the aggregate increased from \$0.2 million in 2004 to \$6.3 million in 2006 and were \$3.7 million for the six months ended June 30, 2007.

The Oil & Gas Interests have been a strong and consistent performer through a period of increasing oil prices and fluctuating gas prices. Despite healthy production levels, reserve replacement has been good. Total oil and natural gas reserves were 5,592 Mboe (based on a 6:1 gas to oil conversion ratio) at year end 2003, as compared to 5,761 Mboe at year end 2006, the date of the most recent reserve report.

While Newmont did not invest any substantial capital by acquiring royalties through the period, numerous royalties were created through the sale of non-core assets, adding to the potential future value of the portfolio.

Cost and expenses attributed to the Royalty Portfolio have remained relatively flat through the period, totalling \$26.5 million in 2004, \$27.4 million in 2006 and \$9.4 million in the six months ended June 30, 2007. General and administrative costs increased as a proportion of the overall cost and expenses, impacted by a stronger Canadian dollar. General and administrative costs represented 14.8% of costs and expenses in 2004, 23% in 2006 and 27% in the six months ended June 30, 2007.

Six months ended June 30, 2007 compared to six months ended June 30, 2006

Revenues

Precious and Base Metal Royalties

Gold royalties totalled \$12.5 million in the six months ended June 30, 2007, a 28% decrease compared to the corresponding period in 2006. While average gold prices were 12% higher than in the prior year's period, royalties on the Goldstrike claims generated \$6.7 million of revenue in the first half of 2007 compared to \$11.2 million in the same period in 2006. Barrick reported that processed grades at Goldstrike were below reserve grade year to date. This was an expected impact of mine sequencing. The underground operation returned to near expected levels by the end of the period after a transition to zone mining earlier in the year.

Royalties from Stillwater totalled \$7.6 million in the period, a 36% increase over the corresponding period in 2006. A higher operating rate, strong by-product credits, higher PGM prices and a greater proportion of mining on royalty claims contributed to the increased revenues from Stillwater. Average platinum and palladium

prices were 11% and 12% higher than the prior year period respectively. Stillwater reports that it produced 64,000 ounces of platinum and 213,000 ounces of palladium in the first half of 2007 compared to 67,000 ounces of platinum and 228,000 ounces of palladium in the same period in 2006.

Base metal royalties totalled \$2.1 million in the period, a 105% increase from the corresponding period in 2006.

Oil and Natural Gas Royalties

Revenue from the Oil & Gas Interests totalled \$19.2 million in the period, representing a 3% decrease from the corresponding period in 2006. For the first six months of 2007 production has increased by 32 Mboe to 415 Mboe but this has been tempered by a lower blended price received of US\$44.61/Boe during the first six months of 2007, representing a 14% decrease from the same period in 2006. A decline in gas prices was the main reason for this lower price.

Dividends

A substantial dividend was paid on the equity interest in Falcondo during the period totalling \$7.3 million. No dividend was paid in the corresponding period in 2006. The Falcondo property operated at near full capacity during the period and nickel prices reached a historical high averaging \$20 per pound during the period. Capital projects are being evaluated at Falcondo that would potentially reduce dividends in the near term, but would also reduce future operating costs and increase mine life.

Costs and Expenses

Costs and expenses attributed to the Royalty Portfolio totalled \$9.4 million in the period, representing a 29% decrease from the corresponding period in 2006 mainly due to a depletion charge that decreased from \$8.4 million to \$5.1 million period over period.

Operating Income

Operating income totalled \$39.3 million in the period, representing a 29% increase from the corresponding period in 2006, driven by the higher revenues and lower costs in the period.

Net Income

Net income totalled \$25.5 million in the period, representing a 16% increase from the corresponding period in 2006. The increase was limited by an increase in income tax expense from \$8.6 million to \$13.3 million between periods.

EBITDA

EBITDA totalled \$43.9 million in the period. The 13% increase over the corresponding period in 2006, roughly equalled the revenue increase for the period.

Cash Flow Statement

Cash flow from operations increased 17% to \$30.7 million compared to the corresponding period in 2006 driven by the increase in revenues. Current taxes increased to \$13.2 million from \$12.6 million in the earlier period. Additions to interests in oil and natural gas properties were \$1.1 million compared to \$1.7 million in the prior period.

Year ended December 31, 2006 compared to the year ended December 31, 2005

Revenues

Precious and Base Metals Royalties

Gold royalties totalled \$32.2 million in the period, a 15% increase from 2005. A 36% increase in the average price of gold from \$444 per ounce in 2005 to \$604 per ounce in 2006 helped offset declining production at some of the portfolio's gold properties. Barrick reported that production declined at the Goldstrike Complex to approximately 1.9 million ounces in 2006 versus approximately 2.0 million ounces in 2005 primarily due to lower ore grades mined. Royalties from Goldstrike totalled \$19.5 million compared to \$22.4 million in 2005. Other gold royalties totalled \$12.7 million in the period, a 123% increase from 2005, due to increased production trends at Marigold, Bald Mountain, Mt. Muro and North Lanut.

2006 revenues from the Stillwater royalty were \$13.5 million, a 56% increase from \$8.7 million in 2005. Palladium prices staged a strong recovery from their lows in 2005, averaging \$320 per ounce in 2006, a 59% increase over 2005. Platinum prices were also stronger and increased 27% year over year with the average price in 2006 of \$1,143 per ounce. These strong commodity prices, combined with increases in mine production, stable smelting and refining costs and strong by-product metal production contributed to an increase in royalty revenues from Stillwater. Stillwater produced 138,000 ounces and 463,000 ounces of platinum and palladium respectively in 2006 compared to 126,000 and 428,000 ounces in 2005.

Base metal royalties totalled \$2.3 million in the period, representing a 40% increase from 2005, with increasing royalty receipts from the Robinson mine as the copper mine continued to ramp-up production.

Oil and Natural Gas Royalties

2006 revenues increased by 24% from 2005 reaching \$37.6 million. A 12% increase in the blended price received to \$46.98/Boe and a production increase of 9% to 788 Mboe were the keys to achieving this result.

Dividends

Dividends on the equity interest in Falcondo during the period totalled \$2.9 million, an increase of 94% from the prior year principally due to a year on year increase of 64% in nickel prices.

Costs and Expenses

Costs and expenses attributed to the Royalty Portfolio totalled \$27.4 million in 2006, a 1% increase from 2005, largely due to an increase in production taxes.

Operating Income

Operating income totalled \$61.2 million in 2006, a 41% increase over 2005, driven by higher revenues.

Net Income

Net income totalled \$40.7 million in 2006, representing a 50% increase from 2005. Income tax expenses increased only 27% from 2005 to \$20.5 million in 2006.

EBITDA

EBITDA totalled \$78.6 million in 2006. The 28% increase in EBITDA over 2005, matched the 28% increase in revenue for the period.

Cash Flow Statement

Cash flow from operations increased 28% from 2005 to \$49.6 million in 2006 with stronger net income offset in part by a greater reduction in future income tax. Additions to buildings and equipment relating to the oil and gas working interests were \$3.0 million in 2006 compared to \$2.7 million in 2005.

Year ended December 31, 2005 compared to the year ended December 31, 2004

Revenues

Precious and Base Metals Royalties

Gold royalties in 2005 totaled \$28.1 million, approximately the same level as 2004. A decline in payable ounces at the Goldstrike Complex and Eskay Creek was offset by gold prices that were on average 9% higher than in 2004. Barrick reported that production increased at its Goldstrike Complex to approximately 2.0 million ounces in 2005 from approximately 1.9 million ounces in 2004 impacted by higher ore grades mined and a slightly higher recovery rate of 86.7%. According to Barrick, total cash costs at Goldstrike were relatively stable at \$255 per ounce in 2005 versus \$250 per ounce in 2004. Barrick announced that it commenced operation of a 115 MW gas fired power plant related to the Goldstrike Complex in the fourth quarter of 2005, which Barrick expects will reduce total cash costs by an average of about \$10 per ounce at Goldstrike over the remaining life of the mine.

2005 revenues from the Stillwater royalty were \$8.7 million, representing a 5% increase from 2004. Platinum prices averaged \$897 per ounce, a 6% increase from the average price in 2004. Palladium prices decreased 13% from 2004, averaging \$201 per ounce in 2005. Royalty receipts were also positively impacted by mining operations on a slightly greater proportion of royalty claims as compared to 2004. Stillwater produced 126,000 and 428,000 ounces of platinum and palladium respectively in 2005 compared to 130,000 and 439,000 ounces in 2004.

Revenues from base metal royalties totalled \$1.7 million in 2005, representing a 110% increase from 2004, due mainly to increased royalty receipts from the Mount Keith nickel mine and the re-commencement of royalty payments from the Robinson copper mine.

Oil and Natural Gas Royalties

In 2005, revenues increased by 29% to \$30.4 million. This increase was due to rising oil and natural gas prices during the year. The blended price received in 2005 averaged \$41.81/Boe, a 32% increase over 2004. Production, year over year, decreased by 1% limiting revenue growth in 2005.

Dividends

Dividends on the Company's equity interest in Falcondo during the period were \$1.5 million, an increase of 102% from the prior year.

Costs and Expenses

Costs and expenses attributed to the Royalty Portfolio remained constant year over year, totalling \$27.0 million in 2005 and \$26.5 million in 2004. A slight decline in depreciation and amortization offset a slight increase in general and administrative costs.

Operating Income

Operating income totalled \$43.3 million in 2005, a 25% increase over operating income in 2004 reflecting the growth in revenues from year to year.

Net Income

Net income totalled \$27.1 million, representing a 26% increase from 2004. Income tax expense increased 24% to \$16.2 million in 2005.

EBITDA

EBITDA totalled \$61.6 million in the period, representing a 14% increase over EBITDA in 2004. This compares to a 15% increase in revenue for the period.

Cash Flow Statement

Cash flow from operations increased 6% from 2004 to \$38.8 million in 2005 with stronger net income offset in part by an increase in royalties receivable. Current taxes increased from \$13.1 million to \$16.2 million in 2005. Additions to interests in oil and natural gas properties were \$1.1 million in 2004 and \$2.7 million in 2005.

Market Risk

The most significant market risks the Company faces are the fluctuation in the market price and sales volume of commodities, and particularly gold, PGM, oil, and natural gas. The Company does not have any commodity price hedging arrangements or forward contracts and has no plans to enter any of these arrangements in the future.

The Company's revenues are denominated predominantly in U.S. dollars and Canadian dollars and the majority of its cash expenditures are denominated in U.S. dollars and Canadian dollars. The New Credit Facility will be U.S. dollar denominated. Consequently, the Company is exposed to foreign currency exchange rate risk related to fluctuations in the value of the U.S. dollar and the Canadian dollar relative to each other. The Company has no currency hedging arrangements in place today and has no plans to enter into currency hedging arrangements in the future.

Financial Position, Liquidity and Capital Resources

It is anticipated that at closing of this Offering the Company will have a minimal cash balance and will draw down on its New Credit Facility to fund any working capital requirements. The Company's primary source of cash flows is revenue from its royalty interests, which are generally paid on a monthly basis. The Company's near-term cash requirements are limited to its share of operating and capital costs on the working interests that make up approximately 20% of the Oil & Gas Interests, general and administrative expenses, debt service obligations and the costs of this Offering. Other than the working interest included in the Oil & Gas Interests, there are no requirements for expenditures other than for the acquisition of additional royalties, or other investments.

The Company has a committed revolving term credit facility (the "New Credit Facility") of \$150 million, of which \$140 million will be drawn and approximately \$10 million will be undrawn at closing. In the event Newmont has no retained interest in Franco-Nevada upon completion of the Offering, Franco-Nevada will use any proceeds from the exercise of the Over-Allotment Option to reduce the amount outstanding under the New Credit Facility. The facility has a three year term that can be extended for successive one-year periods, with the approval of two-thirds of the lenders. The facility is repayable at maturity with no scheduled repayments. For a more detailed description of the facility. See "Debt Financing".

It is the Company's intention to use its cash flows from operations to fund acquisitions of royalties, equity stakes, project and land positions and for the payment of dividends. The Company may also utilize any availability under its New Credit Facility or access the capital markets to fund additional corporate development activities.

Dividend Policy

It is the objective of Franco-Nevada's board of directors to pay a semi-annual dividend subject to the availability of cash flow after servicing the Company's debt and funding any investment activities. The amount of the dividend will be determined on a semi-annual basis and is initially expected to be paid at an annual rate of approximately 1.5% based on the Offering Price. The board of directors may change the dividend policy at any time at its sole discretion, and there is no assurance that Franco-Nevada will be able to pay any dividends or sustain any level of dividend payments. See "Risk Factors — Risks Related to the Business of Franco-Nevada".

Contractual Obligations

The following table summarizes the Company's contractual obligations upon completion of the Offering, including payments due for the next five years and thereafter.

US \$ millions	Total	Due in less than 1 year	Due in 1-3 years	Due in 4-5 years	Due after 5 years
Revolving Term Facility	\$140	\$—	\$140	\$—	\$—
Total contractual obligations	\$140	\$—	\$140	\$—	\$—

The Company will enter into an agreement with Newmont for the provision of services for a transition period. In relation to this, the Company will likely have an obligation to make payments of approximately \$ ● per month for the duration of the transition period.

Commodity Hedging and Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with special purpose entities nor does it have any unconsolidated affiliates.

Critical Accounting Estimates

The Royalty Portfolio's combined financial statements included in this prospectus are prepared in accordance with Canadian GAAP. For a complete list of significant Critical Accounting Estimates, please see Note (1) to the audited annual combined financial statements for the Royalty Portfolio included elsewhere in the prospectus. The following are the Critical Accounting Estimates the Company believes are most material in preparing the financial statements of the Royalty Portfolio.

Royalty Interests in Mineral and Oil and Natural Gas Properties

Royalty interests include acquired mineral, oil and natural gas, and other royalty interests in production, development and exploration stage properties. Royalty interests are recorded at cost and capitalized as tangible assets. Acquisition costs of production and development stage (for which the Royalty Portfolio is receiving payments) royalty interests are amortized using the units of production method over the life of the property, which is estimated using proven and probable reserves. Acquisition costs of royalty interests on exploration stage properties, where there are no proven and probable reserves, are not amortized. At such time as the associated exploration stage interests are converted to proven and probable reserves, the cost basis is amortized over the properties life, using proven and probable reserves.

Asset Impairment

The Royalty Portfolio reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels and operating costs of production. The Royalty Portfolio's estimates of future cash flows are based on numerous assumptions and it is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, gold and other commodity prices, production levels and operating costs of production are each subject to significant risks and uncertainties. The carrying value of exploration stage interests are evaluated for impairment when information becomes available indicating that production will not occur in the future.

Revenue Recognition

Royalty revenue is recognized when management can reliably estimate the royalty receivable, pursuant to the terms of the royalty agreements, and collection is reasonably assured. In some instances, the Royalty

Portfolio will not have access to sufficient information regarding production to make a reasonable estimate of revenue. In these instances, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates of royalty revenue and the actual amounts are adjusted and recorded in the period that the actual amounts are known. Royalty revenue received in-kind (generally in the form of gold bullion) is recognized based on the fair value on the date that title is transferred to the Royalty Portfolio.

Income Taxes

The income tax provision and related deferred income tax amounts shown in the combined financial statements for the Royalty Portfolio have been prepared as if the Royalty Portfolio filed local tax returns on a stand alone basis, for purposes of calculating its current taxes due. However, the impact of certain tax attributes belonging to the Owner meant that the actual amount of current taxes due was different than the amount shown in the financial statements, and as a result, a payable to the Owner for the current taxes was established. Because a payment will not actually be made by the Royalty Portfolio to the Owner, the amount of the Royalty Portfolio's current taxes due is considered a capital contribution (and a financing activity) to it in the combined financial statements.

Recent Accounting Pronouncements and Developments

Please refer to the notes titled Summary of Significant Accounting Policies and Accounting Developments in the notes to the December 31, 2006 audited combined financial statements of the Royalty Portfolio included elsewhere in this prospectus.

Outlook

Revenue

The revenue stream of the Company will fluctuate directly with changes in commodity prices. The global factors driving higher commodity prices currently remain intact, including: global economic growth and rapid industrialization of countries such as China, India, Brazil and Russia. Further increases in the gold price may be expected if the US dollar continues to depreciate. A weakening of the US economy may have a mixed impact, weakening the US dollar but also impacting global commodities demand.

Strong cash flow is expected to continue from the core assets of the royalty portfolio. Barrick's Goldstrike Complex and Stillwater's operations have long reserve lives. Similarly, oil and natural gas reserves in Canada are significant and the properties have a demonstrated history of reserve replacement.

Barrick has reported that it expects to process lower grade stockpiles at the Goldstrike Complex in the latter stages of mine life while in the immediate future management anticipates increasing royalty receipts from the Goldstrike Complex as open pit mining in the SJ claims (6% NPI) becomes a greater portion of total production. Management believes the NPI on the SJ Claims will start paying in 2008 and also expects strong NSR royalty receipts from the Bazza claims. Barrick has stated that the Goldstrike Complex remains an area of focus for its exploration efforts.

Stillwater has disclosed initiatives to improve profitability through the mining of higher grade ores at a higher production rate. If Stillwater is successful with its objectives, the benefits would flow to the royalty holder during those periods when mining is done on royalty-bearing ground.

A larger portion of production from the Oil & Gas Interests is expected to be derived from oil going forward due to the composition of the reserves. Tertiary CO₂ floods in both the Midale and Weyburn Units have the potential to increase future production levels.

The Royalty Portfolio includes royalties on 15 mining properties under development or advanced exploration. For a description of these properties, see "Description of Royalty Portfolio".

General and Administrative Costs

The Company expects an increase in general and administrative expenses. These expenses are expected to total approximately \$9 million annually upon completion of this Offering although these expenses may initially

be higher as the Company transitions to becoming a separate publicly listed entity. The increase over current general and administrative expenses will be due to listing fees, reporting costs, increased legal and accounting fees, investor relations initiatives and other costs associated with a publicly-traded company. Also, the Company anticipates the hiring of additional technical staff to pursue its corporate development initiatives and staff to assist in financial reporting and shareholder relations. In addition the Company expects a non-cash compensation benefit expense related to the stock options outstanding at Closing of approximately \$ ● million per year.

Depreciation and Amortization

The book value of the assets will be increased to their fair market value as a result of this transaction. This will result in a substantially increased depreciation charge to the Company's income and reduced earnings in future periods although it does not impact the cash flow generated by the business.

Corporate Taxes

The tax basis of the assets held in Canada and the US (other than certain Canadian Assets) will be increased to their fair market value as a result of the transaction. The increased depletion will reduce cash taxes in Canada and the US in future periods.

The Company's effective rate of tax is estimated to be approximately 36% in 2008.

The Company expects a portion of the purchase price to be allocated to intangibles, which is a depreciable item for U.S. tax purposes.

Non-GAAP Items

Reconciliation of EBITDA to Net Income

	Six months ended June 30,		Years ended December 31,		
	2007	2006	2006	2005	2004
	(in thousands)				
Net income	\$25,478	\$21,873	\$40,743	\$27,092	\$21,501
Income tax expense	13,348	8,646	20,529	16,207	13,063
Depreciation and Amortization	5,104	8,363	17,340	18,335	19,394
EBITDA ⁽¹⁾	<u>\$43,930</u>	<u>\$38,882</u>	<u>\$78,612</u>	<u>\$61,634</u>	<u>\$53,958</u>

Note:

(1) EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. See "Non-GAAP Measures".

DESCRIPTION OF COMMON SHARES

Common Shares

The authorized share capital of Franco-Nevada consists of an unlimited number of Common Shares and an unlimited number of preferred shares of which ● Common Shares and no preferred shares are outstanding as of the date of this prospectus.

Each Common Share carries the right to one vote at all meetings of shareholders of Franco-Nevada. There are no special rights or restrictions of any nature attached to the Common Shares. All Common Shares rank equally as to dividends, voting powers and participation in assets upon liquidation of Franco-Nevada.

DIVIDEND POLICY

Franco-Nevada intends to adopt a dividend policy based on the amount of cash flows from Franco-Nevada's revenue producing royalties. It is currently anticipated that dividends will initially be declared semi-annually, at an

annual rate of approximately 1.5% based upon the Offering Price. The board of directors may change the dividend policy at any time at its sole discretion and there is no assurance that Franco-Nevada will be able to pay any dividends or sustain any level of dividend payments. See “Risk Factors — Risks Related to the Business of Franco-Nevada”.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Franco-Nevada as at ●, 2007 both before and after giving effect to the Offering and the Management and Board Placement. The following table should be read in conjunction with the historical combined financial statements of the Royalty Portfolio and Franco-Nevada, including the notes thereto and the pro forma combined financial statements, including the notes thereto, contained elsewhere in this prospectus.

	As at ●, 2007 before giving effect to the Offering	As at ●, 2007 after giving effect to the Offering
Indebtedness		
New Credit Facility	\$ —	\$140,000,000
Stockholders' Equity		
Common Shares (authorized — unlimited)	\$ ●	\$ ●
Total Capitalization	<u>\$ ●</u>	<u>\$ ●</u>

At closing of the Offering, it is expected that \$140 million will be drawn down under the New Credit Facility.

DEBT FINANCING

Franco-Nevada will implement a financing strategy that incorporates a revolving term credit facility and maintains maximum flexibility to appropriately manage Franco-Nevada's short-term cash needs and the funding of future growth.

Certain financial institutions have committed to make available to Franco-Nevada at Closing a senior secured revolving term credit facility of up to \$150 million (the “New Credit Facility”), subject to the satisfaction of certain customary conditions. The New Credit Facility will be available on a revolving basis until maturity, subject to certain ongoing conditions precedent including those described below and mandatory prepayment provisions.

The New Credit Facility is for general corporate purposes, including working capital, permitted acquisitions and to partially finance the acquisition of the Royalty Portfolio. It is expected that \$140 million will be drawn at Closing to repay a portion of the promissory notes issued in connection with the acquisition of the Royalty Portfolio. The New Credit Facility has a three-year term and is repayable at maturity with no scheduled repayments of principal required prior to maturity. Franco-Nevada may request successive one-year extensions of the maturity of the New Credit Facility, which requires approval of two-thirds of the lenders. There can be no assurance that future borrowings, whether as a refinancing of the New Credit Facility or otherwise, will be available to Franco-Nevada or available on acceptable terms, in an amount sufficient to fund Franco-Nevada's needs. See “Risk Factors — Risks Related to the Business of Franco-Nevada”.

Advances under the New Credit Facility are prepayable without any prepayment penalties or bonus (subject to normal breakage costs) and will bear interest at a floating rate based on a U.S. Base Rate or the LIBOR rate plus, in each case, an applicable margin to those rates based on the leverage ratio of Franco-Nevada. The New Credit Facility will be permanently reduced from the net proceeds of the sale of any material assets (as defined in the credit agreement to be entered into on completion of the Offering, the “Credit Agreement”).

Franco-Nevada will grant security over substantially all of its current and future assets as security for its indebtedness under the New Credit Facility. Each of Franco-Nevada's material subsidiaries (as defined in the Credit Agreement) will guarantee Franco-Nevada's indebtedness under the New Credit Facility and grant security over substantially all of their respective current and future assets (including their royalty interests) as

security for their respective guarantees. In addition, all equity interests in the capital of the material subsidiaries will be pledged as security for the New Credit Facility.

The New Credit Facility will be subject to representations, warranties, covenants and events of default customary for a transaction of this nature, including, without limitation, negative covenants limiting mergers, acquisitions, consolidations and investments, additional indebtedness, granting liens, paying dividends, selling assets or subsidiaries, sale and leaseback transactions and hedging on a margined basis, which negative covenants shall be subject to certain customary exceptions. The New Credit Facility will also be subject to a number of positive covenants customary for a transaction of this nature, including, without limitation, paying obligations, maintaining properties, obtaining and maintaining insurance coverage, financial and covenant reporting, environmental indemnity, obtaining and maintaining in force material licenses, approvals or consents necessary for the carrying out of the Company's business and operations generally and maintaining the validity of the security under the New Credit Facility. The New Credit Facility will also be subject to a number of financial covenants customary for a transaction of this nature, including, without limitation, covenants respecting the maintenance of a leverage ratio of not more than 3.00:1.00, an interest coverage ratio for each fiscal quarter of greater than 3.00:1.00 and a minimum tangible net worth of not less than 80% of the tangible net worth of the Company on Closing, plus 50% of positive quarterly net income after December 31, 2007.

OPTIONS TO PURCHASE SECURITIES

The following table sets out certain information with respect to all options to purchase securities of Franco-Nevada, which will be issued on or prior to completion of the Offering. For a description of Franco-Nevada's share option plan, see "Executive Compensation — Stock Option Plan".

Holder of Options	Number of Optionees	Number of Common Shares Under Option	Purchase Price of Securities Under Option ⁽¹⁾	Expiry Date of Option ⁽²⁾	Market Value of Securities Under Option on Date of Grant ⁽³⁾	Current Market Value of Securities Under Option ⁽³⁾
Directors	5	500,000	Cdn\$ ●	●	N/A	N/A
Executive Officers	5	1,400,000	Cdn\$ ●	●	N/A	N/A
Other Employees	3	200,000	Cdn\$ ●	●	N/A	N/A

Notes:

(1) The purchase price will be equal to the Offering Price.

(2) The options will expire 10 years from the date of grant.

(3) There is currently no public market for Franco-Nevada's Common Shares and, as such, the market value cannot be determined.

PRIOR SALES

Prior to completion of the Offering, the following securities will have been issued by Franco-Nevada for cash, assets or services to Franco-Nevada:

Date of Issue	Number of Securities	Price per Security	Aggregate Value of Consideration	Nature of Consideration
● , 2007	3,000,000 ⁽¹⁾	Cdn\$ ●	Cdn\$ ●	Cash

Note:

(1) Represents Common Shares to be issued to directors and certain members of management prior to the completion of the Offering. These Common Shares are subject to a 3 year hold period. See "Directors and Officers — Pre-Purchased Common Shares".

PRINCIPAL HOLDER OF SECURITIES

To the knowledge of the directors and senior officers of Franco-Nevada, after giving effect to the issue of Common Shares upon the acquisition of all the shares of the Royalty Subsidiaries and the Selling Subsidiaries' interest in certain of the Canadian Assets, the Management and Board Placement, and the Offering, no person will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares other than Newmont, which may have a retained interest that could exceed 10% of the outstanding Common Shares.

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holdings

The following table sets forth the name, municipality of residence and position held with Franco-Nevada and principal occupation of each director and executive officer of Franco-Nevada upon the completion of the Offering. Franco-Nevada currently has six directors, including Messrs. Lassonde, Peterson, Gignac, Farquharson, Oliphant and Harquail. If Newmont retains an interest in Franco-Nevada upon completion of the Offering, it may have certain nomination rights. See "Acquisition and Related Transactions — Related Agreements". Pursuant to provisions in Franco-Nevada's articles, and provided that the board of directors then consists of six directors as described above, the board of directors may appoint up to two additional directors who will hold office for a term expiring not later than the next annual meeting of Franco-Nevada's shareholders.

Name and Municipality of Residence	Position with Franco-Nevada	Principal Occupation	Number of Securities Beneficially Held Directly or Indirectly ⁽¹⁾
Pierre Lassonde ⁽²⁾⁽³⁾ Toronto, Ontario	Director (Chairman)	Director and Vice-Chairman, Newmont	●
David Harquail Denver, Colorado	Director, Chief Executive Officer	Chief Executive Officer, Franco-Nevada	●
Hon. David R. Peterson ⁽³⁾ . . Toronto, Ontario	Director	Partner and Chairman, Cassels, Brock & Blackwell LLP	●
Louis Gignac ⁽²⁾ Brossard, Quebec	Director	President, G. Mining Services Inc.	●
Graham Farquharson ⁽³⁾ Toronto, Ontario	Director	President, Strathcona Mineral Services Limited	●
Randall Oliphant ⁽²⁾ Toronto, Ontario	Director	Chairman and Chief Executive Officer, Rockcliff Group Limited	●
Steven K. Aaker Denver, Colorado	Chief of U.S. Operations	Chief of U.S. Operations, Franco-Nevada	●
Sharon E. Dowdall Toronto, Ontario	Chief Legal Counsel	Vice President, Newmont Capital	●
H. Geoff Waterman Toronto, Ontario	Chief Operating Officer	Vice President — Oil & Gas, Newmont Capital	●
Paul Brink Toronto, Ontario	Chief Financial Officer and Senior Vice President, Business Development	Director of Corporate Development, Newmont Capital	●

Notes:

(1) See "Directors and Officers — Pre-Purchased Common Shares".

(2) Member of the Audit Committee.

(3) Member of the Compensation and Corporate Governance Committee.

On or prior to the completion of the Offering, Mr. Harquail, Mr. Aaker, Ms. Dowdall, Mr. Waterman and Mr. Brink will no longer serve in their respective roles with Newmont or Newmont Capital (as applicable).

Upon completion of the Offering, including the transactions contemplated in the Exchange Agreement, the directors and executive officers of Franco-Nevada, as a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 6,000,000 Common Shares, representing 7.7% of the Common Shares then outstanding (before giving effect to the exercise of the Over-Allotment Option and not including any Common Shares which may be acquired by any such director or executive officer pursuant to this Offering other than the Lassonde Shares).

Each director's term of office will expire at the next annual meeting of shareholders of Franco-Nevada or until his or her successor is duly elected or appointed, unless his office is vacated earlier in accordance with the articles or by-laws of Franco-Nevada or he becomes disqualified to act as a director of Franco-Nevada.

Additional biographical information regarding the directors and executive officers of Franco-Nevada for the past five years is provided as follows:

Pierre Lassonde, Director and Chairman. Mr. Lassonde formerly served as President of Newmont from 2002 to 2006 and remains a director and Vice-Chairman of Newmont. Previously Mr. Lassonde served as a director and President (1982 to 2002) and Co-Chief Executive Officer (1999 to 2002) of Old Franco-Nevada. Mr. Lassonde also served as President and Chief Executive Officer of Euro-Nevada Mining Corporation from 1985 to 1999, prior to its amalgamation with Old Franco-Nevada. Mr. Lassonde served as a director of Normandy Mining Limited from 2001 to 2002. Mr. Lassonde is currently chairman of the World Gold Council.

David Harquail, Director and Chief Executive Officer. Mr. Harquail has served as Executive Vice President of Newmont since 2006 and previously served as President and Managing Director of Newmont Capital, the merchant banking division of Newmont, since 2002. Prior to the acquisition by Newmont of Old Franco-Nevada in 2002, Mr. Harquail served with Old Franco-Nevada for a period of 15 years, most recently as Senior Vice President responsible for the metals royalty division and corporate development. Mr. Harquail has also held roles as President and Chief Executive Officer of Redstone Resources Inc., as a director of Inco Limited, Echo Bay Mines Limited, Kinross Gold Corporation and the Prospectors and Developers Association of Canada and as a task force advisor to the Toronto Stock Exchange. Mr. Harquail holds a Bachelor's degree in geological engineering from the University of Toronto, a Master's degree in Business Administration from McGill University and is a registered Professional Engineer in Ontario.

Hon. David R. Peterson, Director. Mr. Peterson is Chairman and Senior Partner at the law firm Cassels Brock & Blackwell, LLP. He served as the twentieth Premier of the Province of Ontario from 1985 to 1990. Mr. Peterson was the founding chairman of the Toronto Raptors of the National Basketball Association and was a member of Toronto's Olympics Bid Committee. Mr. Peterson currently serves as a director of a number of companies, including Rogers Communications Inc., Industrielle-Alliance Insurance and Financial Services Inc. and Shoppers Drug Mart. Mr. Peterson is the Chancellor of the University of Toronto, a director of St. Michael's Hospital and governor of the Shaw Festival. Mr. Peterson holds a Bachelor's degree and LL.B. from the University of Toronto, was called to the Bar of Ontario in 1969, appointed Queen's Counsel in 1980 and summoned by Her Majesty to the Privy Council in 1992. On November 1, 1999, Staff of the Ontario Securities Commission issued a Notice of Hearing against YBM Magnex International Inc. ("YBM"), ten directors, officers and advisors of YBM and two Canadian securities dealers for contravening disclosure requirements under the *Securities Act* (Ontario). The allegations advanced by Staff against the directors of YBM, including Mr. Peterson, were to the effect that the directors of YBM authorized the filing of a preliminary prospectus dated May 30, 1997 and a final prospectus dated November 17, 1997 of YBM that failed to contain full, true and plain disclosure of all material facts relating to the securities offered in contravention of the *Securities Act* (Ontario). On June 27, 2003 Staff issued an order permanently cease trading the securities of YBM. Mr. Peterson was completely exonerated.

Louis Gignac, Director. Mr. Gignac is currently President of G. Mining Services Inc., a private consultancy, and previously served as President, Chief Executive Officer and Director of Cambior Inc. from its creation in 1986 until its acquisition by IAMGOLD Corporation in 2006. Mr. Gignac previously held management positions with Falconbridge Copper Company and Exxon Minerals Company. Mr. Gignac also served as a professor in mining engineering at Laval University from 1979 to 1981. Mr. Gignac currently serves a director of Gaz Métropolitain, Domtar Corp. and St. Andrew Goldfields, and is a member of the Ordre des ingénieurs du Québec (order of engineers) and the Canadian Institute of Mining, Metallurgy and Petroleum. Mr. Gignac holds a Doctorate in mining engineering from the University of Missouri-Rolla, a Master's degree in mineral engineering from the University of Minnesota and a Bachelor's degree in mining engineering from Laval University.

Graham Farquharson, Director. Mr. Farquharson has been the President of Strathcona Mineral Services Limited since 1974. Mr. Farquharson previously served on the boards of Placer Dome Inc., Cambior Inc. and several other mining companies. In addition, Mr. Farquharson is the Chairman of the Canadian Mineral Industry Education Foundation and a director of the Physicians Services Incorporated Foundation. Mr. Farquharson holds a Bachelor of Science degree in mining engineering from the University of Alberta, a Master's degree in Business Administration from Queen's University and is a registered Professional Engineer in Ontario.

Randall Oliphant, Director. Mr. Oliphant currently serves as Chairman and Chief Executive Officer of Rockcliff Group Limited, Chairman of Western Goldfields Inc. and President and Chief Executive Officer of Silver Bear Resources Inc. Mr. Oliphant is a member of the advisory board for Metalmark Capital LLC (Morgan Stanley Capital Partners) and also serves on the boards and advisory boards of a number of companies and not-for-profit organizations. Mr. Oliphant has held positions with Barrick since 1987 and served as Barrick's President and Chief Executive Officer from 1999 to 2003. Mr. Oliphant received his Bachelor of Commerce degree with honours in 1984 from the University of Toronto and his Chartered Accountant designation in 1986.

Steven K. Aaker, Chief of U.S. Operations. Mr. Aaker has over 18 years association with the Royalty Portfolio, and currently serves as Group Executive for Newmont Capital. Prior to the acquisition by Newmont of Old Franco-Nevada, Mr. Aaker served as Vice President for Old Franco-Nevada, Euro-Nevada and Redstone Resource based in Reno, Nevada. Mr. Aaker has been associated with the majority of the U.S. acquisitions made by those companies. Prior to joining Old Franco-Nevada, Mr. Aaker was an independent geological consultant. Mr. Aaker holds a Bachelor's degree in geology from the University of Colorado.

Sharon E. Dowdall, Chief Legal Counsel. Ms. Dowdall has over 20 years association with the Royalty Portfolio and currently serves as Vice President for Newmont Capital. Ms. Dowdall also currently serves as a director of Stratagold Resources and Olivut Resources. Prior to Newmont's acquisition of Old Franco-Nevada, Ms. Dowdall served as Vice President, General Counsel and Secretary for Old Franco-Nevada. Ms. Dowdall managed the initial public offering and spin-out of Euro-Nevada in 1987 and its subsequent reacquisition by Old Franco-Nevada in 1999. Prior to joining Old Franco-Nevada in 1999, Ms. Dowdall spent 16 years as a Partner at Smith Lyons LLP practising in the areas of securities, mergers and acquisitions and natural resources assisting large and small mining companies. Prior to Smith Lyons LLP, Ms. Dowdall spent five years as counsel in the legal department of Rio Algom Limited. Ms. Dowdall holds a Bachelor's degree in economics from the University of Calgary and a LL.B. from Osgoode Hall, York University.

H. Geoff Waterman, Chief Operating Officer. Mr. Waterman has over 15 years association with the Royalty Portfolio, and currently serves as Vice President, Oil & Gas, for Newmont Capital. Prior to the acquisition by Newmont of Old Franco-Nevada, Mr. Waterman served as Old Franco-Nevada's Vice President, Oil & Gas, from 1999 to 2002 and as controller from 1992 to 1999. Prior to joining Old Franco-Nevada, Mr. Waterman was an auditor with Coopers & Lybrand. Mr. Waterman holds a Bachelor's degree in economics from Trent University.

Paul Brink, Chief Financial Officer and Senior Vice-President, Business Development. Mr. Brink joined Newmont Capital in 2006 as Director of Corporate Development and has played a senior role in Newmont's mergers and acquisitions activities. Mr. Brink has served as a director of SouthernEra Resources Limited. Before joining Newmont, Mr. Brink was Chief Financial Officer of NRX Global, a company providing enterprise solutions for resource companies where he handled the initial public offering of the company. Prior to joining NRX Global, Mr. Brink served four years as a Vice President, Investment Banking for BMO Nesbitt Burns Inc. on resource mergers and acquisitions and equity capital market transactions. Mr. Brink previously worked with UBS in Zurich and New York on project and structured finance. Mr. Brink holds a Bachelor's degree in Mechanical Engineering from the University of Witwatersrand and a Master's degree in Management Studies from Oxford University.

Management and Director Ownership

Pre-Purchased Common Shares

In order to ensure that the interests of the directors and members of management are aligned with the public holders of Common Shares, the directors and members of management will subscribe for an aggregate of three million Common Shares at a price per share equal to Cdn\$ ●●●, which price represents an aggregate discounted value of \$ ●●● (the "Management and Board Placement"). These Common Shares will not be transferable for a period of three years following completion of the Offering, except with the approval of the Compensation and Corporate Governance Committee upon the occurrence of certain events, including the death or disability of the holder or for tax and estate planning purposes. The directors and members of management will fund the purchase of these Common Shares personally or through loans from a financial institution.

Lassonde Shares

Prior to the closing of the Offering, Franco-Nevada and Pierre Lassonde will enter into an agreement (the “Exchange Agreement”) whereby Franco-Nevada will agree to issue to Pierre Lassonde three million Common Shares (the “Lassonde Shares”) in exchange for a certain number of exchangeable shares of NMCL (“NMCL Exchangeable Shares”) currently held by Mr. Lassonde. The NMCL Exchangeable Shares were originally issued in connection with the acquisition of Old Franco-Nevada by Newmont in February 2002 and one NMCL Exchangeable Share represents the economic and voting equivalent to, and are exchangeable into, one share of the common stock of Newmont which currently trades on the New York Stock Exchange (“NYSE”).

The number of NMCL Exchangeable Shares exchanged pursuant to the Exchange Agreement for the Lassonde Shares will be equal to the product of (i) three million and (ii) the Offering Price, divided by the Canadian Dollar equivalent of the 5-day trailing simple average of the closing prices of Newmont common stock on the NYSE as at ●, 2007. This exchange is expected to close immediately following the closing of the Offering.

The Lassonde Shares will be in addition to the 75 million Common Shares issued, in the aggregate, pursuant to the Offering, the Management and Board Placement, and to Newmont, if any, as repayment of the promissory notes not repaid in cash. The Lassonde Shares will increase the total ownership of the board of directors and management of Franco-Nevada to six million Common Shares in total, representing approximately 7.7% of the total 78 million shares outstanding of Franco-Nevada immediately following the closing of the Offering, the exchange of the NMCL Exchange Shares, and the exercise or expiry of the Over-Allotment Option.

Following this exchange, Franco-Nevada will hold the NMCL Exchangeable Shares as an investment and the NMCL Exchangeable Shares will be freely tradeable on the TSX. Franco-Nevada will acquire these shares at a deemed tax cost equal to the paid-up capital for Canadian tax purposes of the NMCL Exchangeable Shares and, generally, any sale of the NMCL Exchangeable Shares for proceeds that exceed this deemed tax cost will be taxable to Franco-Nevada. The paid-up capital for Canadian tax purposes of each NMCL Exchangeable Share is approximately Cdn\$ ● and the closing price of the NMCL Exchangeable Shares on the TSX on ●, 2007 was Cdn\$ ●.

Committees of the Board of Directors

Audit Committee

Franco-Nevada will have an audit committee (the “Audit Committee”) that will consist of Randall Oliphant, Pierre Lassonde and Louis Gignac, with Mr. Oliphant serving as Chairman. All members of the Audit Committee will be independent directors (as defined in Multilateral Instrument 52-110 — Audit Committees) of Franco-Nevada. The Audit Committee will be established to assist the board of directors of Franco-Nevada in fulfilling its oversight responsibilities with respect to the following principal areas:

- (a) Franco-Nevada’s external audit function including the qualifications, independence, appointment, compensation and oversight of the work of the external auditors;
- (b) Franco-Nevada’s accounting and financial reporting requirements;
- (c) Franco-Nevada’s reporting of financial information to the public;
- (d) Franco-Nevada’s compliance with legal and regulatory requirements;
- (e) Franco-Nevada’s risks and risk management policies;
- (f) Franco-Nevada’s system of internal controls and management information systems; and
- (g) such other functions as are delegated to it by the board of directors of Franco-Nevada.

Specifically, with respect to Franco-Nevada’s external audit function, the Audit Committee will assist the board of directors of Franco-Nevada in fulfilling its oversight responsibilities relating to the quality and integrity of Franco-Nevada’s financial statements, the independent auditors’ qualifications and the performance of Franco-Nevada’s independent auditors.

Compensation and Corporate Governance Committee

Franco-Nevada will have a compensation and corporate governance committee (the “Compensation and Corporate Governance Committee”) that will consist of Pierre Lassonde, David Peterson and Graham Farquharson, with Mr. Lassonde serving as Chairman. All members of the Compensation and Corporate Governance Committee

will be independent directors (as defined in Multilateral Instrument 52-110 — Audit Committees) of Franco-Nevada. Among other things, the Compensation and Corporate Governance Committee will:

- review and make recommendations to the board of directors of Franco-Nevada concerning the appointment of officers of Franco-Nevada;
- annually review the Chief Executive Officer's goals and objectives for the upcoming year, provide an appraisal of the Chief Executive Officer's performance and review his compensation;
- make recommendations concerning the remuneration of directors; and
- administer and make recommendations regarding the operation of the Stock Option Plan and any other employee incentive plans.

The Compensation and Corporate Governance Committee will also be responsible for developing the Company's approach to governance issues, filling vacancies among the directors and periodically reviewing the effectiveness of the directors and the contribution of individual directors.

This committee will also be responsible for adopting and periodically reviewing and updating the Company's written disclosure policy. This policy will, among other things:

- articulate the legal obligations of the Company, its affiliates and their respective directors, officers and employees with respect to confidential information;
- identify spokespersons of the Company, who will be the only persons authorized to communicate with third parties such as analysts, media and investors;
- provide guidelines on the disclosure of forward looking information;
- require advance review by senior executives of Franco-Nevada of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if selective disclosure does occur, a news release is issued immediately; and
- establish "black-out" periods immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes, during which periods the Company, its affiliates and their respective directors, officers, employees and consultants may not purchase or sell Common Shares.

Potential Conflicts of Interest

In the opinion of management of Franco-Nevada, there are no existing or potential conflicts of interest among Franco-Nevada, its directors, officers (whether in each case current or as proposed in this prospectus) or other insiders of Franco-Nevada, other than as described in the following paragraph. Various officers, directors (whether in each case current or as proposed in this prospectus) or other insiders of Franco-Nevada may hold senior positions with entities involved in the resource industry or otherwise be involved in transactions within the resource industry and may develop other interests outside Franco-Nevada. In the event that any such conflict of interest arises, a director who has such a conflict will be required to disclose the conflict to a meeting of the directors of Franco-Nevada and abstain from voting for or against the approval of such participation or such terms. In appropriate cases, Franco-Nevada will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Any decision made by any of such directors involving Franco-Nevada will be required to be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Franco-Nevada and its shareholders.

Pierre Lassonde is Vice-Chairman and a director of Newmont, promoter of the Offering. Randall Oliphant is a currently a director of Western Goldfields, a payor of one of Franco-Nevada's royalty interests. Louis Gignac is currently a director of St. Andrew Goldfields, a payor of one of Franco-Nevada's royalty interests. Conflicts of interest of these directors could arise from time to time in their capacities as directors or officers of these third parties and their acting as directors of Franco-Nevada.

EXECUTIVE COMPENSATION

The total direct compensation for the executive officers of Franco-Nevada is comprised of base salary, bonus, if certain performance targets have been met, and participation in a share option plan. Franco-Nevada's executive compensation program does not provide for an executive pension plan. The approach to compensation reflects market practice and was designed to provide total direct compensation levels consistent with the compensation levels and practices at peer group companies. Total compensation will be reviewed periodically by Franco-Nevada's Compensation and Corporate Governance Committee. In addition, on or prior to the completion of the Offering, the directors and executive officers will acquire three million Common Shares at a price of \$ ● per share.

Stock Option Plan

Franco-Nevada will establish a share option plan (the "Stock Option Plan"), the purpose of which is to attract, retain and motivate its employees, directors and officers and to align its interests with the Company by providing these persons with the opportunity, through share options, to acquire an ownership interest in Franco-Nevada. The plan will be administered by the Compensation and Corporate Governance Committee of the board of directors, which will designate, in each year, the recipients of options and the terms and conditions of each grant, in each case in accordance with applicable securities laws and stock exchange requirements. The price at which the options will be granted will be no lower than the weighted average trading price of the common shares on the exchange where they are listed for the five trading days prior to the date of the grant. Options granted under the plan are non-transferable other than in accordance with the plan, must be exercised no later than 10 years after the date of grant or such shorter period as determined by the compensation, nominating and corporate governance committee and approved by any applicable regulatory authority and, unless the compensation, nominating and corporate governance committee determines otherwise, are subject to a vesting schedule whereby options will become vested in equal instalments over three years with one-third vesting on the first anniversary of the grant and one-third vesting on each of the subsequent anniversaries of the grant. Options that are vested on the death, disability or retirement of the optionee may be exercised for a period of up to six months following the occurrence of such event.

A maximum of 5% of the issued and outstanding Common Shares from time to time are available for issuance upon exercise of options granted under the plan. Certain restrictions on grants will apply, including that the maximum number of shares that may be granted to any individual within a 12-month period will not exceed 5% of the outstanding Common Shares.

A total of 2.1 million options will be granted to the directors, executive officers and employees on or prior to the completion of the Offering, each option to have an exercise price equal to the Offering Price. The remaining options available to be issued under the Stock Option Plan will be used to retain current directors and employees and attract new directors and employees. See "Options to Purchase Securities".

Employment Agreements

David Harquail

Franco-Nevada intends to enter into an employment agreement with Mr. David Harquail, the terms of which are substantially as follows. Mr. Harquail, as President and Chief Executive Officer, will be paid a base salary of Cdn\$375,000 per year. Franco-Nevada has agreed to reimburse Mr. Harquail for all reasonable expenses incurred in connection with his relocation to Franco-Nevada's head office in Toronto. Mr. Harquail will also be eligible for a target annual bonus of 100% of his salary. In addition, Mr. Harquail will participate in the Stock Option Plan, and, upon the closing of this Offering, will receive an initial grant of ● share options. If Mr. Harquail is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 36 months and the number of months to his 65th birthday, plus continuance of participation in the benefits plans for that period. If any such termination occurs within 12 months following a "change of control" of Franco-Nevada, as defined in the employment agreement, such lump sum payable shall be equal to three times his base salary. Mr. Harquail is required to hold an amount of Franco-Nevada's common shares equivalent in value to three times his base salary.

Steven K. Aaker

Franco-Nevada intends to enter into an employment agreement with Mr. Steven K. Aaker, the terms of which are substantially as follows. Mr. Aaker, as Chief of US Operations, will be paid a base salary of \$250,000 per year. Mr. Aaker will also be eligible for a target annual bonus of 100% of his salary. In addition, Mr. Aaker will participate in the Stock Option Plan, and, upon the closing of this Offering, will receive an initial grant of ● share options. If Mr. Aaker is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 24 months and the number of months to his 65th birthday, plus continuance of participation in the benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of Franco-Nevada, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Aaker is required to hold an amount of Franco-Nevada’s common shares equivalent in value to two times his base salary.

Sharon E. Dowdall

Franco-Nevada intends to enter into an employment agreement with Ms. Sharon Dowdall, the terms of which are substantially as follows. Ms. Dowdall, as Chief Legal Officer, will be paid a base salary of Cdn\$270,000 per year. Ms. Dowdall will also be eligible for a target annual bonus of Cdn\$250,000. In addition, Ms. Dowdall will participate in the Stock Option Plan, and, upon the closing of this Offering, will receive an initial grant of ● share options. If Ms. Dowdall is terminated without just cause or resigns for good reason as defined in the employment agreement, she will be entitled to a lump sum payment equal to her base salary for the lesser of 24 months and the number of months to her 65th birthday, plus continuance of participation in the benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of Franco-Nevada, as defined in the employment agreement, such lump sum payable shall be equal to two times her base salary. Ms. Dowdall is required to hold an amount of Franco-Nevada’s common shares equivalent in value to two times her base salary.

H. Geoff Waterman

Franco-Nevada intends to enter into an employment agreement with Mr. H. Geoff Waterman, the terms of which are substantially as follows. Mr. Waterman, as Chief Operating Officer, will be paid a base salary of Cdn\$200,000 per year. Mr. Waterman will also be eligible for a target annual bonus of Cdn\$250,000. In addition, Mr. Waterman will participate in the Stock Option Plan, and, upon the closing of this Offering, will receive an initial grant of ● share options. If Mr. Waterman is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 24 months and the number of months to his 65th birthday, plus continuance of participation in the benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of Franco-Nevada, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Waterman is required to hold an amount of Franco-Nevada’s common shares equivalent in value to two times his base salary.

Paul Brink

Franco-Nevada intends to enter into an employment agreement with Mr. Paul Brink, the terms of which are substantially as follows. Mr. Brink, as Chief Financial Officer, will be paid a base salary of Cdn\$200,000 per year. Mr. Brink will also be eligible for a target annual bonus of Cdn\$250,000. In addition, Mr. Brink will participate in the Stock Option Plan, and, upon the closing of this Offering, will receive an initial grant of ● share options. If Mr. Brink is terminated without just cause or resigns for good reason as defined in the employment agreement, he will be entitled to a lump sum payment equal to his base salary for the lesser of 24 months and the number of months to his 65th birthday, plus continuance of participation in the benefits plans for that period. If any such termination occurs within 12 months following a “change of control” of Franco-Nevada, as defined in the employment agreement, such lump sum payable shall be equal to two times his base salary. Mr. Brink is required to hold an amount of Franco-Nevada’s common shares equivalent in value to two times his base salary.

Compensation of Directors

Initial compensation for directors of Franco-Nevada will be Cdn\$30,000 per director per year and directors will not receive additional compensation for attending board or committee meetings. In addition, the chair of the board will

receive additional compensation of Cdn\$10,000 per year and the chair of each of the Audit Committee and the Compensation and Corporate Governance Committee will receive additional compensation of Cdn\$10,000 per year. Directors will also be reimbursed for out-of-pocket expenses for attending Board and committee meetings. No director compensation will be paid to directors who are members of management of Franco-Nevada.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at ● , 2007, no officer, director or employee was indebted to Franco-Nevada.

USE OF PROCEEDS

Assuming the completion of the Offering, the net proceeds to Franco-Nevada, after deducting the Underwriters' Fee and estimated expenses of this Offering, are expected to be Cdn\$ ● , assuming no exercise of the Over-Allotment Option. Franco-Nevada intends to use Cdn\$ ● of the net proceeds from this Offering, together with \$140 million from the New Credit Facility and Cdn\$ ● million from the Management and Board Placement to repay promissory notes issued to the Selling Subsidiaries on the acquisition of (i) the issued and outstanding shares of the Royalty Subsidiaries from the Selling Subsidiaries and (ii) the Selling Subsidiaries' interest in certain of the Canadian Assets. If the Over-Allotment Option is exercised, Franco-Nevada intends to use the net proceeds from the Over-Allotment Option to (i) further repay the promissory notes issued by Franco-Nevada to the Selling Subsidiaries on the acquisition of the Royalty Subsidiaries and the Selling Subsidiaries' interest in certain of the Canadian Assets pursuant to the Acquisition Agreement, if any such promissory notes remain outstanding and (ii) to the extent that there are any additional net proceeds, to reduce the amount drawn under the New Credit Facility. Any portion of the promissory notes that remain outstanding following the exercise or expiry of the Over-Allotment Option shall be repaid by Franco-Nevada issuing Common Shares to the Selling Subsidiaries.

ACQUISITION AND RELATED TRANSACTIONS

Acquisition Agreement

General

Franco-Nevada and Newmont will enter into an acquisition agreement (the "Acquisition Agreement"), pursuant to which Franco-Nevada will acquire (i) all of the outstanding common shares in the capital of the Royalty Subsidiaries and (ii) the Selling Subsidiaries' right, title and interest in and to certain of the Canadian Assets, from the Selling Subsidiaries, in consideration for issuing to the Selling Subsidiaries non-interest bearing promissory notes in the aggregate principal amount of \$ ● (the "Purchase Price"). Franco-Nevada will use:

- the net proceeds from the sale of up to 72 million Common Shares, including the exercise of the Over-Allotment Option, pursuant to the Offering, after deducting the Underwriters' Fees and estimated expenses of the Offering,
- Cdn\$ ● million in proceeds from the Management and Board Placement, and
- \$140 million drawn on the New Credit Facility,

to repay the promissory notes. If less than 72 million Common Shares are sold pursuant to the Offering, including the exercise of the Over-Allotment Option, if any, the promissory notes will not be fully repaid in cash, in which case Franco-Nevada will also deliver to the Selling Subsidiaries, in repayment of the remaining promissory notes, that number of Common Shares equal to 72 million less the number of Common Shares sold pursuant to the Offering.

Following closing of the Offering and the completion of the transactions under the Acquisition Agreement:

- Franco-Nevada will own all of the issued and outstanding shares in the capital of the Royalty Subsidiaries.
- Franco-Nevada will hold all of the Selling Subsidiaries' rights, titles and interests in and to certain of the Canadian Assets.
- If greater than 72 million Common Shares are sold pursuant to the Offering, including the exercise of the Over-Allotment Option, the net proceeds attributable to the shares sold in excess of 72 million will be used by Franco-Nevada to reduce the drawn amount under the New Credit Facility.

- The outstanding Common Shares of Franco-Nevada following closing (including the issuance of the Lassonde Shares) will be equal to the sum of:
 - a minimum of 78 million Common Shares, of which (i) 72 million Common Shares have in the aggregate been issued pursuant to the Offering (including the exercise of the Over-Allotment Option), and to the Selling Subsidiaries, if any, as repayment of promissory notes not repaid in cash; (ii) three million Common Shares issued pursuant to the Management and Board Placement and (iii) three million Common Shares issued to Mr. Lassonde; and
 - where greater than 78 million Common Shares have been sold as set forth in the preceding paragraph, that number of shares in excess of 78 million and for which Franco-Nevada has used the attributable net proceeds to reduce the amount drawn down on the New Credit Facility.

The tax basis of the assets of the Royalty Portfolio (other than certain Canadian Assets) will be increased to their fair market value as a result of these transactions. The depletion of this tax basis will reduce cash taxes in Canada and the US in future periods. For an illustration of the corporate structure of Franco-Nevada upon completion of the Offering and the transactions contemplated by the Acquisition Agreement, see “Structure Following Closing”.

Covenants, Representations, Warranties and Indemnities

The following is a summary of certain provisions of the Acquisition Agreement, which summary is not intended to be complete. Reference is made to the Acquisition Agreement for a complete description and the full text of its provisions.

The Acquisition Agreement will contain covenants, representations and warranties relating to the Royalty Portfolio and related indemnities from Newmont in favour of Franco-Nevada and vice-versa. All amounts payable, receivable or accrued in respect of the Royalty Portfolio prior to December 31, 2007 will be for the benefit of Newmont and the Selling Subsidiaries and all amounts payable or receivable in respect of the Royalty Portfolio after December 31, 2007 will be for the benefit of Franco-Nevada and the Royalty Subsidiaries. The maximum liability of Newmont under certain of the representations, warranties and indemnities regarding the Royalty Portfolio will be limited to 10% of the Purchase Price. Such representations and warranties of Newmont for Franco-Nevada will survive for a period of 12 months from completion of the Offering, except for certain limited representations and warranties which survive indefinitely. No claim under certain of the representations and warranties and indemnities made by Newmont may be made until the aggregate losses in all cases exceed 1% of the Purchase Price, subject to a one-time deductible equal to 1% of the Purchase Price. Only Franco-Nevada may bring a claim or action under the Acquisition Agreement (but only in certain circumstances) and purchasers of Common Shares under this prospectus will not have any contractual rights under the Acquisition Agreement. Purchasers will, however, have certain statutory rights against Franco-Nevada and Newmont, as promoter, under applicable securities laws. See “Purchasers’ Statutory Rights”.

Franco-Nevada’s indirect acquisition of the Royalty Portfolio will be conditional upon the satisfaction of certain conditions, including, without limitation, the receipt of all approvals under applicable antitrust and competition laws and foreign investment laws, or the expiration of applicable waiting periods under the *Competition Act* (Canada). The shares of NewAusCo, the Royalty Subsidiary, which holds all of the Australian royalty interests and assets, will be conveyed to Franco-Nevada upon receipt of the approval or expiration of applicable waiting periods under the *Australian Foreign Acquisition and Takeovers Act 1975*. Franco-Nevada and Newmont expect to receive this approval shortly after Closing. All amounts payable, receivable and accrued in respect of the Australian assets prior to December 31, 2007 will be for the account of Newmont and the Selling Subsidiaries and all amounts payable or receivable after December 31, 2007 will be held by Newmont in trust for the benefit of NewAusCo until conveyance of the NewAusCo shares. It is anticipated that closing of the Offering will occur contemporaneously with the closing of the transactions contemplated by the Acquisition Agreement, provided however that certain non-producing Oil and Gas Interests are not expected to be transferred over to the Company until after the closing of the Offering. Prior to such transfer over to the Company, these interests will be held by Newmont in trust for Franco-Nevada.

Related Agreements

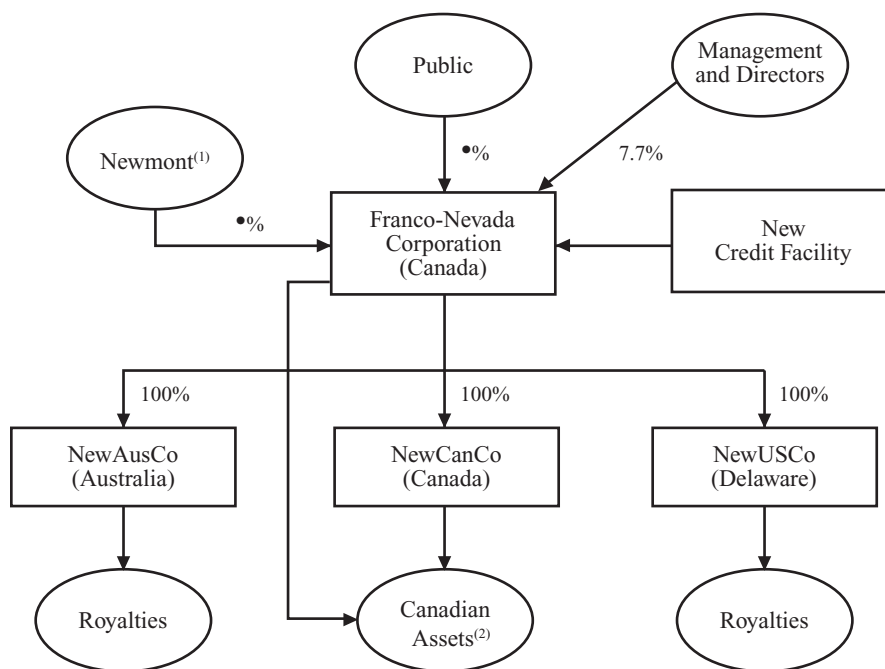
In the event that Newmont directly or indirectly holds in excess of 10% of the Common Shares upon completion of the Offering, Newmont and Franco-Nevada will enter into an investor agreement, which will provide Newmont with the right to nominate: (i) two individuals to the board of directors for so long as Newmont and its affiliates hold in the aggregate in excess of 20% of the outstanding Common Shares; and (ii) one individual to the board of directors for so long as Newmont and its affiliates hold in the aggregate between 10-20% of the outstanding Common Shares.

In the event that Newmont indirectly holds in excess of 5% of the Common Shares upon completion of the Offering, Newmont and Franco-Nevada will enter into a registration rights agreement, which will provide Newmont and/or its affiliates with demand registration rights and piggyback registration rights in respect of such retained interest for so long as they hold in the aggregate in excess of 5% of the outstanding Common Shares, subject to the 180 day lock-up period described under “Plan of Distribution”.

Newmont and Franco-Nevada will also enter into a transition services agreement, whereby, among other things, Newmont agrees to provide certain services to Franco-Nevada for the purpose of transitioning the administration of the Royalty Portfolio from Newmont to Franco-Nevada following completion of the Offering, including providing office space, accounting, tax, land and legal support and use of certain information technology systems. The transition services agreement will have a term of ● months, commencing upon completion of the Offering, and Newmont will be paid its cost for the services provided. Franco-Nevada does not expect the costs to be incurred under this arrangement to be material.

STRUCTURE FOLLOWING CLOSING

The following chart illustrates the structure of Franco-Nevada following the completion of this Offering and the acquisition by Franco-Nevada of the Royalty Subsidiaries that hold the Royalty Portfolio and certain related transactions. See “Acquisition and Related Transactions”.



Notes:

- (1) Newmont will not hold any Common Shares if at least 75 million Common Shares are sold in the aggregate pursuant to the Offering, including the exercise of the Over-Allotment Option, and through the Management and Board Placement. It is the intention of Newmont that its retained interest will be minimal, if any.
- (2) Includes those royalties relating to properties in Canada, the Oil & Gas Interests and the equity interest in Falcondo. Franco-Nevada will hold the Canadian Assets directly and indirectly through a Canadian subsidiary.

PLAN OF DISTRIBUTION

Offering

Pursuant to an underwriting agreement dated ●, 2007 (the “Underwriting Agreement”) among Franco-Nevada, Newmont and the Underwriters, Franco-Nevada has agreed to sell ● Common Shares and the Underwriters have agreed to purchase, as principals, on Closing, subject to the terms and conditions of the Underwriting Agreement, all but not less than all of such Common Shares at a price of \$ ● per Common Share payable in cash (the “Offering Price”).

The Offering Price was determined by negotiation among the Underwriters, Franco-Nevada and Newmont. All subscription proceeds received by the Underwriters will be held by the Underwriters pending Closing, which is expected to occur on December ●, 2007 or any later date agreed to by the Underwriters, Franco-Nevada and Newmont, but in any event no later than December ●, 2007. Closing of the Offering is conditional on, among other things, (i) the completion of the transactions contemplated by the Acquisition Agreement, including the conditions contained therein; (ii) the New Credit Facility being in place; (iii) completion of the Management and Board Placement; (iv) the transition services agreement being in place; and (v) the officers of Franco-Nevada being in place.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at any time before Closing at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated at any time on the occurrence of certain stated events. The Underwriters are, however, severally obligated to take up and pay for all Common Shares they have obligated themselves to purchase if any of the Common Shares are purchased under the Underwriting Agreement.

In consideration for their services in connection with the Offering, Franco-Nevada has agreed to pay the Underwriters a fee equal to 4.5% of the gross proceeds of this Offering. Newmont has also agreed to reimburse the Underwriters for their expenses and legal fees and disbursements incurred in connection with this Offering. The Underwriting Agreement also provides that Franco-Nevada and Newmont will indemnify the Underwriters against certain liabilities and expenses, or contribute to payments the Underwriters may be required to make in respect thereof.

The Underwriters have been granted an option to cover over-allotments and for market stabilization purposes (the “Over-Allotment Option”), exercisable in whole or in part at any time until the close of business on the date which is 30 days after the Closing, to purchase on the same terms, and at the same price, ● additional Common Shares. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares to be sold or issued upon the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the proceeds raised under the Offering will be Cdn\$ ●, the Underwriters’ Fee will be Cdn\$ ● and the net proceeds to Franco-Nevada will be Cdn\$ ●.

Upon completion of the Offering, Newmont may be issued Common Shares as partial consideration under the Acquisition Agreement. This prospectus qualifies the distribution of such Common Shares to Newmont.

Certain banking affiliates of BMO Nesbitt Burns Inc. and UBS Securities Canada Inc. have, subject to satisfaction of certain conditions precedent, agreed to make the New Credit Facility available to Franco-Nevada. (See “Debt Financing.”) As a result, Franco-Nevada may be considered a connected issuer to these Underwriters for purposes of the securities laws of certain Canadian provinces. Franco-Nevada is not and has not been in default of its obligations to the lenders under the New Credit Facility. The amount expected to be drawn at closing of the Offering under the New Credit Facility is \$140 million. Franco-Nevada will grant security over substantially all of its current and future assets as security for its indebtedness under the New Credit Facility. Each of Franco-Nevada’s material subsidiaries (as defined in the credit agreement) will guarantee Franco-Nevada’s indebtedness under the New Credit Facility and grant security over substantially all of their respective current and future assets (including their royalty interests) as security for their respective guarantees. In addition, all equity interests in the capital of the material subsidiaries will be pledged as security for the New Credit Facility. Except as described under “Use of Proceeds” with respect to the Over-Allotment Option proceeds, the net proceeds to be received in the Offering will not be used to reduce indebtedness under the New Credit Facility. The determination of the terms and conditions of the Offering were made through negotiations among the Underwriters, Newmont and Franco-Nevada without the involvement of the lenders,

although the lenders have been advised of the Offering. The Underwriters will derive no benefit from the Offering other than their fees described in this section.

Each of Franco-Nevada and Newmont has agreed with the Underwriters not to, whether directly or indirectly for a period of 180 days following the completion of this Offering (i) offer or sell, or enter into an agreement to offer or sell, any of its Common Shares or securities convertible into, exchangeable for or otherwise exercisable into Common Shares, other than rights granted under Franco-Nevada's Stock Option Plan or any other stock compensation plan and shares issued upon the exercise of such rights, or (ii) publicly disclose the intention to make any such offer, sale or issue to sell any Common Shares, without in each case the prior written consent of BMO Nesbitt Burns Inc. and UBS Securities Canada Inc., acting reasonably.

There is currently no market through which the Common Shares may be sold and purchasers may not be able to resell securities purchased under this prospectus.

Market Stabilization Activities

Pursuant to rules and policy statements of certain securities regulatory authorities, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares of Franco-Nevada. The foregoing restrictions are subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the common shares of Franco-Nevada. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first-mentioned exception, in connection with this Offering and subject to applicable laws, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the common shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

United States Considerations

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares offered herein in the United States. The Common Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except in a transaction exempt from the registration requirements of the 1933 Act and all applicable state securities laws. Each Underwriter has agreed that, except as permitted under the Underwriting Agreement, it will not offer or sell the Common Shares at any time within the United States or to, or for the account or benefit of, U.S. persons. The Underwriting Agreement provides that sales may be made in the United States only pursuant to registration exemptions. The certificates representing the Common Shares which are sold in the United States or to, or for the benefit or account of, U.S. persons will contain a legend to the effect that the Offered Shares represented thereby have not been registered under the 1933 Act and may only be offered pursuant to certain exemptions from the registration requirements of the 1933 Act. Until 40 days after the Closing, offers and sales of Common Shares within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the 1933 Act if that offer or sale is not made in accordance with Rule 144A thereunder.

RISK FACTORS

Investors should carefully consider all of the information disclosed in this prospectus prior to investing in the Common Shares. In addition to the other information presented in this prospectus, the following risk factors should be given special consideration when evaluating an investment in Franco-Nevada's securities.

Risks Related to the Business of Franco-Nevada

Changes in the market price of the commodities that underlie the royalty, working and other interests will affect the profitability of Franco-Nevada and the revenue generated by the Royalty Portfolio

The revenue derived by Franco-Nevada from its Royalty Portfolio and investments will be significantly affected by changes in the market price of the commodities that underlie those royalties, working interests and investments. Franco-Nevada's revenue will be particularly sensitive to changes in the price of gold, oil, natural gas, PGMs and copper, as the revenue from these commodities represent the majority of the cash flow derived from the Royalty Portfolio. Commodity prices, including those to which Franco-Nevada is exposed, fluctuate on a daily basis and are affected by numerous factors beyond the control of Franco-Nevada, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant oil and natural gas producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from royalties or working interests applicable to one or more relevant commodities. Moreover, despite Franco-Nevada's plan to focus on commodity diversification, the broader commodity market tends to be cyclical, and a general downturn in overall commodity prices could result in a significant decrease in overall revenue. Any such price decline may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

The operation of the properties in which Franco-Nevada holds an interest is dependent upon third party property owners and operators, and Franco-Nevada has no input as to how these properties are operated, and the operators' failure to perform could affect the revenues generated by Franco-Nevada

The revenue derived from the Royalty Portfolio is based on production by third party property owners and operators. These owners and operators will be responsible for determining the manner in which the relevant properties subject to the Royalty Portfolio are exploited, including decisions to expand, continue or reduce production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. Franco-Nevada will have little or no input on such matters. The interests of third party owners and operators and those of Franco-Nevada on the relevant properties may not always be aligned. As an example, it will, in almost all cases, be in the interest of Franco-Nevada to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third party owners and operators may, in many cases, take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of Franco-Nevada to control the operations for the properties in which it has a royalty or working interest may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Franco-Nevada will have limited access to data and disclosure regarding the operation of properties, which will affect its ability to assess the value of the royalty interests or enhance the royalty's performance

As a royalty holder, Franco-Nevada neither serves as the mine or oil and natural gas property owner or operator, and in almost all cases Franco-Nevada has no input into how the operations are conducted. As such, Franco-Nevada has varying access to data on the operations or to the actual properties themselves. This could affect its ability to assess the value of the royalty interest or enhance the royalty's performance. This could also result in delays in cash flow from that anticipated by Franco-Nevada based on the stage of development of the applicable properties covered by its Royalty Portfolio. Franco-Nevada's royalty payments may be calculated by the royalty payors in a manner different from Franco-Nevada's projections and Franco-Nevada may or may not

have rights of audit with respect to such royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such Franco-Nevada may not be in a position to publicly disclose non-public information with respect to certain royalties. The limited access to data and disclosure regarding the operations of the properties which Franco-Nevada has an interest, may restrict Franco-Nevada's ability to assess the value or enhance its performance which may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

The Goldstrike and Stillwater royalties constitute a large portion of the Royalty Portfolio and any adverse development related to these properties will affect the revenue derived from the Royalty Portfolio

The Goldstrike and Stillwater royalties each account for more than 10% of revenue for the year ended December 31, 2006 and have historically accounted for a large portion of overall royalty revenue. Any adverse development affecting the operation of the Goldstrike and Stillwater complexes, or any other significant property in the Royalty Portfolio from time to time, such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on Franco-Nevada's profitability, financial condition and results of operations. In addition, Franco-Nevada has no control over operational decisions made by the third party owners and operators of these projects. Any adverse decision made by the owners and operators, including for example, alterations to mine plans or production schedules, may impact the timing and amount of royalty revenue that Franco-Nevada receives and may have a material adverse effect on Franco-Nevada's profitability, financial condition and results of operation.

Royalties included in the Royalty Portfolio may be subject to other rights in favour of third parties, that could adversely affect the revenues generated from the Royalty Portfolio

Some royalties in the Royalty Portfolio may be subject to: (i) buy-down right provisions pursuant to which an operator may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties to various operating and royalty agreements have the right of first refusal or first offer with respect to a proposed sale or assignment of a royalty to Franco-Nevada; or (iii) claw back rights pursuant to which the seller of a royalty to Franco-Nevada has the right to re-acquire the royalty. Holders of these rights may exercise them such that certain royalty interests would not be available to Franco-Nevada. Franco-Nevada believes that, in respect of the Mineral Royalties, the rights of first refusal may not be exercisable upon the transfer of the royalty interests to Franco-Nevada or any subsidiary prior to, or immediately upon completion of, the Offering. However, if a beneficiary of any right of first refusal in the future challenges Franco-Nevada's position, it is possible that Franco-Nevada will be forced to sell the royalty to such beneficiary. The rights of first refusal in respect of several of the Oil and Gas Interests will be triggered upon completion of the Offering. Franco-Nevada does not believe that the Mineral Royalties and Oil and Gas Interests subject to these rights are, individually or in the aggregate, material to the Company. Any such exercise may result in the elimination of a royalty interest.

The Royalty Portfolio includes a number of royalty interests based on net profits, and the revenue derived from such royalty interests is dependent upon factors beyond the control of Franco-Nevada that may have an adverse effect on the overall revenue generated by the Royalty Portfolio and profitability of Franco-Nevada

Franco-Nevada holds a number of net profit royalties, equity interests and working interests in its Royalty Portfolio. These royalties and other interests allow the operator to account for the effect of prevailing cost pressures on the project before calculating the royalty payable to Franco-Nevada. These cost pressures include costs of labour, equipment, electricity, environmental compliance, oil prices and numerous other capital, operating and production inputs. Such costs will fluctuate in ways Franco-Nevada cannot predict and are beyond the control of Franco-Nevada, and can have a dramatic effect on the revenue payable to Franco-Nevada on these royalties and other interests. Any increase in the costs incurred by the operators on the applicable properties will likely result in a decline in the royalty revenue received by Franco-Nevada. This, in turn, will affect overall revenue generated by the Royalty Portfolio which may have a material and adverse effect on Franco-Nevada's profitability, financial condition, and results of operation.

Franco-Nevada may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business, and the failure to operate its business effectively could have a material and adverse effect on its profitability, financial condition and results of operations

Franco-Nevada is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of Franco-Nevada are of significant importance. The loss of any such members could negatively affect business operations. From time to time, Franco-Nevada will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition, exploration and development of royalties and interests in natural resource properties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to Franco-Nevada's success and there can be no assurance of such success. If Franco-Nevada is not successful in attracting and training qualified personnel, Franco-Nevada's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition. Franco-Nevada does not intend to maintain "key man" insurance for any members of its management.

Franco-Nevada is dependent on the payment of royalties by the owners and operators of the relevant Royalty Portfolio properties, and any delay in or failure of such royalty payments will affect the revenues generated by the Royalty Portfolio

Franco-Nevada will be dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the relevant Royalty Portfolio properties. Payments from production generally flows through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operators of expenses incurred in the operation of the royalty properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. Franco-Nevada's rights to payment under the royalties must, in most cases, be enforced by contract without the protection of a security interest over property that Franco-Nevada could readily liquidate. This inhibits Franco-Nevada's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of an operator or owner, Franco-Nevada will be treated like any other unsecured creditor, and therefore have a limited prospect for full recovery of royalty revenue. Failure to receive any payments from the owners and operators of the relevant Royalty Portfolio properties may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Increased competition for royalty interests and resource investments could adversely affect Franco-Nevada's ability to acquire additional royalty and other investments in mineral and oil and natural gas properties for its Royalty Portfolio

Many companies are engaged in the search for and the acquisition of mineral and oil and natural gas interests, and there is a limited supply of desirable mineral and oil and natural gas interests. The mineral exploration and mining and oil and natural gas businesses are competitive in all phases. Many companies are engaged in the acquisition of mining and gas interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. Franco-Nevada may be at a competitive disadvantage in acquiring interests in these natural resource properties, whether by way of royalty or other form of investment, as many competitors have greater financial resources and technical staffs. Accordingly, there can be no assurance that Franco-Nevada will be able to compete successfully against other companies in acquiring new natural resource properties and royalty interests. Franco-Nevada's inability to acquire additional royalty and other investments in mineral and oil and natural gas properties may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Royalty and other interests may not be honoured by operators of a project

Royalty and other interests in natural resource properties are largely contractually based. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, Franco-Nevada would be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any

such decision be determined adversely to Franco-Nevada, it may have a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition.

There may be unknown title defects in the Royalty Portfolio and Newmont is providing no representations and warranties with respect to title of the Royalty Portfolio

A defect in the right, title and interest of the Royalty Portfolio in and to a royalty, working interest or equity interest and/or the underlying contract may arise to defeat the claim of the Royalty Portfolio to such royalty, working interest or equity interest. When Newmont acquired the Royalty Portfolio it was not provided with title representations and warranties relating to the royalties and various equity interests and, as such, Newmont is not providing a title representation with respect to the Royalty Portfolio to Franco-Nevada in the Acquisition Agreement. Newmont is only providing a representation that it will transfer the extent of its right, title and interest in the Royalty Portfolio to Franco-Nevada. Accordingly, if there is a defect in the Royalty Portfolio's right, title and interest in and to the royalties, working interest or equity interest and/or the underlying contract, Franco-Nevada will not have any recourse against Newmont under the Acquisition Agreement. As a result, unknown title defects in the Royalty Portfolio may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Franco-Nevada has no history of operations and there can be no assurance that it will be successful or profitable

Franco-Nevada's business will not effectively commence until the acquisition of the Royalty Portfolio at the closing of the Offering. While many members of management have expertise and comparable operating experience through their involvement with Old Franco-Nevada and Newmont Capital, Franco-Nevada itself has no history of operations and there can be no assurance that Franco-Nevada's business will be successful or profitable or that Franco-Nevada will be able to successfully execute its business model and growth strategy. If Franco-Nevada can not execute its business model and growth strategy, it may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Franco-Nevada's revenue and earnings are subject to variations in foreign exchange rates, which may adversely affect the revenue generated by the Royalty Portfolio

Franco-Nevada's royalty interests are subject to foreign currency fluctuations and inflationary pressures, which may have a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition. There can be no assurance that the steps taken by management to address variations in foreign exchange rates will eliminate all adverse effects and, accordingly, Franco-Nevada may suffer losses due to adverse foreign currency rate fluctuations.

The ability to pay dividends will be dependent on the financial condition of Franco-Nevada

Payment of dividends on the Common Shares will be within the discretion of Franco-Nevada's board of directors and will depend upon Franco-Nevada's future earnings, its cash flows, its acquisition capital requirements and financial condition, and other relevant factors discussed in this prospectus. Although Franco-Nevada intends to pay a regular dividend, there can be no assurance that Franco-Nevada will be in a position to issue dividends due to the occurrence of one or more of the risks described herein.

Variations in interest rates and scheduled principal repayments on the debt incurred by Franco-Nevada could result in significant changes in the amount required to be applied to debt service and could adversely affect profitability of Franco-Nevada

Amounts payable in respect of interest and principal on debt incurred by Franco-Nevada will affect Franco-Nevada's net cash flow and its profitability. Any increase in such payments will result in a corresponding increase in the cash flow of Franco-Nevada that must be applied to debt service. In the event of such an increase, there can be no assurance that net cash flow derived from the Royalty Portfolio and other business operations will be sufficient to cover future financial obligations of Franco-Nevada or that additional funds will otherwise be able to be obtained. It is anticipated that, on completion of the Offering, \$140 million will be drawn down on the New Credit Facility and the lenders will be provided with security over all current and future assets of Franco-Nevada and its material subsidiaries. If Franco-Nevada becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, the lender may foreclose on or sell all or some of Franco-

Nevada's assets, which may have a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Certain of Franco-Nevada's directors serve in similar positions with other public companies, which put them in a conflict position from time to time

Certain of the directors of Franco-Nevada also serve as directors or officers, or have significant shareholdings in, other companies involved in natural resource exploration and development and, to the extent that such other companies may participate in ventures in which Franco-Nevada may participate in, or in ventures which Franco-Nevada may seek to participate in, the directors and officers of Franco-Nevada may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where directors and officers have an interest in other companies, such other companies may also compete with Franco-Nevada for the acquisition of royalties, or mineral or oil and natural gas property investments. Such conflicts of the directors and officers may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Franco-Nevada can provide no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable and, as a result, Franco Nevada may have to raise additional capital though the issuance of additional equity, which will result in dilution to Franco-Nevada's shareholders

There can be no assurance that Franco-Nevada will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition. Franco-Nevada will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that such additional capital will be raised through the issuance of additional equity, which will result in dilution to Franco-Nevada's shareholders.

Franco-Nevada can provide no assurance that it will achieve the financial performance achieved by Old Franco-Nevada and Newmont Capital in future periods

Although the Royalty Portfolio contains many of the same assets that were owned by Old Franco-Nevada and Newmont Capital, there are material differences between the assets held by those companies and Franco-Nevada. Similarly, although the Franco-Nevada management team includes many of the individuals who were on Old Franco-Nevada and Newmont Capital's management teams, there are significant and material differences between the management teams. Several Newmont executives who contributed to the success of Newmont Capital and Old Franco-Nevada, including Seymour Schulich, the former co-Chief Executive Officer and co-founder of Old Franco-Nevada and Chairman of Newmont Capital, will not be part of management of the Company. Accordingly, the past performance of Old-Franco Nevada and Newmont Capital is not an indication of future performance of Franco-Nevada. Specifically, there can be no assurance that Franco-Nevada's business strategy will enable it to achieve the financial performance similar to that achieved by Old Franco-Nevada and Newmont Capital. Franco-Nevada's future cash flows, earnings and operating results will depend on a number of factors, including its ability to successfully execute the strategies discussed under "Business of Franco-Nevada — Business Strengths and Competitive Advantages".

If Franco-Nevada expands its business beyond the acquisition of royalty interests, Franco-Nevada may face new challenges and risks. If Franco-Nevada is unsuccessful in managing these challenges and risks, its profitability, results of operations and financial condition could be adversely affected

Franco-Nevada's operations and expertise are currently focused on the acquisition and management of royalty interests. In the future, Franco-Nevada intends to pursue acquisitions outside this area, including acquiring and/or investing in, developing resource projects. Expansion of Franco-Nevada's activities into new areas will present challenges and risks that it has not faced in the past, including, without limitation, many of the risks described under "Risks Related to Mining Operations and Oil and natural gas Operations". If Franco-Nevada does not manage these challenges and risks successfully, it may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Incorrect or varying assessments over time of the value of the Royalty Portfolio or other assets that may be acquired could adversely affect Franco-Nevada

The estimated value of the Royalty Portfolio at the completion of the Offering will be based in large part on assessments made by valuers and management, which will include a series of assumptions. Investments or acquisitions in mineral and oil and natural gas properties or companies will be based in large part on engineering and economic assessments made by independent engineers. These assessments include a series of assumptions regarding such factors as recoverability and marketability of precious metals, oil and natural gas, future prices of precious metals, oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Company's control. All such assessments involve a measure of geologic, engineering uncertainty, which could result in lower production and reserves than anticipated or, in the case of the valuation of the Royalty Portfolio, could result in the Royalty Portfolio being valued differently than assumed in the pro forma combined financial statements included in this prospectus. The incorrect or varying assessments over time of the value of the Royalty Portfolio or other assets that may be acquired may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Risks Related to Mining Operations and Oil and Natural Gas Operations

The inability to add additional reserves to its Royalty Portfolio through either the development of existing resources or the acquisition of new mineral or oil and natural gas producing properties could have a material adverse effect on Franco-Nevada

The revenue generated by Franco-Nevada is principally based on the exploitation of mineral and oil and natural gas reserves on properties identified in Franco-Nevada's Royalty Portfolio and on which Franco-Nevada has a royalty or other interest. Such reserves are continually being depleted through extraction, and accordingly, the long-term viability of Franco-Nevada's Royalty Portfolio depends on the replacement of reserves through new producing properties and increases in reserves on existing producing properties. While Franco-Nevada may be able to maintain all or a portion of its reserve inventory through acquisitions, Franco-Nevada's business model relies on the successful development of the non-producing properties in the Royalty Portfolio. Exploration for minerals and energy resources is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals or energy resources on properties in the Royalty Portfolio. Even in those cases where a significant mineral or oil and natural gas deposit is identified, there is no guarantee that the deposit can be economically extracted. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that new reserves will be identified to replace or increase the amount of reserves currently in Franco-Nevada's Royalty Portfolio. This includes mineral resources, as the resources that have been discovered have not been subjected to sufficient analysis to justify commercial operations or the allocation of funds required for development. If Franco-Nevada is unable to add additional reserves or replace existing reserves to its Royalty Portfolio through either the development of existing resources or the acquisition of new mineral or oil and natural gas producing properties, this inability may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Reserves and resources are estimates based on interpretation and assumption and actual production may differ from amounts identified in such estimates which may have a material adverse effect on Franco-Nevada

The mineral and oil and natural gas reserves and resources identified on properties in the Royalty Portfolio are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals and oil and natural gas will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill hole or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties in the Royalty Portfolio constitute or will be converted into reserves. Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties in the Royalty Portfolio unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralization uneconomic. Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of orebodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the operators to reduce their reserves and resources, which may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

The exploration and development of mining and resource properties is inherently dangerous and subject to risks beyond the control of Franco-Nevada, which could have a material adverse effect on Franco-Nevada

Companies engaged in mining and oil and natural gas activities are subject to all of the hazards and risks inherent in exploring for and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, increase in the cost of labour given prevailing market conditions, social unrest, fires, changes in the regulatory environment, impact of non-compliance with laws and regulations, fire, explosion, blowouts, cratering, sour gas releases and spills, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated metallurgical characteristics or less than expected mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, seismicity, other natural disasters or unfavourable operating conditions and losses. Should any of these risks or hazards affect a company's exploration or development activities it may cause the cost of development or production to increase to a point where it would no longer be economic to produce the metal or oil and natural gas from the company's resources or expected reserves; result in a write down or writeoff of the carrying value of one or more projects; cause delays or stoppage of mining or processing; result in the destruction of properties, processing facilities or third party facilities necessary to the company's operations; cause personal injury or death and related legal liability; or result in the loss of insurance coverage. Should any of above mentioned risks or hazards occur it could result in an interruption or suspension of operation of the properties in which Franco-Nevada holds a royalty interest, which may have a material adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

There are known title defects and there may be unforeseen and unknown title defects, which may result in a loss of entitlement to a property which in turn may have a material adverse effect on Franco-Nevada

A defect in the chain of title to any of the underlying properties in which the Royalty Portfolio has an interest may arise to defeat the claim of the operator to a property. In addition, claims by aboriginal groups in Canada and elsewhere may impact on the operator's ability to conduct activities on a property to the detriment of Franco-Nevada's royalty interests. To the extent an owner or operator is not entitled to title on the property, it may be required to cease operations or transfer operational control to another party. Many royalties are contractual, rather than an interest in land, meaning that there is a risk that an assignment or bankruptcy or insolvency proceedings by an owner will result in the loss of any effective royalty interest in a particular property. Further, even in those jurisdictions where there is a right to record or register royalties in various registries or mining recorders offices, such registrations may not necessarily provide any protection to the royalty holder. Accordingly, the royalty holder may be subject to risk from third parties. As a result, known title defects, as well as unforeseen and unknown title defects may impact operations at a project in which Franco-Nevada has a royalty interest and may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

The operations in which Franco-Nevada holds an interest require various property rights, permits and licenses in order to conduct current and future operations, and delays or a failure to obtain such property rights, permits and licenses, or a failure to comply with the terms if any of such property rights, permits and licenses could result in interruption or closure of operations or exploration on the properties, which could have a material adverse effect on Franco-Nevada

Exploration, development and operation of mining and oil and natural gas properties are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. The owners and operators of the properties in which Franco-Nevada holds an interest require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such or in such licenses and permits could have a material adverse impact on the revenue Franco-Nevada derives from the Royalty Portfolio. Such licenses and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issue. There can be no guarantee that Franco-Nevada or the operators of those properties in which Franco-Nevada holds an interest, will be able to obtain or maintain all necessary licenses and permits in good standing that may be required to explore, develop and operate the properties, commence construction or operation of mining or oil and natural gas facilities, or maintain operations that economically justify the cost. Any failure to comply with applicable laws and regulations, permits and licenses, or to maintain permits and licenses in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities accruing to the owner or operator of the project. Any such occurrence could substantially decrease production or cause the termination of operations on the property, and thereby have a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

The operations in which Franco-Nevada holds an interest are subject to environmental laws and regulations that may increase the costs of doing business and may restrict the operations, which could have an adverse effect on Franco-Nevada

All phases of the mining business and of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of government laws and regulations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Any breach of environmental laws by Franco-Nevada, as an owner or operator of a property, or by owners or operators of properties in the Royalty Portfolio could have a material impact on the viability of the relevant property, and as a result impair the revenue derived from the owned property or applicable royalty, as the case may be, which in turn could have a material and adverse affect on Franco-Nevada's profitability, results of operation and financial condition.

Additional costs may be incurred by the owners and operators of oil and natural gas properties as a result of compliance with the Kyoto Protocol, which could adversely affect the revenue generated from the oil and natural gas royalties included in the Royalty Portfolio

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". Oil and natural gas exploration and production facilities and other operations may emit greenhouse gases and may be subject to legislation regulating emissions of greenhouse gases. The Government of Canada has put forward a Climate Change Plan for Canada which suggests further legislation which will set greenhouse gases emission reduction requirements for various industrial activities, including oil and natural gas exploration and production. While the protocol became legally binding on February 16, 2005, details of any specific requirements have not been released and as a result the potential impact on oil and natural gas operations is difficult to quantify, but this protocol may have a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Franco-Nevada is exposed to risks of changing political attitudes and stability and ensuing changes in government regulation in the countries in which it holds its interests

The properties on which Franco-Nevada holds royalty or other interests or will hold royalty or other interests are located in multiple legal jurisdictions and political systems. There is sovereign risk in investing in foreign countries, including the risk that the resource concessions may be susceptible to revision or cancellation by new laws or changes in direction by the government in question. It is possible that changes in applicable laws, regulations, or changes in their enforcement or regulatory interpretation could result in adverse changes to mineral or oil and natural gas operations. These are matters over which Franco-Nevada has no control. There is no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes respecting the development and ownership of resources. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and resource concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the ability to undertake exploration and development on the properties on which Franco-Nevada holds royalty or other interests. In certain areas where Franco-Nevada holds an interest, the regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of Franco-Nevada and such changes may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Potential litigation affecting the properties in which Franco-Nevada holds its royalty interests could have an adverse effect on Franco-Nevada

Potential litigation may arise on a property on which Franco-Nevada has a royalty (for example, litigation between joint venture partners or original property owners). As a royalty holder, Franco-Nevada will not generally have any influence on the litigation nor will it generally have access to data. To the extent that litigation results in the cessation or reduction of production from a property (whether temporary or permanent), it could have a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition.

Significant changes to Alberta's royalty framework may have an adverse effect on the revenue generated by oil and natural gas royalties in the Royalty Portfolio

On October 25, 2007, the Government of Alberta announced significant changes to the province's Crown royalty framework, intended to establish a new royalty regime which takes effect in January 2009. The new royalty regime calls for new royalties for conventional oil, natural gas and bitumen that are linked to price and production levels and will apply to both new and existing oil sands projects and conventional oil and natural gas activities. Conventional oil royalty rates will increase from the current maximums of 30% and 35% for old and new tiers. The new rates will range up to 50%, with rate caps imposed once the price of conventional oil reaches Cdn\$120 per barrel. Currently, maximums are reached at approximately \$30 per barrel for conventional oil. Natural gas royalties, currently 5% to 35%, will range from 5% to 50% under the new royalty regime with rate caps imposed once the price of natural gas reaches Cdn\$16.59 per GJ. Currently maximums are reached at around \$3.70 per GJ. Additionally, tiers in conventional natural gas that distinguish vintages based on the discovery date will be eliminated. Royalties for natural gas liquids will now be set at 40% for pentanes, a change from 22% to 50% for old tiers and 22% to 35% for new. The new royalties for butanes and propane will be 30%, up from 15% to 30%.

Several specialty royalty programs are slated to be eliminated. They include the Third Tier Exploratory Well Royalty Exemption, Re-Activated Well Royalty Reduction, Low Productivity Well Royalty Reduction, Horizontal Re-entry Well Royalty Program, and Experimental Project Petroleum Royalty. Conventional oil production in Alberta generally has a relatively low recovery factor, and these royalty programs are aimed at finding ways to increase the recovery factor by increasing exploration, prolonging the economic production life of mature pools, conserving resources and removing barriers to the development of new techniques and technologies that increase efficiencies and promote environmentally responsible development.

The implementation of the proposed changes to the royalty regime in Alberta is subject to certain risks and uncertainties. As the Government of Alberta develops the new royalty regime, further adjustments may be made that are presently not anticipated by this prospectus. The significant changes to the royalty regime require new legislation, changes to existing legislation and regulation and development of proprietary software to support the calculation and collection of royalties. Additionally, certain proposed changes contemplate further public and/or industry consultation. There may be modifications introduced to the proposed royalty structure prior to the implementation thereof.

Franco-Nevada's reserves and resources and future net revenues, as contained in this prospectus, do not reflect the increased royalties contemplated by the proposed new royalty regime and, after taking the new royalty regime into account, such values may be adversely affected.

Proposed changes to U.S. federal mining law could impose, among other things, a royalty paid to the U.S. government by mining companies and royalty holders, which may have an adverse effect on the revenue generated by mineral royalties in the Royalty Portfolio.

Periodically, members of the U.S. Congress have introduced bills which would supplant or alter the provisions of the General Mining Law of 1872, which governs unpatented claims. Some of the production covered by the Company's royalties occurs on unpatented mining claims located on U.S. federal land. One recently introduced bill, H.R. 2262, which passed the U.S. House of Representatives on November 1, 2007, if enacted, would impose a federal royalty on production from unpatented mining claims, create more stringent environmental operating standards and declare certain lands as unavailable for mining. If additional legislation is enacted, it could substantially increase the cost of holding unpatented mining claims by requiring payment of royalties, and could reduce the amount of revenue the Company receives from royalties on unpatented claims or significantly impair the ability to develop mineral resources on unpatented mining claims. Although it is impossible to predict at this time what royalties may be imposed in the future, the imposition of such royalties could adversely affect the potential for development of such mining claims, and the economics of existing operating mines on federal unpatented mining claims. Passage of such legislation may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

There is currently no infrastructure to deliver potential future production from Franco-Nevada's Arctic natural gas assets to market and currently no plans to develop these reserves

Due to the location of Franco-Nevada's Arctic gas interests, there is presently no infrastructure available to produce or deliver natural gas from the Arctic gas properties, in which Franco-Nevada has an interest, to market and currently, there are no plans or operating agreement in place to develop or produce these reserves. Although a pipeline system connecting the Mackenzie Valley to the Alberta pipeline system has been proposed and is currently the subject of regulatory hearings, there can be no assurance that the proposed Mackenzie Valley pipeline project will be approved or constructed. Even if the Mackenzie Valley pipeline is constructed as proposed, additional natural gas transportation facilities may need to be constructed in order to connect the Arctic gas properties in which Franco-Nevada has an interest to the North American continental pipeline network. Franco-Nevada's ability to generate revenues and, ultimately, profits from production from its Arctic gas interests depends upon Franco-Nevada's ability to transport its natural gas and NGLs to market and its ability to develop and produce from these properties. Franco-Nevada holds various working interests in the Arctic gas resources; as such, Franco-Nevada is exposed to the capital costs of developing such resources. Franco-Nevada's inability to produce or develop the Arctic gas resources or transport its natural gas to market may result in a material and adverse effect on Franco-Nevada's profitability, results of operation and financial condition.

Risks Related to the Offering

A market for the securities being offered by Franco-Nevada cannot be assured

There is currently no public market for the Common Shares and there can be no assurance that an active market for the Common Shares will develop or be sustained after the Offering. If an active public market for the Common Shares does not develop, the liquidity of a purchaser's investment may be limited and the share price may decline below the Offering Price.

The market price of the Common Shares cannot be assured

The Offering Price of the Common Shares was determined by Franco-Nevada and Newmont in negotiation with the Underwriters. The Offering Price is not an indication of the value of the Common Shares or that any of the Common Shares could be sold for an amount equal to the Offering Price or for any amount.

Franco-Nevada's Common Shares may experience price volatility

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of Franco-Nevada include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in mineral and oil and natural gas prices will not occur. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long term value of Franco-Nevada.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of Franco-Nevada.

There may be limitations on enforcement of civil judgments because of the location of certain directors and officers and the jurisdiction of incorporation of Newmont

Newmont is the promoter of this Offering and is organized under the laws of the United States and has its principal place of business outside Canada. Certain of the directors and officers of Franco-Nevada and certain of the experts named elsewhere in this prospectus are residents of countries other than Canada. A substantial portion of the assets of Franco-Nevada are located outside of Canada. As a result, it may be difficult for investors in Common Shares to commence legal proceedings in Canada against these non-Canadian residents. In addition, it may not be possible for investors in Common Shares to collect from Franco-Nevada or these non-Canadian residents judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for investors in Common Shares to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

There can be no assurance that an investor will be able to recover from Newmont under Promoter liability

There can be no assurance of recovery by (i) an investor in Common Shares from Newmont for judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada, or (ii) Franco-Nevada from Newmont for any breach of the representations and warranties provided by Newmont under the Acquisition Agreement, as there can be no assurance that (A) such judgments would be enforceable or recognized by a court in the United States, or (B) that investors in Common Shares will succeed in a lawsuit in the United States, based on violations of Canadian securities laws or that Franco-Nevada will succeed in a lawsuit for any breach of the representations and warranties under the Acquisition Agreement.

Franco-Nevada may become subject to burdensome regulatory requirements under U.S. laws regulating pension plans

Franco-Nevada may not qualify as an "operating company" for purposes of the Employee Retirement Income Security Act of 1974 (United States), as amended ("ERISA"). Consequently, if 25% or more of Franco-Nevada's Common Shares were held by private pension plans subject to ERISA or plans subject to the U.S. Internal Revenue Code's "prohibited transaction" rules (such as individual retirement accounts), then Franco-Nevada's assets would be treated as ERISA "plan assets". As a result, Franco-Nevada could become subject to the ERISA regulatory regime, including, among other potentially burdensome regulatory requirements, heightened fiduciary duties owed to plan participants. While Franco-Nevada intends to monitor beneficial ownership of its Common Shares by ERISA plans, there can be no assurance that Franco-Nevada will not become subject to ERISA regulations in the future. If Franco-Nevada were subject to ERISA regulatory

requirements, it could have a material adverse effect on Franco-Nevada's ability to manage its business and/or its results of operation and financial condition.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to Franco-Nevada, and Stikeman Elliott LLP, counsel to the Underwriters (collectively, the "Counsel"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") generally applicable to the holding and disposition of Common Shares by a holder who acquires Common Shares in this Offering, and who either: (i) at all relevant times for purposes of the Tax Act, is or is deemed to be resident in Canada, deals at arm's length with and is not affiliated with Franco-Nevada, the Underwriters or a subsequent purchaser of the Common Shares and acquires and holds the Common Shares as capital property (a "Resident Holder"); or (ii) at all relevant times for purposes of the Tax Act, is not resident or deemed to be resident in Canada, deals at arm's length with and is not affiliated with Franco-Nevada, the Underwriters or a subsequent purchaser of the Common Shares, acquires and holds the Common Shares as capital property and does not use or hold the Common Shares in the course of carrying on, or otherwise in connection with, a business in Canada or as "designated insurance property", and who has never been a resident of Canada, and has not held or used (and does not hold or use) the Common Shares in connection with a permanent establishment or fixed base in Canada (a "Non-Resident Holder").

Generally, the Common Shares will be considered to be capital property to a holder thereof provided that the holder does not use the Common Shares in the course of carrying on a business and such holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Resident Holders may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have their Common Shares, and every "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent years deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) is available and/or advisable in their particular circumstances.

This summary is not applicable to: (i) a holder of Common Shares that is a "financial institution" (as defined in the Tax Act for the purposes of the market-to-market rules) or a "specified financial institution"; (ii) a holder of Common Shares, an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iii) a Non-Resident Holder who is a non-resident insurer carrying on an insurance business in Canada and elsewhere; or (iv) an "authorized foreign bank" (as defined in the Tax Act). Such holders should consult their own tax advisors with respect to an investment in Common Shares.

This summary is based on the current provisions of the Tax Act and the regulations thereunder in force at the date hereof, all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and Counsel's understanding of the administrative and assessing practices published by the Canada Revenue Agency ("CRA") prior to the date hereof. While this summary assumes that the Tax Proposals will be enacted as currently proposed, no assurance can be given in this respect.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for any Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or any changes in the administrative and assessing practices of the CRA. This summary does not take into account provincial, territorial, U.S. or other foreign income tax legislation considerations, which may differ significantly from those discussed herein. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from Canadian federal income tax legislation.

This summary is of a general nature only, is not exhaustive of all Canadian federal income tax considerations and is not intended as legal or tax advice to any particular holder of Common Shares and should not be so construed. The tax consequences to any particular holder of Common Shares will vary according to that holder's particular circumstances. Each holder should consult the holder's own tax advisors with respect to the tax consequences applicable to the holder's own particular circumstances.

Taxation of Resident Holders

Dividends

In the case of a Resident Holder who is an individual (other than certain trusts), any dividends received or deemed to be received on the Common Shares will be required to be included in computing the Resident Holder's income, and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from taxable Canadian corporations. Recent amendments to the Tax Act provide an enhanced dividend tax credit in respect of "eligible dividends" designated by Franco-Nevada to a Resident Holder. There may be limitations on the ability of Franco-Nevada to designate dividends as eligible dividends. Taxable dividends received by a Resident Holder that is an individual (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends on the Common Shares received or deemed to be received by a Resident Holder that is a corporation will be included in income and normally will be deductible in computing such corporation's taxable income. A Resident Holder that is a "private corporation" or a "subject corporation", as such terms are defined in the Tax Act, may be liable under Part IV of the Tax Act to pay a refundable tax of 33⅓% on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income. This refundable tax generally will be refunded to a Resident Holder that is a corporation at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Dispositions

A disposition, or a deemed disposition, of a Common Share by a Resident Holder generally will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the Resident Holder. For this purpose, the adjusted cost base to a Resident Holder of a Common Share at any particular time will be determined by averaging the cost of that Common Share with the adjusted cost base of all Common Shares held as capital property at that time by the Resident Holder.

Generally, one-half of any capital gain realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income for such year (a "taxable capital gain") and one-half of any capital loss realized by a Resident Holder in a taxation year (an "allowable capital loss") may be deducted from the Resident Holder's taxable capital gains realized in that year in accordance with the rules in the Tax Act. Any unused allowable capital losses may be applied to reduce net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to the provisions of the Tax Act in that regard.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends previously received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances described in the Tax Act. Analogous rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or that is itself a member of a partnership or a beneficiary of a trust that owns such shares.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on its "aggregate investment income" for the year (which is defined in the Tax Act to include an amount in respect of taxable capital gains but not dividends or deemed dividends deductible in computing taxable income). This refundable tax generally will be refunded to a Resident Holder that is a corporation at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Capital gains realized by a Resident Holder that is an individual (other than certain trusts) may be subject to alternative minimum tax in respect of realized capital gains.

Eligibility for Investment

The Common Shares would, if issued on the date hereof and listed on the TSX, be qualified investments under the Tax Act and regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and, pursuant to certain Tax Proposals, registered disability savings plans.

Taxation of Non-Resident Holders

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by Franco-Nevada are subject to Canadian withholding tax at the rate of 25% unless reduced by the terms of an applicable tax treaty. Under the *Canada-United States Income Tax Convention (1980)* (the “Treaty”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the U.S. for purposes of the Treaty (a “U.S. Holder”) is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a corporation beneficially owning at least 10% of Franco-Nevada’s voting shares).

On September 21, 2007, the Minister of Finance (Canada) and the United States Secretary of the Treasury signed the fifth protocol to the Treaty (the “Protocol”) which includes amendments to many of the provisions of the Treaty, including significant amendments to the limitation on benefits provision. The Protocol will enter into force once it is ratified by both the Canadian and United States governments (or on January 1, 2008, if it is ratified in 2007) and will have effect in respect of withholding taxes, after the first day of the second month that begins after the date on which the Protocol enters into force. Non-Resident Holders are urged to consult their own tax advisors to determine the impact of the Protocol and their entitlement to relief under the Treaty based on their particular circumstances.

Dispositions

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

As long as the Common Shares are listed on the TSX at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60 month period immediately preceding the disposition, the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued Common Shares or any other class of shares of Franco-Nevada. A Non-Resident Holder will not be subject to the requirements (including the notification to and the obtaining of a clearance certificate from the Canadian tax authorities) of Section 116 of the Tax Act in connection with a disposition of Common Shares if the Common Shares are listed on the TSX at the time of their disposition.

PROMOTER

Franco-Nevada or its subsidiaries have not had a person or company act as a promoter within the two years immediately preceding the date of this prospectus other than Newmont. See “Principal Holder of Securities” and “Acquisition and Related Transactions”.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings to which Franco-Nevada or any of its subsidiaries is a party or to which the royalty interests held by, or to be acquired by, Franco-Nevada is subject, nor are any proceedings known to be contemplated against Franco-Nevada, any of its subsidiaries or any of the royalty interests comprising the Royalty Portfolio.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than in connection with the Lassonde Shares and the Management and Board Placement, no director or executive officer of Franco-Nevada (whether current or as proposed in this prospectus), any other insider of Franco-Nevada or any associate or affiliate of any of such individuals or companies has any interest in any material transactions in which Franco-Nevada has participated or in which Franco-Nevada intends to participate at this time. See “Directors and Officers — Management and Director Ownership”.

AUDITOR

The auditor of Franco-Nevada is PricewaterhouseCoopers LLP at Royal Trust Tower, Suite 300, Toronto-Dominion Centre, 77 King Street West, Toronto, Ontario, M5K 1G8.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares is • at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

Particulars of Material Contracts

Except for contracts made in the ordinary course of Franco-Nevada's business, the following are the material contracts entered into by Franco-Nevada since October 17, 2007 (date of incorporation) or that will be entered into prior to Closing.

- (i) Underwriting Agreement;
- (ii) Acquisition Agreement;
- (iii) Credit Agreement; and
- (iv) Exchange Agreement.

Copies of each material contract will be available on the System for Electronic Document Retrieval and Analysis at www.sedar.com.

EXPERTS

Certain legal matters relating to this Offering will be passed upon on behalf of Franco-Nevada by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

GLOSSARY OF NON-GEOLOGICAL TERMS

Certain terms and abbreviations used in this prospectus are defined below:

“**AECO-C**” means the Alberta gas trading price at the AECO-C hub.

“**Alta**” means Alta Gold Co.

“**Anaconda**” means Anaconda Minerals Company.

“**Anglo Platinum**” means Anglo American Platinum Corporation.

“**Arctic Gas**” means the Royalty Portfolio’s working interests ranging from 3.7% to 14.85% in the Drake Point, Hecla, King Christian and Roche Point natural gas fields located in the Canadian Arctic, resulting in an effective working interest of approximately 9%.

“**Audit Committee**” means the audit committee of the board of directors of Franco-Nevada.

“**Augusta**” means Augusta Resource Corporation.

“**Barrick**” means Barrick Gold Corporation.

“**Bazza Royalty**” means the 2% NSR over the Bazza claims and a 2% NSR and 2.4% NPI over the Bazza Strip area which cover a western portion of the Goldstrike Open Pit Mine.

“**CAGR**” means compounded annual growth rate, the rate of growth of a number compounded over several years.

“**Canadian Assets**” means those assests included in the Royalty Portfolio that are currently held by NMCCL or Redstone Resources Inc., including without limitation the Oil and Gas Interests and the equity interest in Falcondo.

“**Chevron**” means Chevron Resources Company.

“**CIM**” means the Canadian Institute of Mining, Metallurgy and Petroleum.

“**CIM Definitions**” means the CIM Standards on Mineral Resources and Reserves Definition and Guidelines adopted by CIM Council on December 11, 2005, as amended from time to time.

“**Closing**” means the completion of the sale and issuance of the Common Shares pursuant to this Offering.

“**CNRL**” means by Canadian Natural Resources Ltd.

“**Common Shares**” means the common shares of Franco-Nevada.

“**Compensation and Corporate Governance Committee**” means the compensation and corporate governance committee of the board of directors of Franco-Nevada.

“**DEQ**” means the Montana Department of Environmental Quality.

“**Edson Property**” means, collectively, those properties located approximately 209 kilometers west of Edmonton, Alberta and encompassing over 26,560 gross acres in which the Royalty Portfolio has a royalty interest.

“**Extension-Gold Bug Royalty**” means the 4% NSR and 5% NPI that cover the Extension and Gold Bug claims which cover the Goldstrike Underground Mines.

“**Falcondo**” means Falconbridge Dominicana, C. Por A.

“**Foreign Codes**” has the meaning ascribed to it under “Mining Supplementary Technical Information — Reconciliation to CIM Definitions”.

“**Franco-Nevada**” means Franco-Nevada Corporation.

“**GAAP**” means generally accepted accounting principles.

“**GLJ**” means GLJ Petroleum Consultants Ltd., independent petroleum and natural gas consultants.

“GLJ Report” means the report evaluating Franco-Nevada’s crude oil and natural gas reserves and the value of future net revenue attributable to such reserves, prepared by GLJ in accordance with the requirements of NI 51-101.

“Goldstrike Complex” means the Goldstrike mining complex located in the Carlin Trend gold mining area of northern Nevada.

“Goldstrike Open Pit Mine” means the Betz-post open pit mine located within the Goldstrike Complex.

“Goldstrike Report” means the technical report with respect to the Goldstrike Complex prepared by SRK.

“Goldstrike Underground Mine” means the underground mine operations covering the Meikle and Rodeo ore bodies located within the Goldstrike Complex.

“Great Basin” means Great Basin Gold Limited.

“Guide 7” has the meaning ascribed to it under “Mining Supplementary Technical Information — Reconciliation to CIM Definitions”.

“Insider” means a director or senior officer of Franco-Nevada; a director or senior officer of a company that is an insider or subsidiary of Franco-Nevada; a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of Franco-Nevada; or Franco-Nevada itself if it holds any of its own securities.

“JORC” has the meaning ascribed to it under “Mining Supplementary Technical Information — Reconciliation to CIM Definitions”.

“Lassonde Shares” means the 3 million Common Shares to be issued to Pierre Lassonde in exchange for a certain number of NMCCCL Exchangeable Shares.

“Management and Board Placement” means the issue of an aggregate of three million Common Shares to the directors and members of management prior to completion of the Offering, and does not include the issuance of the Lassonde Shares.

“Manville” means Johns-Manville Corporation.

“Medicine Hat Consolidated Unit No. 1” means those properties located approximately 257 kilometers southeast of Calgary, Alberta in which the Royalty Portfolio has a royalty interest.

“Metallica Resources” means Metallica Resources Inc.

“Midale Unit” means those properties located approximately 40 kilometers southeast of Weyburn, Saskatchewan in which the Royalty Portfolio has a royalty interest and working interest.

“Mineral Royalties” means the 190 royalty interests in previous and base metal properties and certain equity interests to be acquired by Franco-Nevada from Newmont.

“Nerco” means Nerco Exploration Company.

“New Credit Facility” means the new senior secured revolving term credit facility of Franco-Nevada to be made available at Closing of up to \$150 million.

“Newmont” means Newmont Mining Corporation.

“Newmont Capital” means the division formed by Newmont following its acquisition of Old Franco-Nevada.

“NI 43-101” means National Instrument 43-101 — Standards of Disclosure for Mineral Projects.

“NI 51-101” means National Instrument 51-101 — Standards of Disclosure for Oil & Gas Activities.

“NMCCCL” means Newmont Mining Corporation of Canada Limited, a subsidiary of Newmont.

“NMCCCL Exchangeable Shares” means the exchangeable Shares of NMCCCL.

“Normandy” means Normandy Mines Limited.

“**NYSE**” means the New York Stock Exchange.

“**Offering**” means the offering of • Common Shares under this prospectus at the Offering Price for aggregate gross proceeds of Cdn\$ • million.

“**Offering Price**” means Cdn\$ • per Common Share.

“**Oil & Gas Interests**” means the over 100 royalty interests and working interests in oil and natural gas properties to be acquired by Franco-Nevada from Newmont.

“**Old Franco-Nevada**” means Franco-Nevada Mining Corporation Limited and its predecessors, a former owner of certain of the interests in the Royalty Portfolio.

“**Over-Allotment Option**” means the option granted to the Underwriters by Franco-Nevada for the right, exercisable within 30 days after the Closing, to acquire from Franco-Nevada at the Offering Price up to • Common Shares in order to cover over-allotments and for market stabilization purposes, if any.

“**Over-Allotment Shares**” means the Common Shares issuable upon the exercise of the Over-Allotment Option.

“**PanCana**” means PanCana Minerals Ltd.

“**Placer Dome**” means Placer Dome Inc.

“**Post and Goldstrike Royalty**” means the 4% NSR and 5% NPI that cover the Post and Goldstrike claims which cover the central and southern portions of the Goldstrike Open Pit Mine.

“**pre-emptive right**” means the right of an operator of a property subject to a royalty to exercise a right of first refusal or right of first offer with respect to any proposed sale or assignment of a royalty by a royalty-holder.

“**prospectus**” means the preliminary prospectus, the final prospectus and any amendments thereto of Franco-Nevada regarding this Offering, as the context requires.

“**Quadra Mining**” means Quadra Mining Ltd.

“**Red Back**” means Red Back Mining Inc.

“**Royalty Portfolio**” means the Mineral Royalties and Oil & Gas Interests.

“**Royalty Subsidiaries**” means those subsidiaries of Newmont that collectively own the Royalty Portfolio immediately prior to the close of the Offering.

“**SAMREC**” has the meaning ascribed to it under “Mining Supplementary Technical Information — Reconciliation to CIM Definitions”.

“**Selling Subsidiaries**” means those subsidiaries of Newmont that will sell (i) the common shares in the Royalty Subsidiaries and (ii) their respective rights, titles and interests in and to certain of the Canadian Assets to Franco-Nevada upon completion of the Offering pursuant to the terms of the Acquisition Agreement.

“**Significant Properties**” means the oil and natural gas interests on the Edson Property, Weyburn Unit, Midale Unit, Medicine Hat Consolidated Unit No. 1 and Tidewater Interests.

“**SJ and SPLC Royalty**” means the 6% NPI over the SJ claims and SPLC lease area which cover the northwestern and southwestern portions of the Goldstrike Open Pit Mine.

“**SRK**” means SRK Consulting (US), Inc.

“**Stillwater**” means Stillwater Mining Company.

“**Stillwater Complex**” means the Stillwater mining complex including the Stillwater mine and the East Boulder mine owned and operated by Stillwater and located in Montana.

“**Stillwater Report**” means the technical report with respect to the Stillwater Complex prepared by SRK.

“**Stock Option Plan**” means the share option plan of Franco-Nevada.

“**Tidewater Interests**” means the 28,900 gross acres of land throughout southern Saskatchewan in the Dollard Unit, Instow Unit, Tidewater Non-Unit, Miscellaneous Tidewater properties and Rapdan Unit in which the Royalty Portfolio has a royalty interest.

“**Transfer Agent**” means ● , the registrar and transfer agent for the Common Shares.

“**TSX**” means the Toronto Stock Exchange.

“**USFS**” means the United States Forest Service.

“**Underwriters**” means collectively BMO Nesbitt Burns Inc., UBS Securities Canada Inc., CIBC World Markets Inc., Citigroup Global Markets Canada Inc., J.P. Morgan Securities Inc., RBC Dominion Securities Inc., GMP Securities L.P., Dundee Securities Corporation, Genuity Capital Markets, HSBC Securities (Canada) Inc., National Bank Financial Inc., Paradigm Capital Inc. and Wellington West Capital Markets Inc.

“**Underwriters’ Fee**” means the fee to be paid to the Underwriters equal to 4.5% of the gross proceeds of this Offering.

“**Underwriting Agreement**” means the agreement dated ● , 2007 among Franco-Nevada, Newmont and the Underwriters with respect to this Offering.

“**Western Goldfields**” means Western Goldfields, Inc.

“**WSMC**” means Western States Minerals Corporation.

“**Weyburn Unit**” means those properties located approximately 129 kilometers southeast of Regina, Saskatchewan and encompassing 53,360 gross acres in which the Royalty Portfolio has a royalty interest or working interest.

GLOSSARY OF GEOLOGICAL TERMS

“**Ag**” means the chemical symbol for the element silver.

“**AMR**” means Advanced Minimum Royalty and is rent paid to the royalty holder prior to the payment of royalties on production. Once production begins, the AMR payments are then credited in full against stream of production royalty payments.

“**Au**” means the chemical symbol for the element gold.

“**bcm**” means bank cubic metres.

“**Co**” means the chemical symbol for the element cobalt.

“**CO₂**” means carbon dioxide.

“**COGE Handbook**” means the “Canadian Oil and Gas Evaluation Handbook” prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time/

“**C.I.**” or “**Company Interest**” reserves or values refer to the sum of royalty interest (royalty interest reserves include royalty volumes derived only from other working interest owners) and working interest reserves before deduction of royalty burden payable.

“**concentrate**” is the product of physical concentration process, such as flotation or gravity concentration, which involves separating ore minerals from unwanted waste rock. Concentrates require subsequent processing (such as smelting or leaching) to break down or dissolve the ore minerals and obtain the desired elements, usually metals.

“**Cu**” means the chemical symbol for the element copper.

“**De**” means the chemical symbol for the element diatomite.

“**fasl**” means ft above sea level.

“**Fe**” means the chemical symbol for iron.

“**feasibility study**” means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operation, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as a basis by a financial institution to finance the development of a deposit for mineral production.

“**flotation**” is a process by which some mineral particles are induced to become attached to bubbles and float, in an ore and water slurry, so that the valuable minerals are concentrated at the slurry surface and separated from the worthless gangue.

“**g/t**” means grams per tonne.

“**GOR**” means Gross Overriding Royalty Interest and is the right to receive a royalty based on the gross value of the minerals produced with few, if any, deductions therefrom. Usually employed for non-metallic projects.

“**GR**” means Gross Royalty and is a royalty based on all revenues in cash or in-kind products received by the operator for the sale of product.

“**grade**” means the concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (Oz/t), the grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

“**H₂S**” means hydrogen sulphide.

“**Indicated Resources**” has the meaning ascribed to the term “indicated mineral resource” pursuant to CIM Definitions.

“**Inferred Resources**” has the meaning ascribed to the term “inferred mineral resource” by CIM Definitions.

“Measured Resources” has the meaning ascribed to the term “measured mineral resource” pursuant to CIM Definitions.

“mineralization” usually implies minerals of value occurring in rocks.

“M&I” means Measured and Indicated.

“Mo” means the chemical symbol for the element molybdenum.

“Ni” means the chemical symbol for the element nickel.

“NPI” means Net Profit Interest: the profits after deduction of expenses.

“NPI Royalty” has the meaning ascribed to it under “Types of Royalties and Other Interests”.

“NPR” means Net Proceeds Royalties: the profits after deduction of expenses.

“NSR” means Net Smelter Return: the proceeds returned from the smelter and/or refinery to the mine owner less certain costs.

“NSR Royalty” has the meaning ascribed to it under “Types of Royalties and Other Interests”.

“OOIP” means Original Oil in Place, the total quantity of oil estimated to be contained in an accumulation, at a given time.

“ore” means a natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.

“ORR” has the meaning ascribed to it under “Types of Royalties and Other Interests”.

“Pb” means the chemical symbol for the element lead.

“Pd” means the chemical symbol for the element palladium.

“PGM” means the platinum group of metals, including but not limited to Palladium, Platinum, Rhodium, Osmium, and Rhenium.

“Probable Reserve” in respect of mineral reserves, means the economically mineable part of an Indicated, and in some circumstances a Measured Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“Probable Reserves” in respect of oil and natural gas reserves, probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

“Proved Reserves” in respect of oil and natural gas reserves, proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

“Proven Reserve” in respect of mineral reserves, means the economically mineable part of a Measured Resource demonstrated by at least a preliminary feasibility study. This preliminary feasibility study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“Pt” means the chemical symbol for the element platinum.

“Reserves” means, collectively, in respect of mineral reserves, Probable Reserves and Proven Reserves, or in respect of oil and natural gas reserves, Probable Reserves and Proved Reserves.

“Resources” means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction.

“**slurry**” is a mixture of fine ground ore, concentrate, tailings or leach residue with water or other aqueous liquor.

“**smelting**” is an intermediate stage metallurgical process in which metal is separated from impurities by using thermal or chemical separation techniques.

“**waste**” is rock which is not ore. Usually referred to that rock which has to be removed during the normal course of mining in order to get at the ore.

“**WI**” means working interest.

“**Zn**” means the chemical symbol for the element zinc.

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AUDITORS' CONSENT

We have read the prospectus of Franco-Nevada Corporation (the "Company") dated November 1, 2007 relating to the Company's initial public offering. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Board of Directors of Franco-Nevada Corporation on the opening balance sheet of the Company as at October 1, 2007. Our report is dated October 1, 2007.

Toronto, Ontario, Canada
November 1, 2007

(Signed) [Signature]
Chartered Accountants, Licensed Public Accountants

AUDITORS' CONSENT

We have read the prospectus of Franco-Nevada Corporation (the "Company") dated November 1, 2007 relating to the Company's initial public offering. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the Board of Directors of Newmont Mining Corporation on the combined balance sheets of the Royalty Portfolio of Newmont Mining Corporation as of December 31, 2006 and 2005, and the related combined statements of income, changes in owner's net investment and cash flows for each of the three years in the period ended December 31, 2006. Our report is dated October 1, 2007.

Denver, Colorado
November 1, 2007

(Signed) [Signature]

AUDITORS' REPORT

To the Directors of Franco-Nevada Corporation

We have audited the opening consolidated balance sheet of Franco-Nevada Corporation as at October ●, 2007. This opening balance sheet is the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation of the balance sheet.

In our opinion, the opening consolidated balance sheet presents fairly, in all material respects, the financial position of the company as at October ●, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
November ●, 2007

(Signed) ●
Chartered Accountants, Licensed Public Accountants

FRANCO-NEVADA CORPORATION
BALANCE SHEET

At October 19, 2007
(in U.S. dollars)

ASSETS

Cash \$

SHAREHOLDERS' EQUITY (note 3) \$

(Signed) ●
Director

(Signed) ●
Director

The accompanying notes are an integral part of this Balance Sheet.

FRANCO-NEVADA CORPORATION
NOTES TO BALANCE SHEET
(in thousands of U.S. dollars)

(1) BASIS OF PRESENTATION

The balance sheet of Franco-Nevada Corporation (“Franco-Nevada”) has been prepared in accordance with Canadian generally accepted accounting principles.

(2) FRANCO-NEVADA

Franco-Nevada is a corporation incorporated under the *Canada Business Corporations Act* on October 17, 2007.

(3) SHAREHOLDERS' EQUITY

An unlimited number of common shares and an unlimited number of preferred shares may be authorized and issued pursuant to Franco-Nevada's articles of incorporation. There are no special rights or restrictions of any nature attached to the common shares. All common shares rank equally as to dividends, voting powers and participation in assets or liquidation. Each common share carries the right to one vote at all meetings of shareholders of Franco-Nevada. As at ● , 2007, ● Common Shares have been issued.

(4) SUBSEQUENT EVENT

Franco-Nevada has filed a prospectus dated ● for the sale to the public of ● common shares at a price of \$ ● per common share (the “Offering”), payable on closing for aggregate net proceeds of \$ ● , after deducting expenses of the Offering and related transactions and underwriters' fees.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Newmont Mining Corporation:

We have audited the accompanying combined balance sheets of the Royalty Portfolio of Newmont Mining Corporation ("Newmont") as of December 31, 2006 and 2005, and the related combined statements of income, changes in owner's net investment and cash flows each of the three years in the period ended December 31, 2006, which as described in Note 1 have been prepared on the basis of accounting principles generally accepted in Canada. These financial statements are the responsibility of Newmont's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada and the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Royalty Portfolio of Newmont at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006 in conformity with accounting principles generally accepted in Canada.

The Royalty Portfolio comprises the royalty assets of Newmont's former Merchant Banking segment which is a fully integrated business unit of Newmont; consequently, as indicated in Note 1, these financial statements have been derived from the combined financial statements and accounting records of Newmont and reflect certain significant assumptions and allocations. As a result, the financial statements do not necessarily reflect the financial position, results of operations and cash flows that would have resulted had the Royalty Portfolio operated on a stand-alone basis, separate from Newmont.

Accounting principles generally accepted in Canada vary in certain important respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of net income for each of the three years in the period ended December 31, 2006 and the determination of owner's net investment at December 31, 2006 and 2005 to the extent summarized in Note 11 to the combined financial statements.

Denver, Colorado
November • , 2007

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF INCOME

	Years Ended December 31,		
	2006	2005	2004
	(in thousands of U.S. dollars)		
Revenue			
Precious and base metals royalties	\$ 48,049	\$ 38,379	\$ 36,930
Oil and natural gas royalties	37,600	30,402	23,460
Dividends (Note 4)	2,924	1,505	745
	<u>88,573</u>	<u>70,286</u>	<u>61,135</u>
Costs and expenses			
Production taxes	3,014	1,153	2,192
Oil and natural gas operating costs	796	2,001	916
Depreciation and amortization	17,340	18,335	19,394
General and administrative allocated by owner	6,206	5,490	3,597
Write-down of assets	—	—	410
	<u>27,356</u>	<u>26,979</u>	<u>26,509</u>
Operating income	61,217	43,307	34,626
Other income (expense), net	55	(8)	(62)
Income before income tax	61,272	43,299	34,564
Income tax expense (Note 5)	(20,529)	(16,207)	(13,063)
Net income	<u>\$ 40,743</u>	<u>\$ 27,092</u>	<u>\$ 21,501</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
COMBINED BALANCE SHEETS

	At December 31,	
	2006	2005
	(in thousands of U.S. dollars)	
ASSETS		
Royalties receivable (Note 6)	\$ 8,686	\$ 8,816
Accounts receivable	626	19
Other current assets	124	101
Current assets	9,436	8,936
Royalty interests in mineral properties, net (Note 7)	194,357	202,669
Interests in oil and natural gas properties, net (Note 8)	64,347	69,890
Investment in Falcondo (Note 4)	7,042	7,024
Other assets	4,372	4,380
Total assets	<u>\$279,554</u>	<u>\$292,899</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 460	\$ 905
Deferred revenue	456	—
Current liabilities	916	905
Future income taxes (Note 5)	87,845	95,790
Total liabilities	<u>88,761</u>	<u>96,695</u>
Commitments and contingencies (Note 10)		
OWNER'S NET INVESTMENT		
Owner's net investment	179,152	184,947
Currency translation adjustment	11,641	11,257
Total owner's net investment	<u>190,793</u>	<u>196,204</u>
Total liabilities and owner's net investment	<u>\$279,554</u>	<u>\$292,899</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF CHANGES IN OWNER'S NET INVESTMENT

	Owner's Net Investment	Currency Translation Adjustment	Total Owner's Net Investment
	(in thousands of U.S. dollars)		
Balance at December 31, 2003	\$208,089	\$ —	\$208,089
Net income	21,501	—	21,501
Distribution of cash to owner	(53,147)	—	(53,147)
Assumption of income tax payable by owner	17,522	—	17,522
Currency translation adjustment	—	7,579	7,579
Balance at December 31, 2004	\$193,965	\$ 7,579	\$201,544
Net income	27,092	—	27,092
Distribution of cash to owner	(57,408)	—	(57,408)
Assumption of income tax payable by owner	21,298	—	21,298
Currency translation adjustment	—	3,678	3,678
Balance at December 31, 2005	\$184,947	\$11,257	\$196,204
Net income	40,743	—	40,743
Distribution of cash to owner	(75,014)	—	(75,014)
Assumption of income tax payable by owner	28,476	—	28,476
Currency translation adjustment	—	384	384
Balance at December 31, 2006	<u>\$179,152</u>	<u>\$11,641</u>	<u>\$190,793</u>

The accompanying notes are an integral part of these Combined Financial Statement.

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2006	2005	2004
	(in thousands of U.S. dollars)		
Operating activities:			
Net income	\$ 40,743	\$ 27,092	\$ 21,501
Adjustments to reconcile net income to net cash provided from operations:			
Depreciation and amortization	17,340	18,335	19,394
Future income tax	(7,946)	(5,091)	(4,459)
Write-down of assets	—	—	410
Increase (decrease) in operating assets:			
Royalties receivable	131	(1,935)	(443)
Accounts receivable	(620)	57	307
Other assets	(24)	(98)	(16)
(Decrease) increase in operating liabilities:			
Accounts payable and accrued liabilities	(1)	481	69
Net cash provided from operations	<u>49,623</u>	<u>38,841</u>	<u>36,763</u>
Investing activities:			
Additions to interests in oil and natural gas properties	(3,085)	(2,731)	(1,138)
Net cash used in investing activities	<u>(3,085)</u>	<u>(2,731)</u>	<u>(1,138)</u>
Financing activities with owner:			
Assumption of income tax payable by owner	28,476	21,298	17,522
Net cash distributed to owner	<u>\$ 75,014</u>	<u>\$ 57,408</u>	<u>\$ 53,147</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS
(in thousands of U.S. dollars)

(1) BASIS OF PRESENTATION AND NATURE OF OPERATIONS

During July 2007, Newmont Mining Corporation (“Newmont”) announced its intention to discontinue its Merchant Banking business and to dispose of certain non core assets. The royalty assets of the former Merchant Banking business (“Royalty Portfolio”) will be transferred into a new Canadian entity following a Newmont corporate reorganization. These financial statements represent the financial position and results of operations of the Royalty Portfolio as if it was a stand-alone entity.

The Combined Financial Statements are presented in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”) and reported in United States dollars. As discussed in Note 11, Canadian GAAP differs in certain respects from accounting principles generally accepted in the United States (“US GAAP”). The Combined Financial Statements have been derived from the accounting records of Newmont using the historical results of operations and basis of assets and liabilities of the Royalty Portfolio. Newmont’s management believes the assumptions underlying the Combined Financial Statements, including the allocations described below, are reasonable. However, the Combined Financial Statements included herein may not necessarily reflect the Royalty Portfolio’s results of operations, financial position and cash flows in the future or what its results of operations, financial position and cash flows would have been had the Royalty Portfolio been a stand-alone entity during the periods presented. As these financial statements represent a portion of Newmont’s business, which do not constitute a separate legal entity, the net assets of the Royalty Portfolio have been presented as Newmont’s net investment in the Royalty Portfolio. The Combined Financial Statements include allocations of certain Newmont expenses including the items described below.

Principal Operations

The Royalty Portfolio has many royalty interests, of which the principal revenues are generated from precious and base metals from Barrick Gold Corporation’s Goldstrike mine complex and Stillwater Mining Company’s Stillwater mine complex, and oil and natural gas from the Edson area properties and the Weyburn Unit (See Note 9). The Royalty Portfolio also received dividends from its equity interest in Falconbridge Dominicana, C. por A. (“Falcondo”).

General Corporate Expenses

These general corporate expense allocations represent costs related to corporate functions such as executive oversight, information technology, accounting, tax, other services and employee benefits and incentives Newmont provides to the Royalty Portfolio. The allocations are primarily based on specific identification and the relative percentage of the Royalty Portfolio’s headcount to the respective total Newmont costs. These allocations are reflected in *General and administrative expenses* in the Royalty Portfolio’s Combined Statements of Income and totaled \$6,206, \$5,490 and \$3,597 for the years ended December 31, 2006, 2005 and 2004, respectively.

These general corporate expense allocations are deemed a reasonable reflection of the utilization of services provided. The costs allocated are not necessarily indicative of the costs that would have been incurred if the Royalty Portfolio had performed these services as a stand-alone entity, nor are they indicative of costs that will be incurred in the future. Actual costs which may have been incurred if the Royalty Portfolio had been a stand-alone entity in 2004, 2005 and 2006 would depend on a number of factors, including how the Royalty Portfolio chose to organize itself, what if any functions were outsourced or performed by Royalty Portfolio employees and strategic decisions made in areas such as information technology systems and infrastructure.

Income Taxes

Income taxes are calculated as if all of the Royalty Portfolio’s operations had been a separate tax paying legal entity, filing separate tax returns in its local tax jurisdictions. The Royalty Portfolio does not intend to indefinitely reinvest earnings from certain foreign operations. Accordingly, Canadian income taxes have been provided on the difference between the tax basis in the Royalty Portfolio and the Owner’s net investment in the Royalty Portfolio. The amounts due for income taxes are reflected as additional capital investments by the owner, and included in Owner’s net investment.

Cash Management

Historically, Newmont has performed cash management functions on behalf of the Royalty Portfolio. Cash deposits from the Royalty Portfolio are transferred to Newmont on a regular basis. As a result, the Royalty Portfolio has no cash and cash equivalents in the Combined Balance Sheets. Transfers to and from Newmont are included in the Owner’s net investment.

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the Combined Financial Statements requires Newmont management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the Combined Financial Statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to depreciation and amortization calculations, estimates of fair value for asset impairments and reserves for contingencies and litigation. Newmont management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

Royalty Interests in Mineral and Oil and Natural Gas Properties

Royalty interests include acquired mineral, oil and natural gas, and other royalty interests in production, development and exploration stage properties. Royalty interests are recorded at cost and capitalized as tangible assets.

Acquisition costs of production and development stage (for which the Royalty Portfolio is receiving payments) royalty interests are amortized using the units of production method over the life of the property to which the royalty interest relates, which is estimated using proven and probable reserves specifically associated with the mineral properties or proved reserve specifically associated with the oil and natural gas properties. Acquisition costs of royalty interests on exploration stage properties, where there are no proved or proven and probable reserves, are not amortized. At such time as the associated exploration stage interests are converted to proved or proven and probable reserves, the cost basis is amortized over the properties life, using proved or proven and probable reserves. See Notes 7 and 8 for further detail.

Working Interests in Oil and Natural Gas

Working interests are accounted for using the full cost method of accounting. All costs of acquiring, exploring for and developing oil and natural gas reserves are capitalized. Such costs include land acquisition, geological and geophysical, carrying charges of unproved properties and the costs of drilling both productive and non-productive wells.

Asset Impairment

The Royalty Portfolio reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment of production and development stage royalty interests is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, oil and natural gas, specifically associated with the royalty or working interests, expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels and operating costs of production of each property. The Royalty Portfolio's estimates of future cash flows are based on numerous assumptions and it is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, oil and natural gas, gold and other commodity prices, production levels and operating costs of production are each subject to significant risks and uncertainties. The carrying value of exploration stage interests are evaluated for impairment when information becomes available indicating that production will not occur in the future.

Revenue Recognition

Royalty revenue is recognized when management can reliably estimate the royalty receivable, pursuant to the terms of the royalty agreements, and collection is reasonably assured. In some instances, the Royalty Portfolio will not have access to sufficient information regarding production to make a reasonable estimate of revenue. In these instances, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates of royalty revenue and the actual amounts are adjusted and recorded in the period that the actual amounts are known. Royalty revenue received in-kind (generally in the form of gold bullion) is recognized based on the fair value on the date that title is transferred to the Royalty Portfolio.

Income Taxes

The Royalty Portfolio uses the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward.

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply when the asset is realized or the liability is settled. A reduction in respect of the benefit of a future tax asset, a valuation allowance, is recorded against any future tax asset if it is not likely to be realized. The effect on future income tax assets and liabilities of a change in tax rates is recognized in net income in the period in which the change is substantively enacted.

Translation of Foreign Currency

The functional currency of the Royalty Portfolio's self-sustaining Canadian operations is the Canadian dollar. The current rate method is used to translate assets and liabilities at the rate in effect at the balance sheet date and the resulting adjustments are included in Currency translation adjustment in Owner's net investment. Revenues and expenses, including depreciation and amortization, are translated at rates approximating exchange rates in effect at the time of the transactions.

The functional currency of the Royalty Portfolio's other integrated operations is the U.S. dollar. Monetary assets and liabilities are translated at the rate in effect at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses in foreign currencies are translated at rates approximating exchange rates in effect at the time of the transactions. Exchange gains or losses arising on translation are included in income or loss for the period.

Recent Accounting Pronouncements

Handbook Section 1530 — Comprehensive Income

On January 27, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1530, Comprehensive Income, which is effective for fiscal years beginning on or after October 1, 2006. A new category, titled Other Comprehensive Income, will be added to Owner's net investment on the Combined Balance Sheet. Major components for this category will include unrealized gains and losses on financial assets classified as available-for-sale; unrealized foreign currency translation gains and losses; unrealized gains and losses arising from foreign currency translation; and changes in the fair value of the effective portion of cash flow hedging instruments.

Handbook Section 1506 — Accounting Changes

In July, 2006, the CICA reissued Handbook Section 1506, *Accounting Changes*, which is effective for fiscal years beginning on or after January 1, 2007. Under this standard, voluntary changes in accounting policy are only made to provide more reliable and more relevant information in the financial statements. Changes in accounting policy are applied retrospectively unless doing so is impracticable or the change in accounting policy is made on initial application of a primary source of GAAP. A change in accounting estimate is generally recognized prospectively and material prior period errors are amended retrospectively. New disclosures are required in respect of such accounting changes.

Handbook Section 3855 — Financial instruments — recognition and measurement

Handbook Section 3861 — Financial instruments — disclosure and presentation

In April 2005, the CICA issued Handbook Section 3855, Financial Instruments — Recognition and Measurement ("Section 3855") and Handbook Section 3861, Financial Instruments — Disclosure and Presentation ("Section 3861") which are effective for interim and annual financial statements beginning after October 1, 2006. Section 3855 requires that all financial instruments be classified as one of the following: held-to-maturity, loans and receivables, held-for-trading or available for sale. Financial assets and liabilities held-for-trading will be measured at fair value with unrealized gains and losses recognized in net income. Available-for-sale instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial assets held to maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured and amortized at cost.

The adoption of these standards is not expected to have a significant effect on the Royalty Portfolio's financial statements.

(3) ACCOUNTING DEVELOPMENTS

Non-Monetary Transactions

The Royalty Portfolio adopted CICA Handbook Section 3831, *Non-Monetary Transactions* ("Section 3831") for non-monetary transactions initiated in fiscal periods beginning on or after January 1, 2006, replacing Handbook Section 3830, *Non-Monetary Transactions*. Section 3831 requires all non-monetary transactions to be measured at fair value, subject to certain exception. The standard also requires that commercial substance replace culmination of the earnings process as the test for fair value measurement.

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(3) ACCOUNTING DEVELOPMENTS (Continued)

The standard defines commercial substance as a function of the cash flows expected from the assets. The adoption of Section 3831 did not have an impact on the Royalty Portfolio's results of operation and financial position.

Implicit Variable Interests

In October 2005, the Emerging Issues Committee ("EIC") issued CICA Abstract No. 157, *Implicit Variable Interests under AcG-15*, ("EIC 157"). This EIC clarifies that implicit variable interests are implied financial interests in an entity that change with changes in the fair value of the entity's net assets exclusive of variable interests. An implicit variable interest is similar to an explicit variable interest except that it involves absorbing and/or receiving variability indirectly from the entity. The identification of an implicit variable interest is a matter of judgment that depends on the relevant facts and circumstances. The Royalty Portfolio adopted EIC 157 effective January 1, 2006. There was no impact on the Royalty Portfolio's results of operations and financial position.

(4) INVESTMENT IN FALCONDO

The Royalty Portfolio owns 121,729 common shares in Falcondo representing approximately 4.06% of the outstanding shares which are accounted for as a cost investment. Falcondo is 85.26% owned by Xstrata Nickel, a division of Xstrata PLC, with the government of the Dominican Republic also owning a portion of the company. The Royalty Portfolio received dividends of \$2,924, \$1,505 and \$745 in 2006, 2005 and 2004, respectively. Falcondo produces ferronickel and then sells it to customers through a marketing agreement with Xstrata.

(5) INCOME TAXES

The Royalty Portfolio's *Income tax expense (benefit)* consisted of:

	Years Ended December 31,		
	2006	2005	2004
Current	\$28,475	\$21,298	\$17,522
Future tax	(7,946)	(5,091)	(4,459)
	<u>\$20,529</u>	<u>\$16,207</u>	<u>\$13,063</u>

The Royalty Portfolio's income tax expense differed from the amounts computed by applying the Canadian statutory corporate income tax rate for the following reasons:

	Years Ended December 31,		
	2006	2005	2004
<i>Pre-tax income</i>	\$61,272	\$43,299	\$34,564
Combined statutory income tax rate	36.12%	36.12%	36.12%
Expected income tax at the statutory rate	22,131	15,640	12,485
Increase (decrease) resulting from:			
Resource Allowance	(362)	(297)	(269)
Effect of foreign earnings, net of credits	874	781	772
Tax rate change	(2,108)	—	—
Other	(6)	83	75
<i>Income tax expense</i>	<u>\$20,529</u>	<u>\$16,207</u>	<u>\$13,063</u>

The temporary differences that give rise to future income tax liabilities are presented below:

	At December 31,	
	2006	2005
Future income tax liabilities:		
Depletable and amortizable costs associated with mineral rights	\$87,845	\$95,790

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(6) ROYALTIES RECEIVABLE

	At December 31,	
	2006	2005
Precious and base metals	\$5,113	\$5,372
Oil and natural gas	3,573	3,444
	<u>\$8,686</u>	<u>\$8,816</u>

(7) ROYALTY INTERESTS IN MINERAL PROPERTIES

	At December 31, 2006			At December 31, 2005		
	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Production stage royalty interests:						
Stillwater	\$125,566	\$ (7,158)	\$118,408	\$125,566	\$ (5,503)	\$120,063
Goldstrike	90,193	(47,772)	42,421	90,193	(41,837)	48,356
Eskay Creek	7,883	(6,470)	1,413	7,863	(6,205)	1,658
Bald Mountain	2,058	(830)	1,228	2,058	(530)	1,528
Mouska	766	(766)	—	764	(764)	—
Mt. Muro	575	(575)	—	575	(575)	—
Robinson	432	(34)	398	432	(34)	398
Other	90	(90)	—	90	(90)	—
	<u>227,563</u>	<u>(63,695)</u>	<u>163,868</u>	<u>227,541</u>	<u>(55,538)</u>	<u>172,003</u>
Development stage royalty interests:						
Pandora	8,046	(388)	7,658	8,026	(306)	7,720
Mesquite	7,851	(7,851)	—	7,851	(7,687)	164
Cerro San Pedro	1,796	—	1,796	1,791	—	1,791
	<u>17,693</u>	<u>(8,239)</u>	<u>9,454</u>	<u>17,668</u>	<u>(7,993)</u>	<u>9,675</u>
Exploration stage royalty interests:						
Hemlo	17,252	—	17,252	17,208	—	17,208
Ivanhoe	2,624	—	2,624	2,624	—	2,624
Dee	739	—	739	739	—	739
Other	420	—	420	420	—	420
	<u>21,035</u>	<u>—</u>	<u>21,035</u>	<u>20,991</u>	<u>—</u>	<u>20,991</u>
Total	<u>\$266,291</u>	<u>\$(71,934)</u>	<u>\$194,357</u>	<u>\$266,200</u>	<u>\$(63,531)</u>	<u>\$202,669</u>

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(8) INTERESTS IN OIL AND NATURAL GAS PROPERTIES

	At December 31, 2006			At December 31, 2005		
	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Producing property:						
Weyburn	\$ 23,148	\$ (7,905)	\$15,243	\$ 23,089	\$ (6,281)	\$16,808
Edson	23,109	(11,840)	11,269	23,050	(8,821)	14,229
Midale	9,779	(3,281)	6,498	9,754	(2,634)	7,120
Other	20,458	(13,602)	6,856	20,406	(11,055)	9,351
	76,494	(36,628)	39,866	76,299	(28,791)	47,508
Exploration stage	15,118	—	15,118	15,080	—	15,080
Working interest, plant and equipment	14,601	(5,238)	9,363	10,470	(3,168)	7,302
	<u>\$106,213</u>	<u>\$(41,866)</u>	<u>\$64,347</u>	<u>\$101,849</u>	<u>\$(31,959)</u>	<u>\$69,890</u>

(9) SEGMENT INFORMATION

The Royalty Portfolio is predominantly a resource sector royalty company. The Royalty Portfolio's major operations include precious and base metals royalties and oil and natural gas royalties. The Royalty Portfolio identifies its reportable segments as those functional groups that represent more than 10% of the combined revenue, profit or loss or total assets of all reported operating segments. Functional groups not meeting this threshold are aggregated in Other.

	Year Ended December 31, 2006			
	Precious and Base Metals Royalties	Oil and Natural Gas Royalties	Other	Total
Revenue	\$ 48,049	\$37,600	\$ 2,924	\$ 88,573
Depreciation and amortization	\$ 8,393	\$ 8,947	\$ —	\$ 17,340
Income (loss) before income tax	\$ 36,642	\$27,857	\$(3,227)	\$ 61,272
Capital expenditures	\$ —	\$ 3,085	\$ —	\$ 3,085
Total assets	\$199,470	\$67,920	\$12,164	\$279,554

	Year Ended December 31, 2005			
	Precious and Base Metals Royalties	Oil and Natural Gas Royalties	Other	Total
Revenue	\$ 38,379	\$30,402	\$ 1,505	\$ 70,286
Depreciation and amortization	\$ 11,099	\$ 7,236	\$ —	\$ 18,335
Income (loss) before income tax	\$ 26,127	\$21,165	\$(3,993)	\$ 43,299
Capital expenditures	\$ —	\$ 2,731	\$ —	\$ 2,731
Total assets	\$208,041	\$73,334	\$11,524	\$292,899

	Year Ended December 31, 2004			
	Precious and Base Metals Royalties	Oil and Natural Gas Royalties	Other	Total
Revenue	\$ 36,930	\$23,460	\$ 745	\$ 61,135
Depreciation and amortization	\$ 11,812	\$ 7,582	\$ —	\$ 19,394
Income (loss) before income tax	\$ 22,926	\$14,552	\$(2,914)	\$ 34,564
Capital expenditures	\$ —	\$ 1,138	\$ —	\$ 1,138
Total assets	\$216,903	\$74,672	\$11,240	\$302,815

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(9) SEGMENT INFORMATION (Continued)

Revenue from export and domestic sales and the location of long-lived assets, excluding deferred taxes, are as follows:

	Year Ended December 31, 2006			
	Canada	U.S.	Other	Total
Revenue	\$39,446	\$ 40,290	\$ 8,837	\$ 88,573
Long-lived assets	\$83,187	\$170,434	\$16,497	\$270,118

	Year Ended December 31, 2005			
	Canada	U.S.	Other	Total
Revenue	\$31,937	\$ 33,168	\$ 5,181	\$ 70,286
Long-lived assets	\$88,938	\$178,489	\$16,536	\$283,963

	Year Ended December 31, 2004			
	Canada	U.S.	Other	Total
Revenue	\$24,865	\$ 32,872	\$ 3,398	\$ 61,135
Long-lived assets	\$90,984	\$188,966	\$16,050	\$296,000

The Royalty Portfolio's principal revenues were received from the following interests:

	2006	2005	2004
Precious and base metals			
Goldstrike	\$19,548	\$22,377	\$23,206
Stillwater	\$13,507	\$ 8,651	\$ 8,249
Oil and natural gas			
Edson	\$14,664	\$10,217	\$ 8,120
Weyburn	\$ 8,979	\$ 7,163	\$ 4,625

(10) COMMITMENTS AND CONTINGENCIES

The Royalty Portfolio is from time to time involved in various legal proceedings. Management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Royalty Portfolio's financial condition or results of operations.

(11) RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Canadian GAAP varies in certain respects with US GAAP. The effect of these principal differences on the Royalty Portfolio's consolidated financial statements is quantified below and described in the accompanying notes.

Adjustments to the Combined Statements of Income are as follows:

	Years Ended December 31,		
	2006	2005	2004
Net income reported under Canadian GAAP	\$40,743	\$27,092	\$21,501
Depreciation and amortization, net of tax (a)	—	—	(168)
Net income reported under US GAAP	\$40,743	\$27,092	\$21,333
Other comprehensive income, net of tax: (b)			
Foreign currency translation adjustments	384	3,678	7,579
Comprehensive income under US GAAP	\$41,127	\$30,770	\$28,912

ROYALTY PORTFOLIO
NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)
(in thousands of U.S. dollars)

(11) RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(Continued)

Adjustments to the Combined Balance Sheets are as follows:

	Years Ended December 31,	
	2006	2005
Royalty interests in mineral properties, net under Canadian GAAP	\$194,357	\$202,669
Depreciation and amortization difference (a)	(271)	(271)
Royalty interests in mineral properties, net under US GAAP	\$194,086	\$202,398
Future Income under Canadian GAAP	\$ 87,845	\$ 95,790
Tax effect of depreciation and amortization adjustment	(103)	(103)
Future income taxes under US GAAP	\$ 87,742	\$ 95,687
Total owner's net investment under Canadian GAAP	\$190,793	\$196,204
Depreciation and amortization difference, net of tax (a)	(168)	(168)
Total owner's net investment under US GAAP	\$190,625	\$196,036

(a) Depreciation and amortization

Amortization of Royalty interests in mineral properties is recorded when the underlying property is developed and is in production for Canadian GAAP. Prior to April 1, 2004, Royalty interests in mineral properties were recorded at cost as an intangible asset and amortized over their expected useful lives for US GAAP.

(b) Comprehensive income

Comprehensive income is the change in Owner's net investment of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. These items include holding gains and losses on certain investments, gain and losses on certain derivative instruments and foreign currency translation adjustments.

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
	(in thousands of U.S. dollars)	
Revenue		
Precious and base metals royalties	\$ 22,175	\$23,986
Oil and natural gas royalties	19,161	19,711
Dividends (Note 3)	7,274	—
	<u>48,610</u>	<u>43,697</u>
Costs and expenses		
Production taxes	1,234	1,549
Oil and natural gas operating costs	476	335
Depreciation and amortization	5,104	8,363
General and administrative allocated by owner	2,539	2,953
	<u>9,353</u>	<u>13,200</u>
Operating income	39,257	30,497
Other (expense) income, net	<u>(431)</u>	<u>22</u>
Income before income tax	38,826	30,519
Income tax expense	<u>(13,348)</u>	<u>(8,646)</u>
Net income	25,478	21,873
Other comprehensive income	9,983	5,258
Comprehensive income	<u>\$ 35,461</u>	<u>\$27,131</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
COMBINED BALANCE SHEETS
(Unaudited)

	<u>At June 30, 2007</u>	<u>At December 31, 2006</u>
	(in thousands of U.S. dollars)	
ASSETS		
Royalties receivable (Note 4)	\$ 8,965	\$ 8,686
Accounts receivable	308	626
Other current assets	<u>161</u>	<u>124</u>
Current assets	9,434	9,436
Royalty interests in mineral properties, net	194,378	194,357
Interests in oil and natural gas properties, net	69,225	64,347
Investment in Falcondo (Note 3)	7,723	7,042
Other assets	<u>4,372</u>	<u>4,372</u>
Total assets	<u>\$285,132</u>	<u>\$279,554</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 462	\$ 460
Deferred revenue	<u>—</u>	<u>456</u>
Current liabilities	462	916
Future income taxes	<u>88,007</u>	<u>87,845</u>
Total liabilities	<u>88,469</u>	<u>88,761</u>
Commitments and contingencies (Note 6)		
OWNER'S NET INVESTMENT		
Owner's net investment	175,039	179,152
Accumulated other comprehensive income	<u>21,624</u>	<u>11,641</u>
Total owner's net investment	<u>196,663</u>	<u>190,793</u>
Total liabilities and owner's net investment	<u>\$285,132</u>	<u>\$279,554</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF CHANGES IN OWNER'S NET INVESTMENT
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
Balance at beginning of period	\$190,793	\$196,204
Net income	25,478	21,873
Distribution of cash to owner	(42,776)	(37,257)
Assumption of income taxes payable by owner	13,185	12,621
Other comprehensive income	9,983	5,258
Balance at end of period	<u>\$199,663</u>	<u>\$198,699</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
COMBINED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
	(in thousands of U.S. dollars)	
Operating activities:		
Net income	\$25,478	\$21,873
Adjustments to reconcile net income to net cash provided from operations:		
Depreciation and amortization	5,104	8,363
Future income taxes	162	(3,975)
Decrease (increase) in operating assets:		
Royalties receivable	150	818
Accounts receivable	353	(297)
Other assets	(24)	(16)
Decrease in operating liabilities:		
Accounts payable and other accrued liabilities	(495)	(424)
Net cash provided from operations	<u>30,728</u>	<u>26,342</u>
Investing activities:		
Additions to interests in oil and natural gas properties	<u>(1,138)</u>	<u>(1,706)</u>
Net cash used in investing activities	<u>(1,138)</u>	<u>(1,706)</u>
Financing activities with owner:		
Assumption of income tax payable by owner	<u>13,186</u>	<u>12,621</u>
Net cash distributed to owner	<u>\$42,776</u>	<u>\$37,257</u>

The accompanying notes are an integral part of these Combined Financial Statements.

ROYALTY PORTFOLIO
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS
(Unaudited)
(in thousands of U.S. dollars)

(1) BASIS OF PRESENTATION AND NATURE OF OPERATIONS

During July 2007, Newmont Mining Corporation (“Newmont”) announced its intention to discontinue its Merchant Banking business and to dispose of certain non core assets. The royalty assets of the former Merchant Banking business (“Royalty Portfolio”) will be transferred into a new Canadian entity following a Newmont corporate reorganization. These financial statements represent the financial position and results of operations of the Royalty Portfolio as if it was a stand-alone entity.

The Interim Combined Financial Statements are presented in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”) and in all material respects, conform with accounting principles generally accepted in the United States (“US GAAP”), and are reported in United States dollars. The Interim Combined Financial Statements have been derived from the accounting records of Newmont using the historical results of operations and basis of assets and liabilities of the Royalty Portfolio. Newmont’s management believes the assumptions underlying the Interim Combined Financial Statements, including the allocations described below, are reasonable. However, the Interim Combined Financial Statements included herein may not necessarily reflect the Royalty Portfolio’s results of operations, financial position and cash flows in the future or what its results of operations, financial position and cash flows would have been had the Royalty Portfolio been a stand-alone entity during the periods presented. As these financial statements represent a portion of Newmont’s business, which do not constitute a separate legal entity, the net assets of the Royalty Portfolio have been presented as Newmont’s net investment in the Royalty Portfolio. The Interim Combined Financial Statements include allocations of certain Newmont expenses including the items described below.

Principal Operations

The Royalty Portfolio has many royalty interests, of which the principal revenues are generated from precious and base metals from Barrick Gold Corporation’s Goldstrike mine complex, Stillwater Mining Company’s Stillwater mine complex, and oil and natural gas from the Edson area properties and the Weyburn Unit (See Note 5). The Royalty Portfolio also received dividends from its equity interest in Falcondo Dominicana, C. por A. (“Falcondo”).

General Corporate Expenses

These general corporate expense allocations represent costs related to corporate functions such as executive oversight, information technology, accounting, tax, other services and employee benefits and incentives Newmont provides to the Royalty Portfolio. The allocations are primarily based on specific identification and the relative percentage of the Royalty Portfolio’s headcount to the respective total Newmont costs. These allocations are reflected in *General and administrative expenses* in the Royalty Portfolio’s Interim Combined Statement of Income and totaled approximately \$2,539 and \$2,953 for the six months ended June 30, 2007 and 2006, respectively.

These general corporate expense allocations are deemed a reasonable reflection of the utilization of services provided. The costs allocated are not necessarily indicative of the costs that would have been incurred if the Royalty Portfolio had performed these services as a stand-alone entity, nor are they indicative of costs that will be incurred in the future. Actual costs which may have been incurred if the Royalty Portfolio had been a stand-alone entity for the six months ended June 30, 2007 and 2006 would depend on a number of factors, including how the Royalty Portfolio chose to organize itself, what if any functions were outsourced or performed by Royalty Portfolio employees and strategic decisions made in areas such as information technology systems and infrastructure.

Income Taxes

Income taxes are calculated as if all of the Royalty Portfolio’s operations had been a separate tax paying legal entity, filing separate tax returns in its local tax jurisdictions. Canadian income taxes have been provided on the difference between the tax basis in the Royalty Portfolio and the Owner’s net investment in the Royalty Portfolio. The amounts due for income taxes are reflected as additional capital investments by the owner, and included in Owner’s net investment.

Cash Management

Historically, Newmont has performed cash management functions on behalf of the Royalty Portfolio. Cash deposits from the Newmont Royalty Assets are transferred to Newmont on a regular basis. As a result, the Royalty Portfolio has no cash and cash equivalents in the Combined Balance Sheets. Transfers to and from Newmont are included in the Owner’s net investment.

ROYALTY PORTFOLIO
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(in thousands of U.S. dollars)

(2) SIGNIFICANT ACCOUNTING POLICIES

The Interim Combined Financial Statements have been prepared following the same accounting policies and methods of computation described in Note 2 to the Combined Financial Statements for the year ended December 31, 2006, with the exception of the adoption of the following:

Financial Instruments

The Royalty Portfolio adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments — Recognition and Measurement ("Section 3855") and Handbook Section 3861, Financial Instruments — Disclosure and Presentation ("Section 3861") on January 1, 2007. Section 3855 requires that all financial instruments be classified as one of the following: held-to-maturity, loans and receivables, held-for-trading or available for sale. Financial assets and liabilities held-for-trading are measured at fair value with unrealized gains and losses recognized in net income. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial assets held to maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured and amortized at cost. The Royalty Portfolio's financial instruments consist of royalties receivable, accounts receivable and accounts payable. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity. The Royalty Portfolio's investment in Falcondo does not have a quoted market price in an active market and is therefore measured at cost. The adoption of Section 3855 did not have an impact on the Royalty Portfolio's financial position or results of operations.

Hedges

The Royalty Portfolio adopted CICA Handbook Section 3865, *Hedges* ("Section 3865") on January 1, 2007. Section 3865 specifies the criteria under which hedge accounting can be applied. The adoption of Section 3865 did not have an impact on the Royalty Portfolio's financial position or results of operations.

Comprehensive Income

The Royalty Portfolio adopted CICA Handbook Section 1530, *Comprehensive Income* ("Section 1530") on January 1, 2007. Comprehensive income is the change in the Royalty Portfolio's net assets that results from transactions, events and circumstances from sources other than the Royalty Portfolio's owner and includes items that would not normally be included in net earnings such as unrealized holding gains and losses on certain investments, gains and losses on certain derivative instruments and foreign currency translation adjustments. The adoption of Section 1530 resulted in a reclassification within Owner's net investment of \$11,641 from currency translation adjustment to accumulated other comprehensive income on January 1, 2007.

(3) INVESTMENT IN FALCONDO

The Company owns 121,729 common shares in Falcondo representing approximately 4.06% of the outstanding shares which are accounted for as a cost investment. Falcondo is 85.26% owned by Xstrata Nickel, a division of Xstrata PLC, with the government of the Dominican Republic also owning a portion of the company. The Company received dividends of \$7,274 and \$nil in the six months ended June 30, 2007 and 2006, respectively. Falcondo produces ferronickel and then sells it to customers through a marketing agreement with Xstrata.

(4) ROYALTIES RECEIVABLE

	<u>At June 30, 2007</u>	<u>At December 31, 2006</u>
Precious and base metals	\$4,595	\$5,113
Oil and natural gas	4,370	3,573
	<u>\$8,965</u>	<u>\$8,686</u>

ROYALTY PORTFOLIO
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(in thousands of U.S. dollars)

(5) SEGMENT INFORMATION

Six Months Ended June 30, 2007				
	Precious and Base Metals Royalties	Oil and Natural Gas Royalties	Other	Total
Revenue	\$ 22,175	\$19,161	\$ 7,274	\$ 48,610
Depreciation and amortization	\$ 2,709	\$ 2,395	\$ —	\$ 5,104
Income before income tax	\$ 18,232	\$16,290	\$ 4,304	\$ 38,826
Capital expenditures	\$ —	\$ 1,138	\$ —	\$ 1,138
Total assets	\$198,973	\$73,595	\$12,564	\$285,132

Six Months Ended June 30, 2006				
	Precious and Base Metals Royalties	Oil and Natural Gas Royalties	Other	Total
Revenue	\$ 23,986	\$19,711	\$ —	\$ 43,697
Depreciation and amortization	\$ 4,321	\$ 4,042	\$ —	\$ 8,363
Income (loss) before income tax	\$ 18,115	\$15,335	\$ (2,931)	\$ 30,519
Capital expenditures	\$ —	\$ 1,706	\$ —	\$ 1,706
Total assets	\$204,110	\$74,725	\$12,194	\$291,029

Revenue from export and domestic sales and the location of long-lived assets, excluding deferred taxes, are as follows:

Six Months Ended June 30, 2007				
	Canada	U.S.	Other	Total
Revenue	\$19,645	\$ 18,952	\$10,013	\$ 48,610
Long-lived assets	\$89,822	\$167,829	\$18,047	\$275,698

Six Months Ended June 30, 2006				
	Canada	U.S.	Other	Total
Revenue	\$20,589	\$ 21,066	\$ 2,042	\$ 43,697
Long-lived assets	\$90,741	\$174,339	\$17,299	\$282,379

The Royalty Portfolio principal revenues were received from the following interests:

	Six Months Ended June 30,	
	2007	2006
Precious and base metals		
Stillwater	\$7,575	\$ 5,583
Goldstrike	6,651	11,200
Oil and natural gas		
Edson	8,246	8,105
Weyburn	4,300	4,242

(6) COMMITMENTS AND CONTINGENCIES

The Royalty Portfolio is from time to time involved in various legal proceedings. Management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Royalty Portfolio's financial condition or results of operations.

ROYALTY PORTFOLIO
NOTES TO INTERIM COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(in thousands of U.S. dollars)

(7) RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Canadian GAAP varies in certain respects from US GAAP. The effect of these principal differences on the Royalty Portfolio's consolidated financial statements is quantified below and described in the accompanying notes.

Adjustments to the Combined Balance Sheets are as follows:

	<u>At June 30,</u> <u>2007</u>	<u>At December 31,</u> <u>2006</u>
Royalty interests in mineral properties, net under Canadian GAAP	\$194,378	\$194,357
Depreciation and amortization difference (a)	(271)	(271)
Royalty interests in mineral properties, net under US GAAP	\$194,107	\$194,086
Future income taxes under Canadian GAAP	\$ 88,007	\$ 87,845
Tax effect of depreciation and amortization adjustment	(103)	(103)
Future income taxes under US GAAP	\$ 87,904	\$ 87,742
Total owner's net investment under Canadian GAAP	\$196,663	\$190,793
Depreciation and amortization difference, net of tax (a)	(168)	(168)
Total owner's net investment under US GAAP	<u>\$196,495</u>	<u>\$190,625</u>

(a) Depreciation and amortization

Amortization of Royalty interests in mineral properties is recorded when the underlying property is developed and is in production for Canadian GAAP. Prior to April 1, 2004, Royalty interests in mineral properties were recorded at cost as an intangible asset and amortized over their expected useful lives for US GAAP.

**COMPILATION REPORT ON
PRO FORMA COMBINED FINANCIAL STATEMENTS**

To the Directors of Franco-Nevada Corporation

We have read the accompanying unaudited pro forma combined balance sheet of Franco-Nevada Corporation (the "Company") as at June 30, 2007 and the unaudited pro forma statements of combined income for the six month period then ended and for the year ended December 31, 2006, and have performed the following procedures.

1. Compared the figures in the columns captioned "Combined" to the unaudited combined statements of income and comprehensive income of The Royalty Portfolio of Newmont as at June 30, 2007 and for the six months then ended, and to the audited combined financial statements of the Royalty Portfolio of Newmont for the year ended December 31, 2006, respectively, and found them to be in agreement.
2. Made enquiries of certain officials of the company who have responsibility for financial and accounting matters about:
 - (a) the basis for determination of the pro forma adjustments; and
 - (b) whether the pro forma financial statements comply as to form in all material respects with the Securities Acts of the various Provinces and Territories of Canada (the "Acts").

The officials:

- (a) described to us the basis for determination of the pro forma adjustments; and
 - (b) stated that the pro-forma statements comply as to form in all material respects with the Acts.
4. Read the notes to the pro forma combined financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
5. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Combined" as at June 30, 2007 and for the six months then ended, and for the year ended December 31, 2006, and found the amounts in the column captioned "Pro forma Combined" to be arithmetically correct.

A pro forma combined financial statement is based on management's assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma combined financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Toronto, Ontario
November • , 2007

(Signed) •
Chartered Accountants, Licensed Public Accountants

FRANCO-NEVADA CORPORATION
PRO FORMA COMBINED STATEMENTS OF INCOME
(Unaudited)

	Six Months Ended June 30, 2007			
	Combined	Pro forma Adjustments	Note 2	Pro forma Combined
	(in thousands of U.S. dollars)			
Revenue				
Precious and base metals royalties	\$ 22,175	\$ ●		\$ ●
Oil and natural gas royalties	19,161	●		●
Dividends	7,274	●		●
	48,610	●		●
Costs and expenses				
Production taxes	1,234	●		●
Oil and natural gas operating costs	476	●		●
Depreciation and amortization	5,104	●	e	●
General and administrative	2,539	●	h,k,j	●
	9,353	●		●
Operating income	39,257	●		●
Other income (expense)				
Interest expense	—	●	f	●
Long-term debt transaction costs	—	●	g	●
Other, net	(431)	●	i	●
	(431)	●		●
Income before income tax	38,826	●		●
Income tax expense	(13,348)	●	d	●
Net income	\$ 25,478	\$ ●		\$ ●
Other comprehensive income	\$ 9,983	\$ ●		\$ ●
Comprehensive income	\$ 35,461	\$ ●		\$ ●
Net income per share (Note 3)				

The accompanying notes are an integral part of these Pro forma Combined Financial Statements.

FRANCO-NEVADA CORPORATION
PRO FORMA COMBINED STATEMENTS OF INCOME
(Unaudited)

	Twelve Months Ended December 31, 2006			
	Combined	Pro forma Adjustments	Note 2	Pro forma Combined
	(in thousands of U.S. dollars)			
Revenue				
Precious and base metals royalties	\$ 48,049	\$ ●		\$ ●
Oil and natural gas royalties	37,600	●		●
Dividends	2,924	●		●
	88,573	●		●
Costs and expenses				
Production taxes	3,014	●		●
Oil and natural gas operating costs	796	●		●
Depreciation, depletion and amortization	17,340	●	e	●
General and administrative	6,206	●	h,j,k	●
	27,356	●		●
Operating income	61,217	●		●
Other income (expense)				
Interest expense	—	●	f	●
Long-term debt transaction costs	—	●	g	●
Other income, net	55	●	i	●
	55	●		●
Income before income tax	61,272	●		●
Income tax expense	(20,529)	●	d	●
Net income	<u>\$ 40,743</u>	<u>\$ ●</u>		<u>\$ ●</u>
Net income per share (Note 3)				

The accompanying notes are an integral part of these Pro forma Combined Financial Statements.

FRANCO-NEVADA CORPORATION
PRO FORMA COMBINED BALANCE SHEETS
(Unaudited)

	At June 30, 2007			
	Combined	Pro forma Adjustments	Note 2	Pro forma Combined
	(in thousands of U.S. dollars)			
ASSETS				
Cash	\$ —	\$ ●	a,b,c	\$ ●
Royalty receivables	8,965	●		●
Accounts receivable	308	●		●
Investment in Newmont Mining Corporation exchangeable shares			i	
Other current assets	161	●		●
Current assets	9,434	●		●
Royalty interests in mineral properties, net	194,378	●	b	●
Interests in oil and natural gas properties, net	69,225	●	b	●
Investment in Falcondo	7,723	●	b	●
Future income taxes	—	●	b,c	●
Other assets	4,372	●	b,c	●
Total assets	<u>\$285,132</u>	<u>●</u>		<u>\$ ●</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 462	\$ ●		\$ ●
Current liabilities	462	●		●
Future income taxes	88,007	●	a,b,d,i	●
Long-term debt	—	●	c,g	●
Total liabilities	<u>88,469</u>	<u>●</u>		<u>●</u>
OWNER'S NET INVESTMENT				
Owner's net investment	175,039	●		●
Common stock	—	●	a	●
Accumulated other comprehensive income	21,624	●	i,j,k,l	●
Total owner's net investment	<u>196,663</u>	<u>●</u>		<u>●</u>
Total liabilities and owner's net investment	<u>\$285,132</u>	<u>\$ ●</u>		<u>\$ ●</u>

The accompanying notes are an integral part of these Pro forma Combined Financial Statements.

FRANCO-NEVADA CORPORATION
NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS
(Unaudited)
(in thousands of U.S. dollars)

(1) BASIS OF PRESENTATION

The accompanying pro forma combined financial statements of Franco-Nevada Corporation ("Franco-Nevada" or the "Company") have been prepared by management from the unaudited interim combined financial statements of Royalty Portfolio for the six months ended June 30, 2007 and the audited combined financial statements of Royalty Portfolio for the year ended December 31, 2006. The pro forma combined financial statements present the effect of the initial public offering of Franco-Nevada and related transactions as if they occurred on June 30, 2007 for purposes of the June 30, 2007 pro forma combined balance sheet and on January 1, 2006 for purposes of the pro forma statements of combined income for the year ended December 31, 2006 and the six months ended June 30, 2007.

These pro forma combined financial statements are based on estimates and information currently available. The accounting policies used in the preparation of the unaudited pro forma combined financial statements are those disclosed in the audited combined financial statements of Royalty Portfolio, included elsewhere in this prospectus.

The purchase price allocation is based upon management's best estimate of the relative fair values of the identifiable assets acquired and liabilities assumed. The actual purchase price allocation will be based on the fair values of the assets and liabilities on the date the transaction becomes effective. These pro forma combined financial statements are not necessarily indicative of the financial position and results of operations of Franco-Nevada that would have occurred if these transactions had taken place on the dates indicated or the financial position and operating results which may be obtained in the future.

The underlying assumptions for the pro forma adjustments provide a reasonable basis for presenting the significant financial effects directly attributable to such transactions. However, these pro forma adjustments are based on available financial information and certain estimates and assumptions. The actual adjustments to the combined financial statements of Franco-Nevada will depend on a number of factors. Therefore, the actual adjustments will differ from the pro forma adjustments. Management believes that such assumptions provide a reasonable basis for fairly presenting all of the significant effects of the transactions contemplated and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial statements.

These pro forma combined financial statements should be read in conjunction with the unaudited combined financial statements of Royalty Portfolio for the six months ended June 30, 2007 and the audited combined financial statements of Royalty Portfolio for the year ended December 31, 2006.

(2) PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

(a) Initial Public Offering

Franco-Nevada will issue • shares pursuant to the Offering for net proceeds of \$ • million on closing of the Offering after deducting estimated expenses of the Offering and the underwriters fees of \$ • million. The \$ • million of expenses will be charged directly to common stock of \$ • .

(b) Acquisition of Royalty Portfolio

Franco-Nevada will use the net proceeds of the Offering and \$140 million from borrowings under the Credit Facility (item (c) below) to acquire 100% ownership in the Royalty Portfolio from Newmont Mining Corporation through the acquisition of all of the issued and outstanding shares of • , • and • . The net purchase price of \$ • million has been preliminarily allocated to the assets and liabilities of Royalty Portfolio at June 30, 2007 as follows:

Investments	\$ •
Royalty interests in mineral properties	\$ •
Interests in oil and natural gas properties	\$ •
Future taxes	\$ •
Other, net	\$ •

The actual determination and allocation of the purchase price will be based upon the assets purchased and the liabilities assumed at the effective date of the acquisition and other information available at that date. Accordingly, the actual amounts for each of the assets will vary from the pro forma amounts and the variations may be material.

FRANCO-NEVADA CORPORATION
NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(in thousands of U.S. dollars)

(2) PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (Continued)

(c) Credit Facility

A credit facility will include a \$150 million secured term revolving loan facility for working capital and acquisition purposes, of which \$140 million, in the aggregate, is expected to be drawn at the closing of the Offering. Loans under the Credit Facility will bear interest at a floating rate based on a U.S. Base Rate or the LIBOR rate plus, in each case, an applicable margin to those rates.

(d) Tax Provision

Represents the tax effect of the pro forma adjustments.

(e) Depreciation and Amortization

Depreciation and amortization has been adjusted, in the amount of \$ ● , for the fair value adjustment to royalty interests in mineral properties and interests in oil and natural gas properties for the year ended December 31, 2006. Depreciation and amortization has been adjusted, in the amount of \$ ● , for the fair value adjustment to royalty interests in mineral properties and interests in oil and natural gas properties for the six months ended June 30, 2007.

(f) Interest Expense

Interest expense has been adjusted to reflect interest expense of \$ ● million and \$ ● million for the six months ended June 30, 2007 and year ended December 31, 2006, respectively on the Credit Facility, based on assumed average drawing of \$ ● million on the term loan facility at a rate of ● %.

(g) Financial Costs

During the six month period ended June 30, 2007 the Company incurred \$ ● million of transaction costs related to the Credit Facility. In accordance with the Company's accounting policy, these transaction costs were expensed during the six month period ended June 30, 2007 and for the year ended December 31, 2006.

(h) General and Administrative Expenses

Estimated administrative expenses in the amount of \$ ● to be incurred by the Issuer in connection with reporting to shareholders, investor relations, directors' fees and management costs for the Management and Board Placement, directors' insurance, transition services agreement costs and other expenses have not been reflected in the historical combined statements of income.

(i) Investment in Newmont Mining Corporation Exchangeable Shares

The Company has entered into an agreement with the Company's Chairman of the Board of Directors, whereby the Company will issue 3,000,000 common shares to the Chairman in exchange for his currently owned ● Newmont Mining Corporation exchangeable shares. The fair value of the exchangeable shares is \$ ● million, however the tax basis of the investment is negligible. As a result, the Company has recognized a future income tax liability of \$ ● million, which has been charged to earnings and is included in "Other, net" for the year ended December 31, 2006.

(j) Common Shares Issued Prior to the Initial Public Offering

The Company has issued common shares to certain members of management prior to the initial public offering at \$ ● per share. On completion of the initial public offering, these common shares will be valued at \$ ● per share and will result in a deemed compensation benefit of \$ ● million which has been charged to earnings and is included in "General and Administrative" expense.

(k) Stock based compensation

As part of the initial public offering, the Company will issue ● million options to certain members of management. These options have been valued using a Black Scholes option pricing model with the following assumptions: option price is \$ ● , estimated life of the option is ● years, risk free rate ● %, volatility ● %, dividend yield ● %. The options have a 10 year life and vest over a three year period. The value of the options have been amortized over three years and resulted in a

FRANCO-NEVADA CORPORATION
NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(in thousands of U.S. dollars)

(2) PRO FORMA ADJUSTMENTS AND ASSUMPTIONS (Continued)

charge of \$ ● for the six month period ended June 30, 2007 and \$ ● for the year ended December 31, 2006. The amounts have been included in "General and Administrative" expenses.

- (l) Upon completion of the initial public offering the amounts in Owner's net investment and Accumulated Other Comprehensive income will be combined into the Common stock caption.

(3) PRO FORMA NET INCOME PER SHARE

The calculation of net income per share on the pro forma combined statement of income is based on the pro forma number of Common Shares outstanding for the six months ended June 30, 2007 had the issuance taken place on January 1, 2006.

CONSENT OF GLJ

We have read the prospectus of Franco-Nevada Corporation (“Franco-Nevada”) dated ● relating to the issue and sale of common shares of Franco-Nevada. We consent to the use in the above-mentioned prospectus of the information contained in our reserve assessment and evaluation for Newmont Mining Corporation of Canada Limited, as at December 31, 2006 in a report dated May 15, 2007, with a supplementary addendum dated October 19, 2007.

Calgary, Canada
November ●, 2007

(Signed) GLJ PETROLEUM CONSULTANTS LTD.

CERTIFICATE OF FRANCO-NEVADA AND THE PROMOTER

DATED: November 20, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act*, 1988 (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 of the *Securities Act* (Nova Scotia), by Part VI of the *Securities Act* (New Brunswick), by Part XIV of the *Securities Act* (Newfoundland and Labrador) and by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon), by Section 77 of the *Securities Act* (Northwest Territories) and by Section 27 of the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

FRANCO-NEVADA CORPORATION

By: (Signed) DAVID HARQUAIL
Chief Executive Officer

By: (Signed) PAUL BRINK
Chief Financial Officer

By: (Signed) GRAHAM FARQUHARSON
Director

By: (Signed) RANDALL OLIPHANT
Director

Promoter NEWMONT MINING CORPORATION

By: (Signed) RANDY ENGEL
Senior Vice-President, Strategy and
Corporate Development

CERTIFICATE OF THE UNDERWRITERS

DATED: November 20, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act*, 1988 (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 of the *Securities Act* (Nova Scotia), by Part VI of the *Securities Act* (New Brunswick), by Part XIV of the *Securities Act* (Newfoundland and Labrador) and by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon), by Section 77 of the *Securities Act* (Northwest Territories) and by Section 27 of the *Securities Act* (Nunavut) and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Quebec) and the regulations thereunder.

BMO NESBITT BURNS INC.

By: (Signed) JASON NEAL
Managing Director

UBS SECURITIES CANADA INC.

By: (Signed) DAVID SHAVER
Executive Director

CIBC WORLD MARKETS INC.

By: (Signed) RICK
McCLEARY
Managing Director

CITIGROUP GLOBAL MARKETS CANADA INC.

By: (Signed) GAVIN
McOUAT
Managing Director

J.P. MORGAN SECURITIES CANADA INC.

By: (Signed) ADAM
HOWARD
Managing Director

RBC DOMINION SECURITIES INC.

By: (Signed) LANCE
RISHOR
Director

GMP SECURITIES L.P.

By: (Signed) MARK WELLINGS
Managing Director

DUNDEE SECURITIES CORPORATION

By: (Signed)
RICHARD COHEN
Managing
Director

GENUITY CAPITAL MARKETS

By: (Signed) TED
HIRST
Principal

HSBC SECURITIES (CANADA) INC.

By: (Signed)
NICOLE CATY
Vice-President
Investment
Banking

NATIONAL BANK FINANCIAL INC.

By: (Signed)
STEVEN J.
FARBER
Director

PARADIGM CAPITAL INC.

By: (Signed)
JOHN WARWICK
Partner

WELLINGTON WEST CAPITAL MARKETS INC.

By: (Signed)
WILLIAM
WASHINGTON
Managing
Director



Franco-Nevada

- Diversified portfolio of approximately 190 precious and base metals royalty interests and over 100 oil and natural gas royalty and/or working interests
- Royalty interests are expected to provide stable cash flows and reduce exposure to operating and capital costs
- Proven business model with experienced management team
- Geopolitically secure with over 90% of revenues from the U.S., Canada and Australia in 2006
- Recognized, industry-leading operators
- Growth of portfolio through third party spending to develop existing assets as well as new acquisitions



Franco-Nevada

Franco-Nevada

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