

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the Provinces and Territories of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes an 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. **Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer and Corporate Secretary of the Corporation at 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, M4R 1K8, telephone (416) 480-6480, and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Chief Legal Officer and Corporate Secretary of the Corporation at the above-mentioned address and telephone number and is also available electronically at www.sedar.com

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities 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 U.S. Securities Act and applicable state securities laws. See "Plan of Distribution".

Preliminary Short Form Prospectus

New Issue

February 28, 2008



FRANCO-NEVADA CORPORATION

Cdn\$232,500,000

10,000,000 Units

This short form prospectus (the "Prospectus") qualifies the distribution (the "Offering") of an aggregate of 10,000,000 units (the "Units") of Franco-Nevada Corporation (the "Corporation" or "Franco-Nevada"), at a price of Cdn\$23.25 per Unit (the "Offering Price"), each Unit consisting of one common share (a "Common Share") in the capital of the Corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant (a "Warrant") will entitle the holder thereof to purchase one common share (a "Warrant Share") of the Corporation at a price of Cdn\$32.00 at any time before 5:00 p.m. (Toronto time) on the date that is four years following the closing of the Offering. The Units will be sold pursuant to an underwriting agreement (the "Underwriting Agreement") among the Corporation and BMO Nesbitt Burns Inc., UBS Securities Canada Inc., CIBC World Markets Inc., GMP Securities L.P., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Dundee Securities Corporation, Genuity Capital Markets, Paradigm Capital Inc. and Wellington West Capital Markets Inc. (collectively, the "Underwriters"). The Offering Price of the Units offered hereunder has been determined by negotiation between the Corporation and the Underwriters.

The Underwriters may offer the Units at a price lower than the price noted. "See Plan of Distribution".

The common shares of the Corporation are listed on the Toronto Stock Exchange (the "TSX") under the symbol "FNV". On February 27, 2008, the last trading day prior to the date of this Prospectus, the closing price of the common shares on the TSX was Cdn\$22.45. The Corporation has applied to list the Common Shares and the Warrants comprising part of the Units and the Warrant Shares issuable upon exercise of the Warrants distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX, including meeting the minimum public distribution requirements of the TSX in the case of the Warrants. When used herein, all references to Common Shares, the

Warrants comprising part of the Units and the Warrant Shares issuable upon exercise of the Warrants include any such securities issued in connection with any exercise of the Over-Allotment Option (as defined below).

PRICE: Cdn\$23.25 per Unit

	<u>Price to the Public⁽¹⁾</u>	<u>Underwriting Fee⁽²⁾</u>	<u>Net Proceeds to the Corporation⁽³⁾</u>
Per Unit.....	Cdn\$23.25	Cdn\$0.93	Cdn\$22.32
Total ⁽³⁾⁽⁴⁾	Cdn\$232,500,000	Cdn\$9,300,000	Cdn\$223,200,000

- (1) The Offering Price was determined by negotiation between the Corporation and the Underwriters. The Corporation will allocate Cdn\$21.30 to each Common Share and Cdn\$1.95 to each one-half of one Warrant comprising the Units.
- (2) The Corporation has agreed to pay the Underwriters a fee representing 4% of the gross proceeds of the Offering (the “Underwriting Fee”).
- (3) After deducting the Underwriting Fee, but before deducting the expenses of the Offering estimated to be Cdn\$400,000, which will be paid from the proceeds of the Offering.
- (4) Franco-Nevada has granted the Underwriters an over-allotment option (the “Over-Allotment Option”) exercisable in whole or in part at the sole discretion of the Underwriters, at any time and from time to time for a period of 30 days from closing of the Offering, to purchase up to an additional 1,500,000 Units at the Offering Price and/or up to an additional 750,000 Warrants at a price of Cdn\$3.90 per Warrant (collectively the “Additional Securities”), solely to cover over-allotments, if any, and for market stabilization purposes. In respect of the Over-Allotment Option, the Corporation will pay to the Underwriters a fee equal to 4% of the proceeds realized on the exercise of the Over-Allotment Option being Cdn\$0.93 per Unit and Cdn\$0.156 per Warrant. If the Over-Allotment Option is exercised in full, the total number of Units in the Offering will be 11,500,000, the total Price to the Public will be Cdn\$267,375,000, the total Underwriting Fee will be Cdn\$10,695,000, and the net proceeds to the Corporation, before deducting the estimated expenses of the Offering, will be Cdn\$256,680,000. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities to be issued or sold upon exercise of the Over-Allotment Option. See “Plan of Distribution”.

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Corporation to the Underwriters:

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,500,000 Units or 750,000 Warrants	Up to 30 days from the closing of the Offering	Cdn\$23.25 per Unit Cdn\$3.90 per whole Warrant

The Underwriters, as principals, conditionally offer the Units subject to prior sale if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Stikeman Elliott LLP. Subscriptions will be received subject to rejection in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that certificates evidencing the Common Shares and Warrants will be available for delivery at the closing of this Offering, which is expected to take place on or about March 13, 2008, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than March 31, 2008.

BMO Nesbitt Burns Inc., UBS Securities Canada Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., and National Bank Financial Inc., each an Underwriter, is an affiliate of a lending institution that is part of the syndicate of lenders that have provided a secured credit facility to Franco-Nevada. Accordingly, Franco-Nevada may be considered to be a “connected issuer” of these Underwriters under Canadian securities laws. See “Plan of Distribution” and “The Business – Recent Developments”.

Investing in the Units involves significant risks. See “Risk Factors”.

All monetary amounts used herein are stated in United States dollars, unless otherwise indicated. On February 27, 2008, the noon exchange rate for United States dollars in terms of the Canadian dollar, as quoted by the Bank of Canada, was Cdn\$1.00 = US\$1.0227 or US\$1.00 = Cdn\$0.9778.

In connection with the Offering and subject to applicable laws, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Franco-Nevada's registered office and head office is located at 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, M4R 1K8.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer and Corporate Secretary of the Corporation at 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, M4R 1K8, telephone (416) 480-6480. For the purposes of the Province of Québec, this Prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Chief Legal Officer and Corporate Secretary of the Corporation at the above mentioned address and telephone number. These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval, which can be accessed online at www.sedar.com.

The following documents, filed by the Corporation with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the prospectus of the Corporation dated November 30, 2007 (the "IPO Prospectus") excepting the sections titled "The Offering" under "Summary", "Eligibility For Investment", "Consolidated Capitalization", "Use of Proceeds", "Plan of Distribution", "Risks Relating to The Offering", "Canadian Federal Income Tax Considerations", "Purchasers' Statutory Rights", "Consent of GLJ", "Certificate of Franco-Nevada and the Promoter", and "Certificate of the Underwriters";
- (b) business acquisition report dated February 12, 2008 in connection with the acquisition of the Royalty Portfolio; and
- (c) material change reports dated December 20, 2007 in connection with the acquisition of the Royalty Portfolio and February 22, 2008 in connection with this Offering.

A reference herein to this Prospectus also means any and all documents incorporated by reference in this Prospectus. Any document of the type referred to above, unaudited annual consolidated financial statements, unaudited interim consolidated financial statements and the related management's discussion and

analysis, material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial information for which financial statements are deemed incorporated by reference in the Prospectus and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 of the Canadian Securities Administrators filed by the Corporation with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

Pursuant to a decision of the securities regulatory authorities in each province and territory of Canada, issued by the Ontario Securities Commission as principal regulator, and dated February 25, 2008, Franco-Nevada was granted relief from the requirement in section 2.2(d) of National Instrument 44-101 (“NI 44-101”) that an issuer have a current annual information form and current annual financial statements in at least one jurisdiction in which it is a reporting issuer, in order to qualify to file a short form prospectus under NI 44-101, but provided that, among other things, this Prospectus incorporate by reference all of the financial statements from the IPO Prospectus and the information that a current annual information form would provide.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein may contain “forward looking information,” within the meaning of applicable Canadian securities legislation or “forward looking statements” within the meaning of applicable United States securities legislation, 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. Original oil in place (“OOIP”), i.e. the total quantity of oil estimated to be contained in an accumulation at a given time, 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 Corporation’s 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 Corporation's royalty portfolio, no adverse development in respect of any significant property in which the Corporation 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 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, unless required by applicable securities laws, Franco-Nevada does not undertake to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise.

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.

	<u>Years ended December 31,</u>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
High	Cdn\$1.1853	Cdn\$1.1726	Cdn\$1.2704	Cdn\$1.3968
Low	Cdn\$0.9170	Cdn\$1.0990	Cdn\$1.1507	Cdn\$1.1774
Average for the Period	Cdn\$1.0748	Cdn\$1.1341	Cdn\$1.2116	Cdn\$1.3015
End of Period	Cdn\$0.9881	Cdn\$1.1653	Cdn\$1.1659	Cdn\$1.2039

On February 27, 2008 the Noon Buying Rate was U.S.\$1.00 = Cdn\$0.9778 as certified by the Bank of Canada.

TECHNICAL AND THIRD PARTY INFORMATION

Except where otherwise stated, the disclosure in this Prospectus and the documents incorporated by reference herein relating to properties and operations on the properties on which Franco-Nevada holds royalty or equity interests included under the section entitled "Description of Royalty Portfolio" of the IPO Prospectus (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. Specifically, Franco-Nevada has limited, if any, access to properties included in the Royalty Portfolio. Franco-Nevada generally relies on publicly available information regarding properties and operations and generally has no ability to independently verify such information. Additionally, Franco-Nevada may from time to time receive operating information from the owners and operators of the properties, which it is not permitted to disclose to the public. Franco-Nevada is 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 and documents incorporated by reference 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 and documents incorporated herein by reference 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 and documents incorporated herein by reference 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 and documents incorporated by reference 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 Mining Corporation (“Newmont”), as at December 31, 2006, in a report dated May 15, 2007, with a supplementary addendum dated October 18, 2007, each prepared in accordance with National Instrument 51-101 - Standards of Disclosure for Oil & Gas Activities.

The disclosure in this Prospectus and documents incorporated by reference 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.

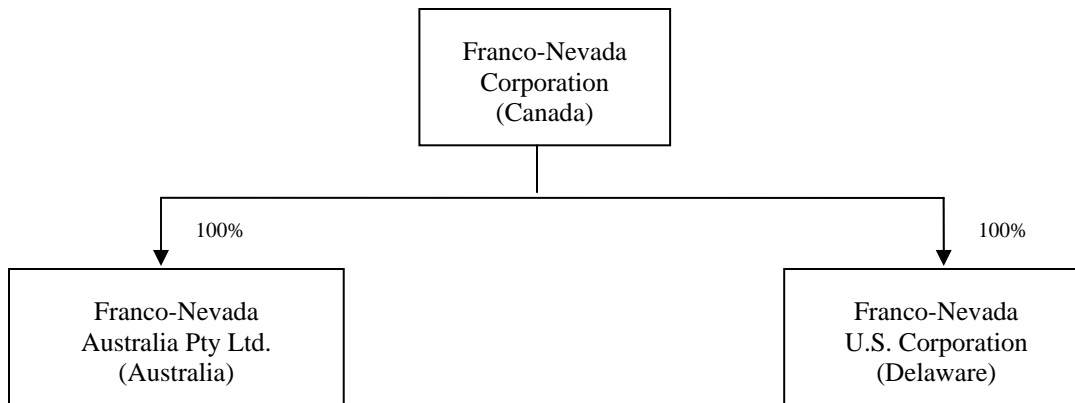
The market data, commodity prices and commodity price trends disclosed in the Prospectus and documents incorporated by reference have been provided by third party industry consultants and not by Franco-Nevada, Newmont or the Underwriters. While management believes that these industry sources are reasonable, such information has not been verified by Franco-Nevada 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.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the Common Shares comprising the Units and the Warrant Shares would, if issued on the date hereof and listed on the TSX, be a qualified investment under the *Income Tax Act* (Canada) (the “Tax Act”) 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 registered disability savings plans (collectively, the “Plans”), and the Warrants comprising the Units would be a qualified investment under the Tax Act and the regulations thereunder for Plans if the Common Shares are a qualified investment for Plans, and the Corporation deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the Plan.

THE CORPORATION

Franco-Nevada was incorporated under the *Canada Business Corporations Act* on October 17, 2007 and was amalgamated with Franco-Nevada Canada Corporation, its wholly owned subsidiary on January 1, 2008. Franco-Nevada's head office and registered office is located at 20 Eglinton Avenue West, Suite 1900, Toronto, Ontario, M4R 1K8. The following chart illustrates the Corporation's corporate structure and the jurisdiction of incorporation of each company.



THE BUSINESS

Franco-Nevada is a resource 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 acquired by Franco-Nevada from Newmont Mining Corporation in December 2007, 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 its current 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 for Newmont in 2006 of \$19,548,000 and \$13,507,000, respectively. While the majority of the Corporation's Mineral Royalties which are in production are related to gold producing operations, the Mineral Royalties also include exposure to platinum group metals, base metals and industrial minerals. The Corporation's 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 150 exploration properties.

The Corporation's 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.

Recent Developments

In December 2007, Franco-Nevada completed its initial public offering of common shares and raised a total of Cdn\$1,258,560,000 in gross proceeds, after the exercise of the underwriters' over-allotment option, and purchased the Royalty Portfolio and certain other interests from Newmont for \$1.2 billion. In addition, Franco-Nevada put in place a \$150 million revolving secured credit facility ("New Credit Facility") that has been provided by a syndicate of banks led by BMO Capital Markets and UBS Securities LLC and includes CIBC, HSBC Bank USA, Royal Bank of Canada, Scotia Capital and National Bank of Canada. As of February 28, 2008, the entire \$150 million was available to the Company under the New Credit Facility. A detailed description of these transactions is included in the IPO Prospectus incorporated by reference herein.

On January 3, 2008, the Corporation announced the appointment of Alex Morrison as Chief Financial Officer. Mr. Morrison was formerly with Newmont in various capacities, including Vice-President of Information Technology, Vice-President, Operations Services and Group Executive Internal Audit. Prior to joining Newmont, Mr. Morrison was Vice-President and Controller of Homestake Mining Company, Assistant Controller to Phelps Dodge Corporation and Controller of Stillwater Mining Corporation. Mr. Paul Brink, the Corporation's former Chief Financial Officer, was appointed as Senior Vice-President, Business Development.

Goldstrike

Barrick reported that in the fourth quarter of 2007 the Goldstrike Complex produced 0.36 million ounces at cash costs of \$423 per ounce (cash costs being cost of sales divided by ounces). An extended period of waste removal began in 2007 at the Betze-Post pit and is expected by Barrick to continue into 2008. During this period, Goldstrike intends to supplement mill feed with lower-grade stockpiled ore, resulting in lower production levels. It is reported that production is expected to improve in the second half of 2008 when higher-grade ore from the pit becomes accessible. During 2007, a modified pressure leaching technology was successfully tested that is expected by Barrick to extend the life of the Goldstrike autoclaves by allowing them to process ore that would previously have been treated at the roaster facility. It is reported that the necessary modifications to the autoclave facilities are expected to be completed in the fourth quarter of 2008 at a cost of about \$6 million.

Barrick reported proven gold mineral reserves of 9.027 million ounces ("Moz") for the year ended December 31, 2007 at a grade of 0.134 ounce per ton ("Oz/Ton") and probable gold reserves of 5.867 Moz at a grade of 0.168 Oz/Ton, for total proven and probable reserves for the year of 14.894 Moz compared to a total of 15.956 Moz for the previous year. The reserves for the year ended December 31, 2007 have been prepared using a \$575 gold price and an exchange rate of Cdn\$1.15/ US\$1.00.

Barrick reported measured gold resources of 1.457 Moz for the year ended December 31, 2007 at a grade of 0.068 Oz/Ton and indicated resources of 1.690 Moz at a grade of 0.098 Oz/Ton, for total measured and indicated resources of 3.147 Moz for the year compared to 2.413 Moz for the previous year. Inferred resources were 1.341 Moz as at December 31, 2007 at 0.173 Oz/Ton compared to 0.688 Moz for the previous year.

Franco-Nevada has NSR and NPI interests in various claim blocks of the Goldstrike Complex.

Mr. Neal Rigby of SRK is the Qualified Person under NI 43-101 who reviewed the technical information discussed above for Franco-Nevada for the year ended December 31, 2007. Mr. Rigby has relied on public information published by Barrick in connection with the preparation of the above disclosure and has not conducted any independent detailed verification with respect to matters such as sampling, analysis or tests underlying the data disclosed. The details of the parameters, assumptions and other information with respect to the disclosure of reserves and resources discussed above for the year ended December 31, 2006 can be found in the IPO Prospectus incorporated herein by reference and in the Goldstrike Report. See "Technical and Third Party Information".

Stillwater

Stillwater reported mine production of palladium and platinum for 2007 totaled 537,500 ounces, below the 600,600 ounces produced in 2006. The lower production was primarily the result of some challenges on the labor front during 2007, challenges faced by the mining industry in general, including higher attrition among skilled miners as Stillwater implemented a new longer work schedule, but also including a seven-day strike at the

Stillwater Mine in July. Stillwater provided production guidance for 2008 of between 550,000 and 565,000 ounces from the mines.

Rosemont

Augusta Resource Corporation (“Augusta”) announced on December 20, 2007 that it has entered into a binding letter agreement with Silver Wheaton Corp. (“Silver Wheaton”) to sell between 45% to 90% of the silver to be produced by Augusta’s Rosemont Copper Project. Augusta will elect the percentage of silver production sold on or before March 31, 2008. Subject to the finalization of the structure of the transaction, including tax considerations, Silver Wheaton will pay an upfront cash payment ranging in value from \$135 million to \$320 million to acquire from 45% to 90% of the payable silver produced during the mine life. The upfront payment will be made to fund construction of the mine as milestones are achieved. Augusta will provide a completion guarantee with certain minimum production criteria by a certain date. The transaction is subject to (a) Augusta receiving all necessary permits to construct and operate a mine in accordance with its feasibility study, (b) Augusta having entered into committed arrangements for sufficient financing to construct and operate the mine, and (c) execution by the parties of definitive agreements on or before June 30, 2008 as well as receipt of any required regulatory approvals and third-party consents. Franco-Nevada has a 1.5% NSR on the Rosemont property.

Mesquite

Western Goldfields Inc. (“WGI”) announced on January 17, 2008 that it had completed the first gold pour of 1,000 ounces at its Mesquite Mine in California, achieving production at Mesquite three months ahead of its feasibility study schedule and on budget. WGI announced that it expects to produce approximately 155,000 to 165,000 ounces of gold in 2008. Franco-Nevada has 0.5% to 2.0% NSR interests in various claim blocks on the Mesquite property.

Detailed and additional information with respect to Franco-Nevada’s business is included in its IPO Prospectus, which is incorporated by reference in this Prospectus.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Franco-Nevada as at December 31, 2007 both before and after giving effect to the Offering, but without giving effect to the exercise of the Over-Allotment Option.

	<u>As at December 31, 2007</u> <u>before giving effect to the Offering</u>	<u>As at December 31, 2007</u> <u>after giving effect to the Offering</u>
Indebtedness		
New Credit Facility	Cdn\$ Nil	Cdn\$ Nil
Stockholders’ Equity		
Common Shares	Cdn\$ 1,307,348,627	\$1,511,428,627
(Authorized-Unlimited)	(88,800,000 Common Shares)	(98,800,000 Common Shares)
Warrants	--	Cdn\$18,720,000 (5,000,000 Warrants)
Options⁽¹⁾	Cdn\$ Nil (2,280,000 Options)	Cdn\$Nil (2,280,000 Options)
Total Capitalization	<u>Cdn\$ 1,307,348,627</u>	<u>Cdn\$1,530,148,627</u>

1. Subsequent to December 31, 2007, the Corporation issued 495,000 options to certain officers and employees.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell and the Underwriters have agreed to purchase, as principals, on March 13, 2008 or such other date as may be agreed upon by the Corporation and the Underwriters (the “Closing Date”), but in any event not later than March 31, 2008, all but not less than all of the 10,000,000 Units offered hereunder at a price of Cdn\$23.25 per Unit, against delivery of certificates representing

the Common Shares and the Warrants, subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Corporation has agreed to pay the Underwriters a fee equal to 4% of the gross proceeds of the Offering, including in respect of any Common Shares and Warrants sold pursuant to any exercise of the Over-Allotment Option. The Offering Price of the Units was determined by negotiation between the Corporation and the Underwriters.

The Corporation has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Underwriters for a period of 30 days from the Closing Date, enabling them to purchase up to an additional 1,500,000 Units at the Offering Price and/or up to an additional 750,000 Warrants at a price of Cdn\$3.90 per Warrant to cover over-allotments and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the price to the public, the Underwriting Fee and the net proceeds to the corporation will be Cdn\$267,375,000, Cdn\$10,695,000 and Cdn\$256,680,000, respectively. This Prospectus also qualifies the Over-Allotment Option and the distribution of any Additional Securities issued on exercise of the Over-Allotment Option.

Franco-Nevada has agreed with the Underwriters not to issue any common shares or financial instruments convertible or exercisable into common shares of the Corporation (other than (i) for purposes of directors', officers' or employee stock options, restricted stock units or other common share plans currently existing or adopted by the Corporation's board of directors, including employee stock purchase plan deductions, or other outstanding rights issued as at February 22, 2008), and that the Corporation's officers and directors shall enter into "lock-up" agreements agreeing not to sell, or enter into any agreement to sell, any securities of the company held by them, in each case, for a period ending on the later of (i) 90 days from the Closing Date and (ii) 180 days from the closing of the Corporation's initial public offering on December 20, 2007 without the prior written consent of BMO Nesbitt Burns Inc. and UBS Securities Canada Inc.

The Warrants will be created and issued pursuant to the terms of a warrant indenture between the Corporation and Computershare Trust Company of Canada, as warrant agent thereunder (the "Warrant Agent") to be dated as of the Closing Date between the Corporation and the Warrant Agent (the "Warrant Indenture"). Each whole Warrant will entitle the holder thereof to purchase one Warrant Share at a price of Cdn\$32.00 at any time prior to 5:00 p.m. (Toronto time) on the date that is four years from the Closing Date after which time the Warrants will expire and be void and of no value. The Warrant Indenture will contain provisions designed to protect the holders of Warrants against dilution upon the occurrence of certain events. No fractional Warrant Shares will be issued upon the exercise of any Warrants.

Certain banking affiliates of BMO Nesbitt Burns Inc., UBS Securities Canada Inc. CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., and National Bank Financial Inc. have provided the New Credit Facility available to Franco-Nevada. (See "The Business – Recent Developments" in this Prospectus and "Debt Financing" in the IPO Prospectus.) 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 in default of its obligations to the lenders under the New Credit Facility and currently has no amount drawn down on the New Credit Facility. Franco-Nevada has granted security over 80% of the net value 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) has guaranteed Franco-Nevada's indebtedness under the New Credit Facility. In addition, all equity interests in the capital of the material subsidiaries have been pledged as security for the New Credit Facility. The determination of the terms and conditions of the Offering were made through negotiations among the Underwriters 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.

The Common Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any State securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons except in transactions exempt from the registration requirements of the U.S. Securities Act. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, they will not offer or sell the Units within the United States or to, or for the account or benefit of, U.S. Persons. The Underwriting Agreement permits the Underwriters to offer and sell the Units purchased by them pursuant thereto in the United States only in a manner exempt from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The certificates representing the Common Shares and Warrants comprising the Units which are sold in the United States or to, or for

the benefit or account of, U.S. Persons and the Warrant Shares issuable upon exercise of such Warrants will contain a legend to the effect that the securities represented thereby have not been registered under the U.S. Securities Act and may only be offered pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Units in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares and the Warrants comprising the Units offered hereby within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer is made pursuant to an exemption under Rule 144A under the U.S. Securities Act. The Common Shares and the Warrants comprising the Units and the Warrant Shares issuable upon exercise of the Warrants will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

The Underwriters propose to offer the Units initially at the Offering Price set forth on the cover page of this Prospectus. After the Underwriters have made reasonable efforts to sell all the Units by this Prospectus at such price, the Offering Price may be decreased, and further changed from time to time to an amount not greater than the Offering Price specified herein. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Corporation.

Pursuant to rules and policy statements of certain Canadian securities regulatory authorities, the Underwriters may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares or Warrants of the Corporation. The foregoing restriction is subject to certain exceptions. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by 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. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares or Warrants of the Corporation at levels other than which would otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

The Corporation has applied to list the Common Shares and the Warrants which form part of the Units and the Warrants Shares issuable upon exercise of the Warrants distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX, including meeting the minimum public distribution requirements of the TSX in the case of the Warrants.

DESCRIPTION OF SECURITIES DISTRIBUTED

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 88,800,000 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.

Warrants

The Warrants will be issued in registered form under and be governed by the terms of the Warrant Indenture. The Corporation will appoint the principal transfer offices of the Warrant Agent in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer. The following summary of certain

provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

The Units will separate immediately upon closing of the Offering into Common Shares and Warrants. Each whole Warrant will entitle the holder to purchase one Warrant Share at a price of Cdn\$32.00. The exercise price and the number of Warrant Shares issuable upon exercise are both subject to adjustment in certain circumstances as more fully described below. Warrants will be exercisable at any time prior to 5:00 p.m. (Toronto time) on the date that is four years following the Closing Date, after which time the Warrants will expire and become null and void.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

- (i) the issuance of common shares or securities exchangeable for or convertible into common shares to all or substantially all of the holders of the common shares as a stock dividend or other distribution (other than a “dividend paid in the ordinary course”, as defined in the Warrant Indenture, or a distribution of common shares upon the exercise of the Warrants or pursuant to the exercise of directors’, officers’ or employee stock options granted under the Corporation’s stock option plans);
- (ii) the subdivision, redivision or change of the common shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the common shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the common shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase common shares, or securities exchangeable for or convertible into common shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the common shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of the common shares of shares of any class other than the common shares, rights, options or warrants to acquire common shares or securities exchangeable or convertible into common shares or other assets of the Corporation, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications of the common shares; (2) consolidations, amalgamations, plans of arrangement or mergers of the Corporation with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the common shares or a change of the common shares into other shares); or (3) the transfer (other than to one of the Corporation’s subsidiaries) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of common shares purchasable upon exercise by at least one one-hundredth of a common share.

The Corporation will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of common shares would have.

From time to time, the Corporation and the Warrant Agent, without the consent of or notice to the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 ²/₃% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 ²/₃% of the aggregate number of all the then outstanding Warrants.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the following is, as of the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder of Common Shares and Warrants acquired under the Offering. This summary applies to a holder who either: (i) at all relevant times for purposes of the Tax Act, is or is deemed to be resident in Canada, deal at arm’s length with and is not affiliated with the Corporation, the Underwriters or a subsequent purchaser of the Common Shares or Warrants and acquires and holds the Common Shares and Warrants 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 the Corporation, the Underwriters or a subsequent purchaser of the Common Shares or Warrants, acquires and holds the Common Shares and Warrants as capital property and does not use or hold the Common Shares or Warrants 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 or Warrants in connection with a permanent establishment or fixed base in Canada (a “Non-Resident Holder”).

Generally, the Common Shares and Warrants will be considered to be capital property to a holder thereof provided that the holder does not use the Common Shares or Warrants 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. Subsection 39(4) does not apply to deem the Warrants 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 Units that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules) or a “specified financial institution”; (ii) a holder of Units, 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; (iv) an “authorized foreign bank” (as defined in the Tax Act); or (v) a holder of units that has made a functional currency reporting election under the Tax Act. Such holders should consult their own tax advisors with respect to an investment in Units.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “Regulations”) in force as of the date hereof, all specific proposals (the “Proposed Amendments”) to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the “CRA”). No assurance can be given that the Proposed Amendments will be enacted in their current proposed form, if at all.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. **Holders should consult their own tax advisors with respect to their particular circumstances.**

Allocation of Cost

The total purchase price of a Unit to a purchaser must be allocated on a reasonable basis between the Common Share and the one-half of one Warrant to determine the cost of each to the purchaser for purposes of the Tax Act.

For its purposes, the Corporation intends to allocate Cdn\$21.30 of the issue price of each Unit as consideration for the issue of each Common Share and Cdn\$1.95 of the issue price of each Unit for the issue of each one-half of one Warrant. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the holder. The holder's adjusted cost base of the Common Share comprising a part of each Unit will be determined by averaging the cost allocated to the Common Share with the adjusted cost base to the holder of all Common Shares owned by the holder immediately prior to such acquisition.

Exercise of Warrants

No gain or loss will be realized by a holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the holder's cost of the Warrant Share acquired thereby will be the aggregate of the holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the holder of all common shares owned by the holder immediately prior to such acquisition.

Taxation of Resident Holders

Disposition and Expiry of Warrants

A disposition or deemed disposition by a holder of a Warrant (other than upon the exercise thereof) will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such holder's adjusted cost base of the Warrants. In the event of the expiry of an unexercised Warrant, the holder will realize a capital loss equal to the holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Losses".

Dividends

Dividends received or deemed to be received on the Common Shares will be included in computing the holder's income. In the case of an individual, such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received from taxable Canadian corporations (as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals in respect of "eligible dividends" designated by the Corporation to the holder. Dividends received by a corporation on the Common Shares must be included in computing its income but generally will be deductible in computing its taxable income.

Private corporations (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing taxable income. This refundable tax generally will be refunded to a corporate holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Disposition of Common Shares

A disposition or deemed disposition of Common Shares by a holder will generally give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such holder's adjusted cost base of the Common Shares. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Capital Gains and Losses".

Capital Gains and Capital Losses

Upon a disposition (or a deemed disposition) of a Common Share or Warrant (other than on the exercise thereof), a holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security, as applicable, to the holder. One-half of any capital gain will be included in income as a taxable capital gain and one-half of a capital loss may normally be deducted as an allowable capital loss against taxable capital gains realized in the year of disposition. 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 holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstance prescribed by the Tax Act. Similar rules may apply where a holder that is a corporation is a member of a partnership or beneficiary of a trust that owns such shares or that is itself a member of a partnership or a beneficiary of a trust that owns shares.

A holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) also may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year which will include an amount in respect of taxable capital gains. This tax generally will be refunded to a corporate holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

Alternative Minimum Tax

In general terms, a holder that is an individual or a trust, other than a specified trust, that receives or is deemed to receive taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may realize an increase in the holder's liability for alternative minimum tax.

Taxation of Non-Resident Holders

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Corporation 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 the Corporation'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 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.

Exercise of Warrants

No gain or loss will be realized by a holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the holder's cost of the Warrant Share acquired thereby will be the aggregate of the holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the holder of all common shares owned by the holder immediately prior to such acquisition.

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 or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share or Warrant 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 and Warrants 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 the Corporation. 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 or Warrants if the Common Shares are listed on the TSX at the time of their disposition.

USE OF PROCEEDS

The estimated net proceeds of this Offering received by the Corporation, after payment of the Underwriting Fee and deducting the estimated expenses of this Offering, are estimated to be approximately Cdn\$222,800,000. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, after payment of the Underwriting Fee and deducting the estimated expenses of the Offering, are estimated to be Cdn\$256,280,000. The Corporation intends to use the net proceeds of this Offering for resource royalty acquisitions, corporate development opportunities and for general corporate purposes. The Corporation's actual use of the net proceeds may vary depending on the Corporation's operating and capital needs from time to time. There may be circumstances where for sound business reasons, a reallocation of funds may be necessary.

Pending the use of the proceeds described above, the Corporation may invest all or portion of the proceeds of the Offering in short-term high quality interest bearing Canadian chartered bank or government issued securities.

RISK FACTORS

Investors should carefully consider all of the information disclosed in this Prospectus and documents incorporated by reference prior to investing in the securities offered hereunder. In addition to the other information presented in this Prospectus and documents incorporated by reference, the following risk factors should be given special consideration when evaluating an investment in Franco-Nevada's securities as described in more details with other risk factors in the IPO Prospectus under the section "Risk Factors": 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; 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; and 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.

In addition, the following risk factors relating to the Offering should be carefully considered by investors:

Risks Related to the Offering

Franco-Nevada's securities 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 securities of the Corporation 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.

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.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the securities offered hereunder will be passed upon by Cassels Brock & Blackwell LLP on behalf of the Corporation and by Stikeman Elliott LLP on behalf of the Underwriters. As of the date of this Prospectus, the partners and associates of Cassels Brock & Blackwell LLP and the partners and associates of Stikeman Elliott LLP, as a group, own less than 1% of the issued and outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Suite 3000, Toronto-Dominion Centre, 77 King Street West, Toronto, Ontario, M5K 1G8.

The transfer agent and registrar for the common shares of the Corporation is Computershare Investor Services Inc. at its principal office in Toronto.

It is anticipated that the Warrant Agent will be Computershare Trust Company of Canada at its principal office in Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation of several 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 the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to 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.

INTERESTS OF EXPERTS

Each of Neal Rigby and Leah Mach is a "qualified person" under NI 43-101 and has been responsible to prepare technical reports referred to herein and documents incorporated by reference.

GLJ Petroleum Consultants Ltd. and McDaniel & Associates Consultants Ltd. prepared certain reports referred to under "Technical and Third Party Information" in this Prospectus and IPO Prospectus.

To the knowledge of the Corporation, each of these experts held less than 1% of the outstanding common shares of the Corporation at the time of the preparation of the reports and/or at the time of the preparation of the technical information contained or incorporated by reference in this Prospectus. See also "Legal Matters".

GLOSSARY OF TERMS

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

“**Additional Securities**” means the additional securities issuable upon the exercise of the Over-Allotment Option by the Underwriters.

“**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%.

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

“**Closing Date**” means the date on which completion of the sale and issuance of the Units pursuant to this Offering will occur.

“**Common Shares**” has the meaning ascribed thereto on the face page of this Prospectus.

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

“**CRA**” means the Canada Revenue Agency.

“**Edson Property**” has the meaning set forth in the IPO Prospectus.

“**ERISA**” means the *Employee Retirement Income Security Act of 1974* (United States), as amended.

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

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

“**Goldstrike Complex**” has the meaning set forth in the IPO Prospectus.

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

“**IPO Prospectus**” means the prospectus of the Corporation dated November 30, 2007.

“**Medicine Hat Consolidated Unit No. 1**” has the meaning set forth in the IPO Prospectus.

“**Midale Unit**” has the meaning set forth in the IPO Prospectus.

“**Mineral Royalties**” means the approximately 190 royalty interests in precious and base metal properties and certain equity interests acquired by Franco-Nevada from Newmont and currently owned (directly or indirectly) by Franco-Nevada and any subsequently acquired royalty interest in precious and/or base metal properties subsequent to December 20, 2007.

“**New Credit Facility**” means the senior secured revolving term credit facility of Franco-Nevada of \$150.0 million under a credit agreement of the Corporation dated December 20, 2007.

“**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*.

“**Offering**” means the offering of 10,000,000 Units under this prospectus at the Offering Price for aggregate gross proceeds of Cdn\$232,500,000

“**Offering Price**” means Cdn\$23.25 per Unit.

“**Oil & Gas Interests**” means the over 100 royalty interests and working interests in oil and natural gas properties acquired by Franco-Nevada from Newmont, and currently owned (directly and indirectly) by Franco-Nevada, and any royalty and/or working interests in oil and natural gas properties acquired subsequent to December 20, 2007.

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

“**OOIP**” means Original Oil in Place, the total quantity of oil estimated to be contained in an accumulation, at a given time.

“**Over-Allotment Option**” means the option granted to the Underwriters by Franco-Nevada for the right, exercisable within 30 days after the closing of the Offering, to acquire from Franco-Nevada at the Offering Price up to 1,500,000 Units at the Offering Price and/or up to 750,000 Warrants in order to cover over-allotments and for market stabilization purposes, if any.

“**Plans**” means collectively, registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, and registered disability savings plans.

“**Prospectus**” means the preliminary prospectus or final prospectus of Franco-Nevada regarding this Offering, as the context requires.

“**Protocol**” means the fifth protocol to the Treaty signed by the Minister of Finance(Canada) and the United States Secretary of the Treasury.

“**Royalty Portfolio**” means the Mineral Royalties and Oil & Gas Interests.

“**SRK**” means SRK Consulting (US), Inc.

“**Stillwater**” means Stillwater Mining Company.

“**Stillwater Complex**” has the meaning set forth in the IPO Prospectus.

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

“**Tax Act**” means the Income Tax Act (Canada).

“**Tidewater Interests**” has the meaning set forth in the IPO Prospectus.

“**Treaty**” means the Canada-United States Income Tax Convention (1980).

“**TSX**” means the Toronto Stock Exchange.

“**Underwriters**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Underwriting Agreement**” means the underwriting agreement dated February 28, 2008 among Franco-Nevada and the Underwriters with respect to this Offering.

“**Underwriting Fee**” means the fee to be paid to the Underwriters equal to 4% of the gross proceeds of this Offering, including in respect of any Common Shares and Warrants sold pursuant to any exercise of the Over-Allotment Option.

“**U.S. Person**” has the meaning as defined in Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

“**Units**” means a unit of the Corporation, each Unit consisting of one common share in the capital of the Corporation and one-half of one Warrant.

“**Warrant**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Warrant Agent**” means Computershare Trust Company of Canada.

“**Warrant Indenture**” means the warrant indenture dated the Closing Date to be entered into between the Corporation and the Warrant Agent;

“**Warrant Share**” has the meaning ascribed thereto on the face page of this Prospectus.

“**Weyburn Unit**” has the meaning set forth in the IPO Prospectus.

AUDITORS' CONSENT

We have read the short form prospectus of Franco-Nevada Corporation (the "Company") dated ●, 2008 relating to the Company's public offering of Units. 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 19, 2007. Our report is dated November 30, 2007. We also consent to the use in the above mentioned prospectus of our compilation report to the Board of Directors of the Company on the unaudited pro forma combined financial statements of the Company as at September 30, 2007, and for the nine month period then ended and for the year ended December 31, 2006. Our report is dated November 30, 2007.

Toronto, Ontario, Canada
●, 2008

●
Chartered Accountants, Licensed Public Accountants

AUDITORS' CONSENT

We have read the short form prospectus of Franco-Nevada Corporation (the "Company") dated ●, 2008 relating to the Company's public offering of units. 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 22, 2007.

Denver, Colorado
●, 2008

●
Certified Public Accountants

CONSENT OF GLJ

We have read the short form prospectus of Franco-Nevada Corporation (“Franco-Nevada”) dated ●, 2008 relating to the issue and sale of units 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
●, 2008

CERTIFICATE OF THE CORPORATION

Dated: February 28, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and Yukon, the Northwest Territories and Nunavut. For the purposes of the Province of Québec, this simplified prospectus, together with the documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) David Harquail
Chief Executive Officer

(Signed) Alex Morrison
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Graham Farquharson
Director

(Signed) Pierre Lassonde
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 28, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and Yukon, the Northwest Territories and Nunavut. For the purposes of the Province of Québec, this simplified prospectus, together with the documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

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
MCCREARY
Managing Director

GMP SECURITIES L.P.

By: (Signed) MARK WELLINGS
Managing Director

**RBC DOMINION
SECURITIES INC.**

By: (Signed) GORDON J. BELL
Managing Director

SCOTIA CAPITAL INC.

By: (Signed) JEFFREY W.
RICHMOND
Managing Director

**HSBC SECURITIES
(CANADA) INC.**

By: (Signed) NICOLE CATY
Director

**NATIONAL BANK
FINANCIAL INC.**

By: (Signed) STEVEN J. FARBER
Director

**DUNDEE
SECURITIES
CORPORATION**

By: (Signed) RICHARD
COHEN
Managing Director

**GENUITY CAPITAL
MARKETS**

By: (Signed) GUNNAR
EGGERTSON
Principal

PARADIGM CAPITAL INC.

By: (Signed) JOHN WARWICK
Partner

**WELLINGTON WEST
CAPITAL MARKETS
INC.**

By: (Signed) WILLIAM
WASHINGTON
Managing Director