UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☒ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2016 **Commission File Number 001-35286**

Franco-Nevada Corporation

(Exact name of registrant as specified in its charter)

Canada	**1040**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

199 Bay Street, Suite 2000
P.O. Box 285
Commerce Court Postal Station
Toronto, Ontario M5L 1G9
Canada
(416) 306-6300
(Address and telephone number of registrant's principal executive offices)

DL Services, Inc.
Columbia Center
701 Fifth Avenue, Suite 6100
Seattle, Washington 98104-7043
(206) 903-8800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange On Which Registered:
Common Shares	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report: 178,482,139

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

EXPLANATORY NOTE

Franco-Nevada Corporation (the "Registrant" or the "Company") is a Canadian issuer that is permitted, under the multijurisdictional disclosure system adopted in the United States, to prepare its Annual Report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in accordance with disclosure requirements in effect in Canada that differ from those of the United States. The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and in Rule 405 under the Securities Act of 1933, as amended. Equity securities of the Registrant are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 40-F and the exhibits hereto (this "Annual Report") contain certain "forward looking information" and "forward looking statements" within the meaning of applicable Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995, respectively, which may include, but are not limited to, statements with respect to future events or future performance, management's expectations regarding the Registrant's growth, results of operations, estimated future revenues, carrying value of assets, future dividends and requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such reserves and resources and gold equivalent ounces ("GEOs") 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," "budgets," "scheduled," "estimates," "forecasts," "predicts," "projects," "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 the Registrant 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 any forward looking statement, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty and stream revenue (gold, platinum group metals, copper, nickel, uranium, silver, iron-ore and oil and gas); fluctuations in the value of the Canadian and Australian dollar, Mexican peso and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which the Registrant holds a royalty, stream or other interest are located or through which they are held; risks related to the operators of the properties in which the Registrant holds a royalty, stream or other interest, including changes in the ownership and control of such operators; influence of macroeconomic developments; business opportunities that become available to, or are pursued by the Registrant; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which the Registrant holds a royalty, stream or other interest; whether or not the Registrant is determined to have "passive foreign investment company" ("PFIC") status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; potential changes in Canadian tax treatment of offshore streams; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which the Registrant holds a royalty, stream or other interest; actual mineral content may differ from the reserves and resources contained in technical reports; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks and hazards associated with the business of development and mining on any of the properties in which the Registrant holds a royalty, stream or other interest, including, but not limited to, unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious disease; and the integration of acquired assets. The forward looking statements contained in, or incorporated by reference into, this Annual Report are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which the Registrant holds a royalty, stream or other interest 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 asset portfolio; the Registrant's ongoing income and assets relating to determination of its PFIC status; no material changes to existing tax treatment; no adverse development in respect of any significant property in which the Registrant holds a royalty, stream or other interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; integration of acquired assets; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and investors are cautioned that forward looking statements are not guarantees of future performance. The Registrant cannot assure investors that actual results will be consistent with these forward looking statements. Accordingly, investors should not place undue reliance on forward looking statements due to the inherent uncertainty therein. For additional information with respect to risks, uncertainties and assumptions, please refer to the "Risk Factors" section of the 2016 AIF (as defined below) filed as Exhibit 99.1 to this Annual Report.

The forward looking statements herein are made as of the date of this Annual Report only and the Registrant does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law. The Registrant's forward-looking statements contained in the exhibits incorporated by reference into this Annual Report are made as of the respective dates set forth in such exhibits. Such forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. In preparing this Annual Report, the Registrant has not updated such forward-looking statements to reflect any change in circumstances or in management's beliefs, expectations or opinions that may have occurred subsequent to the date thereof, nor does the Registrant assume any obligation to update such forward-looking statements in the future, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

RESOURCE AND RESERVE ESTIMATES

The 2016 AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in the 2016 AIF have been prepared by the owners or operators of the properties (as and to the extent indicated by them) in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian securities regulatory authorities which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits a historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if, among other things, the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (d) includes any more recent estimates or data available.

Canadian standards for reporting reserves and resources, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (the "SEC" or the "Commission"), and reserve and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves." Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources," "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Registrant in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth

herein and the documents incorporated by reference herein and therein may not be comparable with information made public by companies that report in accordance with U.S. standards.

In addition to NI 43-101, a number of resource and reserve estimates have been prepared in accordance with the JORC Code or the SAMREC Code (as such terms are defined in NI 43-101), which differ from the requirements of NI 43-101 and U.S. securities laws. Accordingly, information concerning descriptions of the Registrant's mineral properties set forth herein may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder. For more information, see "Reconciliation to CIM Definitions" in the 2016 AIF.

Similarly, the requirements of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") for disclosure of oil and gas activities differ significantly from those of the SEC, and disclosure concerning the oil and gas properties in which the Company has interests may not be comparable with information made public by companies that report in accordance with U.S. standards. The primary differences between the Canadian requirements and the U.S. standards for oil and gas related disclosure are that:

- NI 51-101 requires disclosure of gross and net reserves using forecast prices, whereas the SEC rules require the disclosure of net reserves estimated using a historical 12-month average price;
- NI 51-101 requires the disclosure of the net present value of future net revenue attributable to all of the disclosed reserves categories, estimated using forecast prices and costs, before and after deducting future income tax expenses, calculated without discount and using discount rates of 5%, 10%, 15% and 20%, whereas the SEC rules require disclosure of the present value of future net cash flows attributable to proved reserves only, estimated using a constant price (the historical 12-month average price) and a 10% discount rate;
- NI 51-101 requires a one-year reconciliation of gross proved reserves, gross probable reserves and gross proved plus probable reserves, based on forecast prices and costs, for various product types, whereas the SEC rules require a three-year reconciliation of net proved reserves, based on constant prices and costs, for less specific product types; and
- NI 51-101 reserve estimates are based on definitions and standards promulgated by the Canadian Oil and Gas Evaluation Handbook and generally recognized industry practices in Canada, whereas SEC reserve estimates are based on different reserves definitions and are prepared in accordance with generally recognized industry practices in the United States.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are filed as exhibits to this Annual Report and are hereby incorporated by reference herein:

- the Annual Information Form of the Registrant for the fiscal year ended December 31, 2016 (the "2016 AIF");
- the Management's Discussion and Analysis of the Registrant for the fiscal year ended December 31, 2016 (the "2016 MD&A"); and
- the audited consolidated financial statements of the Registrant, as at and for the fiscal years ended December 31, 2016 and 2015, including the notes thereto, together with the report of the independent auditor thereon and the management report on internal control over financial reporting (the "Financial Statements").

The Registrant prepares its consolidated financial statements, which are filed as Exhibit 99.3 to this Annual Report, in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements are subject to Canadian generally accepted auditing standards and Canadian auditor independence standards, as well as the Standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and independence standards of the SEC. IFRS differs in some significant respects from

generally accepted accounting principles in the United States, and thus the consolidated financial statements may not be comparable to financial statements of United States companies.

DISCLOSURE CONTROLS AND PROCEDURES

The information relating to the Registrant's internal control over financial reporting and disclosure controls and procedures is included under the heading "Internal Control over Financial Reporting and Disclosure Controls and Procedures" in the 2016 MD&A, which is filed as Exhibit 99.2 hereto and incorporated by reference herein.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management's Report on Internal Control over Financial Reporting is filed in Exhibit 99.3 hereto and incorporated by reference herein.

ATTESTATION REPORT OF INDEPENDENT AUDITORS

The attestation report of PricewaterhouseCoopers LLP's on the Registrant's internal control over financial reporting is included in Exhibit 99.3 hereto and incorporated by reference herein.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

The information relating to changes in the Registrant's internal control over financial reporting is included under the heading "Internal Control over Financial Reporting and Disclosure Controls and Procedures" in the 2016 MD&A, which is filed as Exhibit 99.2 hereto and incorporated by reference herein.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended December 31, 2016 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

BOARD OF DIRECTORS

The Board is comprised of a majority of unrelated, independent directors in accordance with the requirements of Sections 303A.01 and 303A.02 of the New York Stock Exchange Listed Company Manual (the "NYSE Manual"). The composition of the Board, including the independence of the Chairman, ensures that the Board has in place appropriate structures and procedures to ensure that the Board can function independently of management.

The Board meets at each regularly scheduled meeting for executive sessions in which the Registrant's independent and "non-management" directors (as defined in the NYSE Manual) meet independently of non-independent directors and management. Pierre Lassonde, an independent, non-management director and the Chairman of the Board, serves as the presiding director at all meetings of the Board.

In addition, the Board has established the Audit and Risk Committee (as described more fully below under "Audit and Risk Committee") and the Compensation and Corporate Governance Committee, each of which is comprised of unrelated, independent directors, as determined under the NYSE Manual.

The mandate of the Board, the Audit and Risk Committee charter and the Compensation and Corporate Governance Committee charter are located on the Registrant's website at www.franco-nevada.com, under the heading "Corporate—Governance." Copies of the Board mandate and committee charters may be obtained upon request from Investor Relations at 416-306-6328, or by email to info@franco-nevada.com.

AUDIT AND RISK COMMITTEE

The Board has a separately designated standing Audit and Risk Committee established for the purpose of overseeing the accounting and financial reporting processes of the Registrant and audits of the financial statements of the Registrant in accordance with Section 3(a)(58)(A) of the Exchange Act. As of the date of this Annual Report, the Audit and Risk Committee is comprised of Derek Evans, Tom Albanese and committee chairman Randall Oliphant, each of

whom is independent under the NYSE Manual and Rule 10A-3 under the Exchange Act. In addition, the Registrant has determined that Mr. Oliphant is an "audit committee financial expert" within the meaning of the rules of the SEC. The information provided under the heading "Audit and Risk Committee Information" in the 2016 AIF and the Audit and Risk Committee Charter attached as Appendix C to the 2016 AIF are hereby incorporated by reference herein.

A copy of Audit and Risk Committee charter is also located on the Registrant's website at www.franco-nevada.com, under the heading "Corporate—Governance," or may be obtained upon request from Investor Relations at 416-306-6328, or by email to info@franco-nevada.com.

NYSE CORPORATE GOVERNANCE

The Registrant operates under corporate governance practices that are consistent with the requirements of Section 303A of the NYSE Manual.

In accordance with Section 303A.11 of the NYSE Manual, a summary of the significant ways in which the Registrant's corporate governance practices differ from those applicable to U.S. domestic companies under New York Stock Exchange listing standards is located on the Registrant's website at www.franco-nevada.com, under the heading "Corporate—Governance," or may be obtained upon request from Investor Relations at 416-306-6328, or by email to info@franco-nevada.com.

CODE OF ETHICS

The Registrant has adopted a Code of Business Conduct and Ethics (the "Code"), which is applicable to all directors, officers and employees. All amendments to the Code, and all waivers of the Code with respect to any of the officers covered by it, which waiver may be made only by the Board in respect of senior officers, will be promptly posted on the Registrant's website and provided in print to any shareholder who requests them.

A copy of the Code is located on the Registrant's website at www.franco-nevada.com, under the heading "Corporate Governance", or may be obtained, without charge, upon request from Investor Relations at 416-306-6328, or by email to info@franco-nevada.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information relating to the Registrant's principal account fees and services that is included under the heading "Audit and Risk Committee Information—Fees" in the 2016 AIF is hereby incorporated by reference herein.

In addition, the information relating to the Audit and Risk Committee's pre-approval policies and procedures that is included under the heading "Audit and Risk Committee Information—Pre-Approval Policies and Procedures" in the 2016 AIF is hereby incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

The Registrant does not have any off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The following table presents, as of December 31, 2016, the Registrant's known contractual obligations, aggregated by type of contractual obligation as set forth below:

Contractual Obligations (in U.S. dollars)	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Long Term Debt Obligations	$ —	$ —	$ —	$ —	$ —
Capital (Finance) Lease Obligations	—	—	—	—	—
Operating Lease Obligations	4,027,000	502,000	1,032,000	1,032,000	1,461,000
Purchase Obligations	647,767,000	320,000,000	327,767,000	—	—
Other Long-Term Liabilities	—	—	—	—	—
Total	$ 651,794,000	$ 320,502,000	$ 328,799,000	$ 1,032,000	$ 1,461,000

MINE SAFETY DISCLOSURE

None.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership and disposition of Common Shares.

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, or non-U.S. tax consequences to U.S. Holders of the acquisition, ownership and disposition of Common Shares. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each prospective holder of Common Shares should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of Common Shares.

No ruling from the United States Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Common Shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.

Scope of this Summary

Authorities

This summary is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes On Income And On Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available as of the date of this Annual Report. Any of the

authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis, which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders

For purposes of this summary, the term "U.S. Holder" means a beneficial owner of Common Shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (a) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders

For purposes of this summary, a "non-U.S. Holder" is a beneficial owner of Common Shares that is not a U.S. Holder. This summary does not address the U.S. federal income tax consequences to non-U.S. Holders arising from and relating to the acquisition, ownership and disposition of Common Shares. Accordingly, a non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences (including the potential application of and operation of any income tax treaties) relating to the acquisition, ownership and disposition of Common Shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a "functional currency" other than the U.S. dollar; (e) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) U.S. Holders that hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) U.S. Holders that own or have owned (directly, indirectly, or by attribution) 10 percent or more of the total combined voting power of the outstanding Common Shares of the Company; or (i) U.S. Holders that are U.S. expatriates or former long-term residents of the United States. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of Common Shares.

If an entity or arrangement that is classified as a partnership (or other "pass-through" entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such entity and the partners (or other owners) of such entity generally will depend on the activities of the entity and the status of such partners (or owners). This summary does not address the tax consequences to any such owner. Partners (or other owners) of entities or arrangements that are classified as partnerships or as "pass-through" entities for U.S. federal income tax purposes should consult their own tax advisor regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership and disposition of Common Shares.

Ownership and Disposition of Common Shares

The following discussion is subject to the rules described below under the heading "Passive Foreign Investment Company Rules."

Distributions on Common Shares

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Common Share will be required to include the amount of such distribution in gross income as a dividend (including the amount of any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Company, as calculated for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Common Shares and thereafter as gain from the sale or exchange of such Common Shares. (See "Sale or Other Taxable Disposition of Common Shares" below.) However, the Company may not calculate earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to the Common Shares will be treated as ordinary dividend income for U.S. federal information reporting purposes.

Subject to certain holding period and other requirements, dividends received by non-corporate U.S. Holders from a "qualified foreign corporation" may be eligible for reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Treasury Department determines to be satisfactory for these purposes and that includes an exchange of information provision. The U.S. Treasury has determined that the Canada-U.S. Tax Convention meets these requirements, and the Company believes that it is eligible for the benefits of the Canada-U.S. Tax Convention. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on ordinary shares that are readily tradeable on an established securities market in the United States. U.S. Treasury guidance indicates that the Company's Common Shares are readily tradeable on an established securities market in the United States. However, there can be no assurance that the Common Shares will be considered readily tradeable on an established securities market in future years. If the Company is classified as a PFIC (as defined below) in the tax year of distribution or in the preceding tax year, then dividends received by U.S. Holders will not be qualified dividends. Dividends received by corporate U.S. Holders will not be eligible for the "dividends received deduction." The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

Upon the sale or other taxable disposition of Common Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder's tax basis in such Common Shares sold or otherwise disposed of. A U.S. Holder's tax basis in Common Shares generally will be such holder's U.S. dollar cost for such shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the Common Shares have been held for more than one year.

Preferential tax rates apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company Rules

If the Company were to constitute a "passive foreign investment company" within the meaning of Section 1297 of the Code (a "PFIC") for any year during a U.S. Holder's holding period, then certain different and potentially adverse U.S. federal income tax rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of Common Shares. The U.S. Treasury Department has not issued specific guidance on how the income and assets of a non-U.S. corporation such as the Company will be treated under the PFIC rules.

The Company generally will be a PFIC for any tax year in which, after applying relevant look-through rules with respect to the income and assets of subsidiaries, (a) 75 percent or more of its gross income is passive income

(the “income test”) or (b) 50 percent or more of its assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market values of such assets (the “asset test”). “Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources. “Passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Passive income generally excludes active business gains arising from the sale of commodities, if substantially all (85 percent or more) of a foreign corporation’s commodities are stock in trade or inventory, real and depreciable property used in a trade or business, or supplies regularly used or consumed in a trade or business, and certain other requirements are satisfied.

Under certain attribution rules, if the Company were a PFIC, U.S. Holders would generally be deemed to own their proportionate share of the Company’s direct or indirect equity interest in any company that is also a PFIC (a “Subsidiary PFIC”), and would be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC upon the sale of the Common Shares of the Company, as well as their proportionate share of (a) any “excess distributions” (as discussed below) on the stock of a Subsidiary PFIC and (b) any gain realized upon the disposition or deemed disposition of stock of a Subsidiary PFIC by the Company or by another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. If the Company were classified as a PFIC for any taxable year in which a U.S. Holder held Common Shares, then the Company generally would continue to be classified as a PFIC with respect to such U.S. Holder for any subsequent taxable year in which the U.S. Holder continued to hold Common Shares, even if the Company’s income or assets would not cause it to be a PFIC in such subsequent taxable year, unless an exception were to apply.

The Company believes, on a more-likely-than-not basis, that it currently qualifies, and expects to continue to qualify in the future, for the active commodities business exception for purposes of the PFIC asset test and PFIC income test. Accordingly, the Company believes, on a more-likely-than-not basis, that it was not a PFIC for its tax year ended December 31, 2016, and, based on its current and anticipated business activities and financial expectations, the Company expects, on a more-likely-than-not basis, that it will not be a PFIC for its current tax year and for the foreseeable future. However, the Company believes that it was a PFIC for its tax year ended December 31, 2011, and prior tax years.

The determination as to whether any corporation was, or will be, a PFIC for a particular tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations and uncertainty. In addition, there is limited authority on the application of the active commodities exception and other relevant PFIC rules to entities such as the Company and its subsidiaries. Accordingly, there can be no assurance that the IRS will not challenge the views of the Company (or a Subsidiary PFIC, as defined above) concerning its PFIC status. In addition, whether any corporation will be a PFIC for any tax year depends on its assets and income over the course of such tax year, and, as a result, the Company’s PFIC status for its current tax year and any future tax year cannot be predicted with certainty. Each U.S. Holder should consult its own tax advisor regarding the PFIC status of the Company and any Subsidiary PFIC.

If the Company were a PFIC for any tax year in which a U.S. Holder held Common Shares, and such U.S. Holder had not made an effective QEF Election or Mark-to-Market Election under the PFIC rules (as defined and more fully described below) with respect to its Common Shares, then such holder generally would be subject to special rules with respect to “excess distributions” made by the Company on the Common Shares and with respect to gain from the direct or indirect disposition of Common Shares. An “excess distribution” generally would include the excess of distributions made with respect to the Common Shares to a U.S. Holder in any tax year over 125% of the average annual distributions made to such U.S. Holder by the Company during the shorter of the three preceding tax years or such U.S. Holder’s holding period for the Common Shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the direct or indirect disposition of the Common Shares ratably over its holding period for the Common Shares. Amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed at the highest tax rate in effect for ordinary income for each such year. In addition, an interest charge would apply.

If the Company were a PFIC for any tax year in which a U.S. Holder held Common Shares, and such U.S. Holder had made a timely and effective election to treat the Company as a “qualified electing fund” (a “QEF Election”) for the first tax year of such U.S. Holder’s holding period in which the Company were classified as a PFIC, then such U.S. Holder generally would not be subject to the PFIC rules described in the preceding paragraph. Instead, such U.S. Holder would be subject to U.S. federal income tax on such holder’s pro rata share of (a) the net capital gain of the

Company, which would be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which would be taxed as ordinary income to such U.S. Holder. A QEF Election, once made, would be effective with respect to such U.S. Holder's Common Shares for all subsequent tax years in which the Company were treated as a PFIC, unless the QEF Election is invalidated or terminated or the IRS consents to revocation of the QEF Election. The QEF Election cannot be made unless the Company provides or makes available certain information. To facilitate the making of QEF Elections by U.S. Holders, for each tax year that the Company is classified as a PFIC, the Company: (a) intends to make available to U.S. Holders, upon written request, a "PFIC Annual Information Statement" and (b) upon written request, use commercially reasonable efforts to provide all additional information that such U.S. Holder is required to obtain in connection with maintaining such QEF Election with regard to the Company or any of its Subsidiary PFICs. The Company may provide such information on its website (http://www.franco-nevada.com). U.S. Holders considering the QEF election should note that a QEF election with respect to Common Shares would not apply to any Subsidiary PFICs. Consequently, unless a U.S. Holder makes a QEF election with respect to any Subsidiary PFIC, it could be subject to the adverse tax consequences described above with respect to any interests in a Subsidiary PFIC. In light of the uncertainties described above, the Company has continued to provide such information for all taxable years through 2015 despite its belief on a more-likely-than-not basis that it was not a PFIC in any taxable year after 2011, and it currently expects that it will continue to do so, although it reserves the right to discontinue this practice in the future.

If the Company were a PFIC for any tax year in which a U.S. Holder held Common Shares, and such U.S. Holder had made a timely and effective "mark to market" election (a "Mark-to-Market Election") in the first tax year of such U.S. Holder's holding period in which the Company were classified as a PFIC, then such U.S. Holder generally would not be subject to the PFIC rules described in the preceding paragraphs. Instead, such U.S. Holder generally would include in ordinary income, for each tax year in which the Company were a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares, as of the close of such tax year over (b) such U.S. Holder's adjusted tax basis in such Common Shares. The U.S. Holder would be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in the Common Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the Mark-to-Market Election. A U.S. Holder's adjusted tax basis in the Common Shares would be increased by the amount of any income inclusion and decreased by the amount of any deductions under the Mark-to-Market Election rules. In addition, upon a sale or other taxable disposition of Common Shares, a U.S. Holder that made a Mark-to-Market Election would recognize ordinary income or ordinary loss (but only to the extent such loss did not exceed the net amount of previously included income as a result of the Mark-to-Market Election). A Mark-to-Market Election would apply to the tax year in which such election is made and to each subsequent tax year, unless the Common Shares were to cease to be "marketable stock," the U.S. Holder were to mark the Common Shares to market under non-PFIC provisions of the Code, or the IRS were to consent to the revocation of such election. The Mark-to-Market Election is expected to be available with respect to the Company, provided that the Common Shares are "regularly traded" for U.S. federal income tax purposes, which is expected to be the case. However, the Mark-to-Market Election will not be available with respect to any Subsidiary PFIC. Accordingly, U.S. Holders making a Mark-to-Market Election would be subject to unfavorable tax consequences described above with respect to any Subsidiary PFIC.

In any year in which the Company is classified as a PFIC, a U.S. Holder generally will be required to file an annual report with the IRS containing certain information regarding such holder's interest in the Company (or a Subsidiary PFIC), subject to certain exceptions. A failure to satisfy such reporting requirement could result in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. Holder. The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the foregoing reporting requirements, the advisability of making a QEF Election or Mark-to-Market Election, and any other tax consequences under the PFIC rules of acquiring, owning and disposing of Common Shares.

Additional Considerations

Tax on Net Investment Income

Certain individuals, estates and trusts whose income exceeds certain thresholds are required to pay a 3.8 percent additional tax on "net investment income," including, among other things, dividends and net gain from disposition of property (other than property held in a trade or business). Accordingly, dividends on and capital gain from the sale or other taxable disposition of the Common Shares may be subject to this additional tax.

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or received by a U.S. Holder in foreign currency on the sale, exchange or other taxable disposition of Common Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder generally will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S.-source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a foreign corporation should be treated as foreign-source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S.-source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. However, the amount of a distribution with respect to the Common Shares that is treated as a "dividend" may be lower for U.S. federal income tax purposes than it is for Canadian federal income tax purposes, resulting in a reduced foreign tax credit allowance to a U.S. Holder. In addition, this limitation is calculated separately with respect to specific categories of income. The foreign tax credit rules are complex and involve the application of rules that depend upon a U.S. Holder's particular circumstances. Each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in IRS guidance) that, during any tax year, hold an interest in a "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns a statement on IRS Form 8938 setting forth certain information, if the aggregate value of all such assets exceeds certain threshold amounts. "Specified foreign financial assets" generally include financial accounts maintained with non-U.S. financial institutions and may also include the Common Shares if they are not held in an account maintained with certain financial institutions. These information reporting requirements also apply to U.S. corporations, partnerships, and trusts formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisor as to the possible application to them of this filing requirement.

Backup Withholding and Additional Information Reporting

Payments made within the United States or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, Common Shares will generally be subject to information reporting and backup withholding tax, at the rate of 28 percent, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) is notified by the IRS that such U.S. Holder has previously failed to properly report interest and dividend income, or (c) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number, that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax, and that such U.S. Holder is a U.S. person. However, certain exempt persons

generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes the required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Registrant has previously filed with the Commission a written consent to service of process on Form F-X. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRANCO-NEVADA CORPORATION

/s/ Lloyd Hong
Lloyd Hong
Chief Legal Officer & Corporate Secretary

Date: March 22, 2017

EXHIBIT INDEX

The following documents are being filed with the SEC as exhibits to this Annual Report.

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2016
99.2	Management's Discussion and Analysis for the fiscal year ended December 31, 2016
99.3	Audited Consolidated Financial Statements of the Registrant, as at and for the fiscal years ended December 31, 2016 and 2015, including the notes thereto, together with the report of the independent auditor thereon and the management report on internal control over financial reporting
99.4	Certifications of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certifications of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of PricewaterhouseCoopers LLP
99.9	Consent of Phil Wilson
99.10	Consent of GLJ Petroleum Consultants Ltd.

Exhibit 99.1

2017 Annual Information Form

Franco Nevada
The GOLD Investment that WORKS









For the year ended December 31, 2016
Dated as of March 22, 2017

TABLE OF CONTENTS

	Page
GENERAL MATTERS	1
FORWARD LOOKING STATEMENTS	1
EXCHANGE RATE INFORMATION	3
COMMODITY PRICE INFORMATION	3
THE CORPORATION	4
GENERAL DEVELOPMENT OF FRANCO-NEVADA'S BUSINESS	5
EXPLANATION OF ROYALTIES, STREAMS AND OTHER INTERESTS	11
TECHNICAL AND THIRD PARTY INFORMATION	13
FRANCO-NEVADA'S ASSETS	15
ANTAPACCAY MINING AND TECHNICAL INFORMATION	23
ANTAMINA MINING AND TECHNICAL INFORMATION	28
CANDELARIA MINING AND TECHNICAL INFORMATION	33
COBRE PANAMA MINING AND TECHNICAL INFORMATION	40
SELECTED MINERAL ASSET SUMMARY DESCRIPTIONS	46
RESERVES DATA AND OTHER OIL & GAS INFORMATION	51
RISK FACTORS	60
DIVIDENDS	73
CAPITAL STRUCTURE	73
MARKET FOR SECURITIES	74
DIRECTORS AND OFFICERS	75
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	78
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	78
REGISTRAR AND TRANSFER AGENT	78
MATERIAL CONTRACTS	78
EXPERTS	79
ADDITIONAL INFORMATION	79
AUDIT AND RISK COMMITTEE INFORMATION	79
APPENDIX A FORM 51-101F2	A-1
APPENDIX B FORM 51-101F3	B-1
APPENDIX C FRANCO-NEVADA CORPORATION AUDIT AND RISK COMMITTEE CHARTER	C-1

GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, the terms “Franco-Nevada”, “Company”, “Corporation”, “our” and “we” refer to Franco-Nevada Corporation and its subsidiaries. For reporting purposes, the Corporation presents its financial statements in United States dollars and in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”). All dollar amounts in this Annual Information Form (“ **AIF**”) are expressed in United States dollars, except as otherwise indicated. References to “$” or “dollars” are to United States dollars, references to “C$” are to Canadian dollars, references to “A$” are to Australian dollars and references to “ZAR” are to South African rand.

The information contained in this AIF is as of December 31, 2016, unless otherwise indicated. More current information may be available on our public website at www.franco-nevada.com or on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com or on the website of the United States Securities and Exchange Commission (the “ **SEC**”) at www.sec.gov. In addition, we generally maintain supporting materials on our website which may assist in reviewing (but are not to be considered part of) this AIF including Franco-Nevada’s 2017 Asset Handbook, a Glossary of Non-Technical Terms, Glossary of Technical Terms, Certain Oil & Natural Gas Terms and a Metric Conversion Table.

FORWARD LOOKING STATEMENTS

This AIF contains “forward looking information” and “forward looking statements” within the meaning of applicable Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995, respectively, 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, carrying value of assets, future dividends and requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such reserves and resources and gold equivalent ounces (“**GEOs**”) 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”, “budgets”, “scheduled”, “estimates”, “forecasts”, “predicts”, “projects”, “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 any forward looking statement, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty and stream revenue (gold, platinum group metals, copper, nickel, uranium, silver, iron-ore and oil and gas); fluctuations in the value of the Canadian and Australian dollar, Mexican peso and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which Franco-Nevada holds a royalty, stream or other interest are located or through which they are held; risks related to the operators of the properties in which Franco-Nevada holds a royalty, stream or other interest, including changes in the ownership and control of such operators; influence of macroeconomic developments; business opportunities that become available to, or are pursued by Franco-Nevada; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; whether or not the Corporation is determined to have “passive foreign investment company” (“**PFIC**”) status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; potential changes in Canadian tax treatment of offshore streams; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; actual mineral content may differ from the reserves and resources contained in technical reports; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks and hazards associated with the business of development and mining on any of the properties in which Franco-Nevada holds a royalty, stream or other interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious disease; and the integration of acquired assets. The forward looking statements contained in this AIF are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which Franco-Nevada holds a royalty, stream or other interest 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 asset portfolio; the Corporation’s ongoing income and assets relating to determination of its PFIC status; no material changes to existing tax treatment; no adverse development in respect of any significant property in which Franco-Nevada holds a royalty, stream or other interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; integration of acquired assets; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and investors are cautioned that forward looking statements are not guarantees of future performance. Franco-Nevada cannot assure investors that actual results will be consistent with these forward looking statements. Accordingly, investors should not place undue reliance on forward looking statements due to the inherent uncertainty therein. For additional information with respect to risks, uncertainties and

assumptions, please refer to the "Risk Factors" section of this AIF filed with the Canadian securities regulatory authorities on www.sedar.com and the SEC on www.sec.gov. The forward looking statements herein are made as of the date of this AIF only and Franco-Nevada does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.

CAUTIONARY NOTE REGARDING MINERAL AND OIL AND GAS RESERVE AND RESOURCE ESTIMATES

This AIF has been prepared in accordance with the requirements of Canadian securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all mineral resource and reserve estimates included in this AIF have been prepared by the owners or operators of the relevant properties (as and to the extent indicated by them) in accordance with National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian securities regulatory authorities which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 permits a historical estimate made prior to the adoption of NI 43-101 that does not comply with NI 43-101 to be disclosed using the historical terminology if, among other things, the disclosure: (a) identifies the source and date of the historical estimate; (b) comments on the relevance and reliability of the historical estimate; (c) states whether the historical estimate uses categories other than those prescribed by NI 43-101; and (d) includes any more recent estimates or data available.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and reserve and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Corporation in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

In addition to NI 43-101, a number of resource and reserve estimates have been prepared in accordance with the JORC Code or the SAMREC Code (as such terms are defined in NI 43-101), which differ from the requirements of NI 43-101 and U.S. securities laws. Accordingly, information containing descriptions of the Corporation's mineral properties set forth herein may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder. For more information, see "Reconciliation to CIM Definitions".

Similarly, the requirements of National Instrument 51-101 — *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") for disclosure of oil and gas activities differ significantly from those of the SEC, and disclosure concerning the oil and gas properties in which the Corporation has interests may not be comparable with information made public by companies that report in accordance with U.S. standards. The primary differences between the Canadian requirements and the U.S. standards for oil and gas related disclosure are that:

- NI 51-101 requires disclosure of gross and net reserves using forecast prices, whereas the SEC rules require the disclosure of net reserves estimated using a historical 12-month average price;
- NI 51-101 requires the disclosure of the net present value of future net revenue attributable to all of the disclosed reserves categories, estimated using forecast prices and costs, before and after deducting future income tax expenses, calculated without discount and using discount rates of 5%, 10%, 15% and 20%, whereas the SEC rules require disclosure of the present value of future net cash flows attributable to proved reserves only, estimated using a constant price (the historical 12-month average price) and a 10% discount rate;
- NI 51-101 requires a one-year reconciliation of gross proved reserves, gross probable reserves and gross proved plus probable reserves, based on forecast prices and costs, for various product types, whereas the SEC rules require a three-year reconciliation of net proved reserves, based on constant prices and costs, for less specific product types; and
- NI 51-101 reserve estimates are based on definitions and standards promulgated by the Canadian Oil and Gas Evaluation Handbook and generally recognized industry practices in Canada, whereas SEC reserve estimates are based on different reserves definitions and are prepared in accordance with generally recognized industry practices in the United States.

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 rate published by the Bank of Canada.

	Years ended December 31,		
	2016	**2015**	**2014**
High	$ 1.4589	$ 1.3990	$ 1.1643
Low	$ 1.2544	$ 1.1728	$ 1.0614
Average for the Period	$ 1.3248	$ 1.2787	$ 1.1045
End of Period	$ 1.3427	$ 1.3840	$ 1.1601

As of March 1, 2017, the Bank of Canada began to publish new foreign exchange rates once a day, by 16:30 ET, in the form of a single indicative rate per currency pair, which represents a daily average rate for that currency against the Canadian dollar. The Bank of Canada will cease to publish the noon rate as of April 28, 2017.

On March 21, 2017 the daily average exchange rate was U.S.$1.00 = C$1.3317 as published by the Bank of Canada.

COMMODITY PRICE INFORMATION

	Spot Commodity Prices					
	Gold/oz (LBMA Gold Price PM)	**Silver/oz** (LBMA Silver Price)	**Platinum/oz** (London PM Fix)	**Palladium/oz** (London PM Fix)	**Oil/C$ bbl** (Edmonton Light)	**Gas/C$ mcf** (AECO-C)
Average for 2014	$ 1,266	$ 19.05	$ 1,385	$ 803	$ 94	$ 4.33
Average for 2015	$ 1,160	$ 15.68	$ 1,054	$ 691	$ 57	$ 2.56
Average for 2016	$ 1,248	$ 17.20	$ 987	$ 613	$ 53	$ 2.07

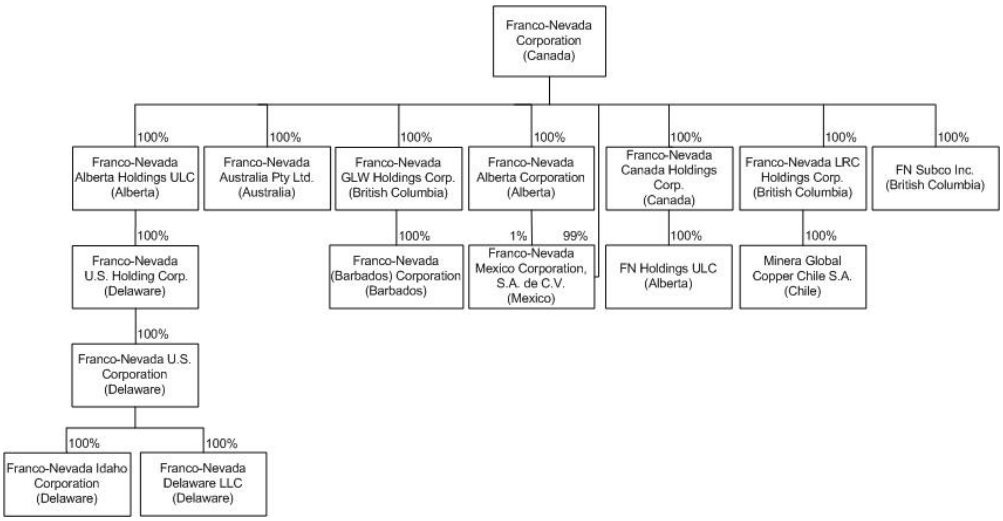
THE CORPORATION

Name, Address and Incorporation

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 currently located at Suite 2000, Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1G9. Franco-Nevada has additional offices in Hastings, Christ Church, Barbados, Denver, Colorado and Perth, Australia, all of which are used to manage its asset portfolio and pursue new investment opportunities.

Intercorporate Relationships

Franco-Nevada has fifteen wholly-owned subsidiaries: Franco-Nevada Alberta Holdings ULC, Franco-Nevada U.S. Holding Corp., Franco-Nevada U.S. Corporation ("**FN U.S.**"), Franco-Nevada Idaho Corporation, Franco-Nevada Delaware LLC, Franco-Nevada Australia Pty Ltd., Franco-Nevada GLW Holdings Corp., Franco-Nevada (Barbados) Corporation ("**FN Barbados**"), Franco-Nevada Alberta Corporation, Franco-Nevada Mexico Corporation, S.A. de C.V., Franco-Nevada Canada Holdings Corp., FN Holdings ULC, Franco-Nevada LRC Holdings Corp., Minera Global Copper Chile S.A. and FN Subco Inc. All subsidiaries are wholly-owned by Franco-Nevada either directly or indirectly and are incorporated under the laws of the jurisdictions set out below.



GENERAL DEVELOPMENT OF FRANCO-NEVADA'S BUSINESS

Overview

Franco-Nevada is the leading gold-focused royalty and stream company by both gold revenue and number of gold assets. The Company has the largest and most diversified portfolio of royalties and streams by commodity, geography, revenue type and stage of project. The portfolio is actively managed with the aim to maintain over 80% of revenue from precious metals (gold, silver & PGM).

The Company does not operate mines, develop projects or conduct exploration. Franco-Nevada's business model is focused on managing and growing its portfolio of royalties and streams. The advantages of this business model are:

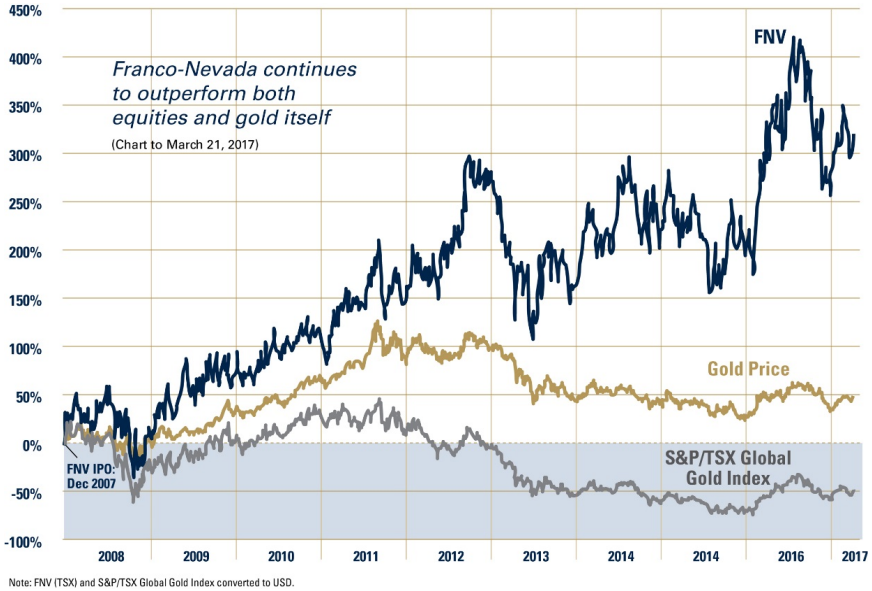
- Exposure to precious metals price optionality;
- A perpetual discovery option over large areas of geologically prospective lands with no additional cost other than the initial investment;
- Limited exposure to many of the risks associated with operating companies;
- A free cash-flow business with limited cash calls;
- A high-margin business that can generate cash through the entire commodity cycle;
- A scalable and diversified business in which a large number of assets can be managed with a small stable overhead; and
- A forward-looking business in which management focuses on growth opportunities rather than operational or development issues.

Franco-Nevada's financial results in the short-term are primarily tied to the price of commodities and the amount of production from its portfolio of producing assets. Financial results have also been supplemented by acquisitions of new producing assets. Over the longer-term, results are impacted by the availability of exploration and development capital applied by other companies to expand or extend Franco-Nevada's producing assets or to advance Franco-Nevada's advanced and exploration assets into production.

Franco-Nevada has a long-term investment outlook and recognizes the cyclical nature of the industry. Franco-Nevada has historically operated by maintaining a strong balance sheet so that it can make investments during commodity cycle downturns.

Franco-Nevada's shares are listed on the Toronto and New York stock exchanges under the symbol FNV. An investment in Franco-Nevada's shares is expected to provide investors with yield and exposure to gold price and exploration optionality while limiting exposure to many of the risks of operating companies. Since its Initial Public Offering nine years ago, Franco-Nevada has increased its dividend annually and its share price has outperformed the gold price and all relevant gold equity benchmarks.

Franco-Nevada's Relative Share Price Performance



Note: FNV (TSX) and S&P/TSX Global Gold Index converted to USD.

Franco-Nevada currently operates a small organization. As of March 22, 2017, Franco-Nevada has 31 full-time employees and 6 part-time contractors. As such, Franco-Nevada is dependent upon the continued availability and commitment of its key management, whose contributions to the immediate and future operations of Franco-Nevada are of significant importance. From time to time, Franco-Nevada may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. For additional information, see "Risk Factors".

Investment Process and Corporate Policies

Franco-Nevada currently does not operate any of the mineral or oil & gas assets in which it has royalty, stream or other interests. However, Franco-Nevada recognizes its business model is dependent on the industry operating in a responsible fashion and actively supports the industry in its efforts and initiatives. Franco-Nevada may from time to time engage in exploration efforts as part of advancing a property or to conduct due diligence in advance of undertaking an investment. When doing so, Franco-Nevada undertakes to be guided by the Principles and Guidance for a Framework of Responsible Exploration as set forth by the e3Plus program of the Prospectors and Developers Association of Canada. A detailed description of Franco-Nevada's investment process can be found on the Corporation's website at www.franco-nevada.com.

Franco-Nevada has adopted policies relating to its business conduct, including a code of business conduct and ethics, a business integrity policy, a whistleblower policy, a policy concerning confidentiality, fair disclosure and trading in securities, a discrimination, harassment and equal opportunity policy, an investment principles (environmental, social and governance) policy, a corporate responsibility policy and a health and safety policy. Additional information relating to these and other policies can be found on the Corporation's website at www.franco-nevada.com and will also be contained in Franco-Nevada's information circular dated March 24, 2017 for its annual and special meeting of shareholders scheduled to be held on May 9, 2017. See "Statement of Governance Practices" in such circular.

Background of Franco-Nevada

Many of Franco-Nevada's assets were originally acquired and developed by Franco-Nevada Mining Corporation Limited (" **Old Franco-Nevada**"), Normandy Mining Limited ("**Normandy**") and Newmont Mining Corporation ("**Newmont**"). Old Franco-Nevada was a publicly-listed company on the Toronto Stock Exchange (the "**TSX**") from 1983 to 2002 and had originally acquired royalties at the Goldstrike complex along with many other royalties. In February 2002, Newmont acquired Old Franco-Nevada along with Normandy. Old Franco-Nevada's assets and part of its management team were incorporated into a new division of Newmont called Newmont Capital Limited ("**Newmont Capital**"). Newmont Capital's activities included the management of royalty, investment and project portfolios as well as corporate development. Pursuant to an acquisition agreement, Franco-Nevada acquired its initial royalty portfolio from Newmont effective December 20, 2007 and also agreed to assume certain liabilities related to such portfolio. Franco-Nevada then continued to build its asset portfolio through additional acquisitions, adding numerous royalty, stream and other assets since 2007.

Three-Year History

2014

Acquisition of Sabodala Gold Stream

On January 15, 2014, Franco-Nevada acquired a 6% gold stream on Teranga Gold Corporation's (" **Teranga**") Sabodala gold project located in Senegal, Africa. Under the terms of the gold stream agreement, Franco-Nevada funded a $135.0 million deposit in exchange for 22,500 ounces of gold per year, payable monthly, for the first six years of the agreement, after which the Company will purchase 6% of the gold produced from Sabodala. Franco-Nevada will pay 20% of the market price of gold for each ounce delivered under the agreement.

Acquisition of Fire Creek/Midas Interests

On February 11, 2014, Franco-Nevada entered into a gold purchase agreement with Klondex Mines Ltd. (" **Klondex**") and acquired a 2.5% NSR royalty on Klondex's Fire Creek and Midas properties, both of which are located in Nevada, U.S., for total consideration of $35.0 million in cash. Under the terms of the gold purchase agreement, Klondex will deliver a total of 38,250 ounces of gold, payable monthly, starting June 2014 until December 31, 2018 following which the NSR royalty will become payable on gold produced from the Fire Creek and Midas properties.

New Prosperity Permitting

On February 27, 2014 the Government of Canada announced that it would not issue the federal authorizations necessary for Taseko Mines Limited's ("**Taseko**") New Prosperity project to proceed. Franco-Nevada has committed to provide a $350 million deposit and certain warrant consideration for the construction of New Prosperity when the project is fully permitted and financed. Franco-Nevada's financing commitment remains available to Taseko, but can be terminated at the option of Franco-Nevada.

Acquisition of Cerro Moro Royalty Interest

On April 23, 2014, Franco-Nevada acquired from AngloGold Ashanti Limited (" **AngloGold Ashanti**") an existing 2% NSR royalty on Yamana Gold Inc.'s (" **Yamana**") Cerro Moro project located in Argentina for $19.6 million. Cerro Moro is an advanced high grade gold-silver exploration deposit which is Yamana's priority development asset.

Acquisition of AngloGold Ashanti Portfolio

On June 9, 2014, Franco-Nevada acquired eight royalties on Australian exploration properties from AngloGold Ashanti Australia Limited for $2.5 million.

Acquisition of Karma Gold Stream

On August 11, 2014, Franco-Nevada and Sandstorm Gold Inc. (" **Sandstorm**") entered into a $120.0 million syndicated stream financing agreement with True Gold Mining Inc. ("**True Gold**") in exchange for a 6.5% gold stream on True Gold's Karma project, located in Burkina Faso, West Africa. Franco-Nevada has a 75% interest in the stream and Sandstorm has a 25% interest. Under the terms of the agreement, the parties committed to provide True Gold with $100.0 million in initial funding and provided True Gold with an option to increase the funding by up to $20.0 million until February 11, 2016 which was subsequently extended to August 11, 2016. The Company made its final payment under its initial commitment on January 8, 2016. On April 26, 2016, Endeavour Mining Corporation ("**Endeavour**") completed its acquisition of True Gold. Over a period of five years, starting March 31, 2016, Endeavour shall deliver to the parties, an aggregate of 20,000 ounces of gold each year, for a total of 100,000 ounces. As Endeavour also exercised its option to partially increase the funding by $5 million, Endeavour is obligated to deliver additional ounces of gold over eight quarters. After five years, Endeavour shall deliver 6.5% of the gold produced at Karma to the parties. The parties will pay 20% of the spot price of gold to Endeavour for each ounce delivered under the agreement.

Equity Financing

On August 21, 2014, the Company completed a bought deal financing with a syndicate of underwriters for 8,375,000 common shares of the Company ("**Common Shares**") at $59.75 per Common Share. The net proceeds to the Company were $479.8 million after deducting underwriters' commissions and offering expenses of $20.6 million. The Common Shares were sold on a bought deal basis pursuant to an underwriting agreement dated August 14, 2014 (the "**2014 Underwriting Agreement**") between Franco-Nevada and a syndicate of investment dealers led by RBC Dominion Securities Inc., CIBC World Markets Inc., and BMO Nesbitt Burns Inc.

Acquisition of Candelaria Gold and Silver Stream

On October 6, 2014, the Company announced its agreement to acquire a gold and silver stream on production from the Candelaria and Ojos del Salado project (the **"Candelaria project"**) located in Chile from Lundin Mining Corporation (" **Lundin**") following Lundin's acquisition of Candelaria from Freeport-McMoRan Inc. ("**Freeport**"). The transaction closed November 3, 2014 with an effective date of July 1, 2014. The Company provided an up-front deposit of $648.0 million to acquire a gold and silver stream and purchased C$25.0 million of Lundin's common shares. The stream covers 68% of the payable gold and silver from 100% of the mine (85% of the Lundin-attributable gold and silver). The stream will reduce to 40% (50% of Lundin-attributable gold and

silver) after 720,000 ounces of gold and 12 million ounces of silver have been delivered to Franco-Nevada. The Company will pay an ongoing price equal to the lesser of (i) $400 per ounce of gold and the spot price at the time of delivery and (ii) $4.00 per ounce of silver and the spot price at the time of delivery. This price will escalate by 1% per annum following the third anniversary of the closing. On July 29, 2015, Franco-Nevada and Lundin finalized certain post-closing items with Franco-Nevada making an additional and final $7.5 million payment due to an increase in the reserves under the stream agreement.

Termination of Palmarejo Gold Stream and Commencement of Guadalupe Gold Stream

In October 2014, Franco-Nevada agreed with Coeur Mining, Inc. (" **Coeur**") to terminate the Palmarejo gold stream agreement following the completion of the 400,000 ounce minimum obligation in exchange for a cash payment of $2.0 million. In July 2016, Coeur met the minimum ounce obligation and the Palmarejo agreement was terminated. Deliveries of gold ounces from the Palmarejo project started in July 2016 under a new agreement with Coeur, the Guadalupe gold stream agreement, pursuant to which Coeur will deliver 50% of its gold production from the Palmarejo project at an ongoing cost of $800 per ounce. As part of the Guadalupe agreement, Franco-Nevada provided an upfront deposit of $22.0 million to partially fund the development of the Guadalupe underground mine.

2015

Acquisition of Dublin Gulch (Eagle) Royalty Interest

On January 14, 2015, Franco-Nevada acquired royalties on the Eagle deposit located in the Yukon for $7.0 million.

Acquisition of Ring of Fire Royalty Interests

On April 28, 2015, Franco-Nevada acquired certain royalty rights including in the Ring of Fire mining district of Ontario by providing $28.5 million in loan and royalty financing to Noront Resources Ltd.

Credit Facility

On May 22, 2015, Franco-Nevada amended its revolving term credit facility with Canadian Imperial Bank of Commerce, as Administrative Agent, which increased the amount available to $750.0 million and extended the maturity to May 2020. On November 12, 2015, the Company entered into an agreement to increase its credit facility to $1.0 billion while maintaining a $250.0 million accordion and extending the maturity to November 2020. On March 22, 2017, the Company extended the maturity to March 2022.

Acquisition of Antamina Silver Stream

On October 7, 2015, the Company, through a wholly-owned Canadian subsidiary, acquired a silver stream from Teck Resources Limited ("**Teck**") on production from the Antamina mine located in Peru. In exchange for a $610.0 million advance payment, the Company will purchase all recovered silver from Teck's attributable 22.5% interest in the Antamina mine, subject to a fixed silver payability of 90%.

The Company will pay 5% of the spot silver price for each ounce delivered under the stream agreement. The stream will reduce by one-third after 86 million ounces of silver have been delivered under the stream agreement, which is estimated to occur in 30 years assuming current throughput.

Cobre Panama Precious Metals Stream

On October 7, 2015, the Company announced it had finalized terms of a replacement precious metals stream agreement for First Quantum Minerals Ltd.'s ("**First Quantum**") Cobre Panama project located in Panama. The changes from the original agreement relate to streamlining reporting arrangements and providing First Quantum with greater flexibility to finance the project while maintaining the Company's security package. The principal commercial terms of the replacement agreement remain the same as the original agreement including that the Company will provide a $1.0 billion deposit against future deliveries of gold and silver from Cobre Panama. The deposit will be funded on a pro-rata basis of 1:3 with First Quantum's 80% share of the capital costs in excess of $1.0 billion. Initial funding of $337.9 million was made by the Company on November 3, 2015 using existing cash on hand and the use of the Company's credit facility. As at March 17, 2017, the Franco-Nevada has funded $512.4 million of its $1 billion commitment. First Quantum increased its planned 2016 capital expenditure to $450 million from $390 million for the fourth quarter of 2016 due to expedited stripping of the pit. The development remains on track for a phased commissioning in 2018 and continued ramp-up in 2019.

Acquisition of Additional Weyburn Unit Working Interest

On November 6, 2015, Franco-Nevada purchased an additional 0.29% working interest in the Weyburn Unit for C$6.4 million.

2016

Equity Financing

On February 19, 2016, the Company completed a bought deal financing with a syndicate of underwriters for 19,228,000 Common Shares, including the exercise in full by the underwriters of an over-allotment option of 2,508,000 Common Shares, at a price of

$47.85 per Common Share. The net proceeds to the Company were $884.3 million after deducting underwriters' commissions and offering expenses of $35.8 million. The Common Shares were sold on a bought deal basis pursuant to an underwriting agreement dated February 11, 2016 (the "**2016 Underwriting Agreement**") between Franco-Nevada and a syndicate of investment dealers led by BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc. and Scotia Capital Inc.

Acquisition of Antapaccay Precious Metals Stream

On February 26, 2016, the Company through its wholly-owned subsidiary, FN Barbados, acquired, from Glencore plc ("**Glencore**"), a precious metals stream with reference to production from the Antapaccay mine (the " **Glencore Stream**"). The Antapaccay mine is located in Southern Peru and is wholly-owned and operated by Glencore and its subsidiaries. FN Barbados made a one-time $500 million advance payment for the Glencore Stream. In accordance with the terms of the stream agreement, gold and silver deliveries to FN Barbados will initially be determined by reference to copper shipments until 630,000 ounces of refined gold and 10 million ounces of refined silver have been delivered. For each 1,000 tonnes of copper in concentrate shipped, FN Barbados will receive 300 ounces of gold and 4,700 ounces of silver until the previously mentioned thresholds are met. Thereafter, FN Barbados will receive 30% of the gold and silver shipped. FN Barbados will make ongoing payments of 20% of the spot gold and silver price per ounce delivered and 30% of the respective spot prices once 750,000 ounces of gold and 12.8 million ounces of silver have been delivered.

Restructuring of Castle Mountain Royalty

On June 16, 2016, Franco-Nevada and NewCastle Gold Ltd. completed the restructuring of Franco-Nevada's existing royalties at the Castle Mountain gold project in California, U.S., into a single 2.65% royalty covering a larger property.

Kirkland Lake Buy-Back

In October 2016, Kirkland Lake Gold Inc. ("**Kirkland Lake**") exercised its option to buy back 1% of an overlying 2.5% NSR for an aggregate cash consideration of approximately $30.5 million ($36.0 million less royalty proceeds attributable to the buy-back portion of the NSR paid to Franco-Nevada prior to the date of the buy-back). The NSR, which covers all of Kirkland Lake's properties (including the Macassa mine), was acquired in October 2013 for $50.0 million.

Acquisition of U.S. Oil & Gas Royalties – STACK

On December 19, 2016, Franco-Nevada, through its wholly-owned U.S. subsidiary, acquired a package of royalty rights in the Sooner Trend, Anadarko Basin, Canadian and Kingfisher counties ("**STACK**") shale play in Oklahoma's Anadarko Basin for a price of $100.0 million. The two primary operators of the lands are Newfield Exploration Company and Devon Energy Corporation. Both companies have stated that STACK is a major focus of their capital spending, a portion of which is expected to be on the royalty lands. Full-field development is expected to begin in 2017 and is expected to grow royalty revenue in future years. The royalties consist of mineral title rights and GORRs which apply to approximately 1,200 acres (net after royalties) that, with pooling, provides exposure to an estimated gross acreage of 74,880 acres with an estimated average royalty rate of 1.61%.

2017

Acquisition of U.S. Oil & Gas Royalties – Midland Basin

On March 13, 2017, Franco-Nevada, through its wholly-owned U.S. subsidiary, agreed to purchase a package of royalty rights in the Midland Basin of West Texas for a price of $110.0 million. The Midland Basin forms the eastern portion of the broader Permian Basin and represents one of the most active and profitable oil plays in North America. The royalties consist of approximately 97% mineral title rights, along with some GORRs, which apply to approximately 908 acres (net after royalties) that, with pooling, provides exposure to an estimated gross acreage of 675,000 acres (a significant portion of the overall Midland Basin) at an estimated average royalty rate of 0.14%. The royalties are subject to a diverse operator base, which is anchored by Pioneer Natural Resources. Royalty revenue is expected to grow in future years as horizontal drilling activity in the area continues to ramp up. The transaction is expected to close in the second quarter of 2017.

Credit Facility

On March 20, 2017, the Company's wholly-owned subsidiary, Franco-Nevada (Barbados) Corporation, entered into an unsecured revolving credit facility (the "**FNBC Credit Facility**"). The FNBC Credit Facility provides for the availability over a one-year period of up to $100.0 million in borrowings.

2017 Guidance

The following contains forward looking statements about our guidance for 2017. Reference should be made to the "Forward Looking Statements" section at the beginning of this AIF. For a description of material factors that could cause our actual results to differ materially from the forward looking statements below, please see the "Forward Looking Statements" section of this AIF and the "Risk Factors" section of this AIF filed with the Canadian securities regulatory authorities on www.sedar.com and our most recent Form 40-F filed with the SEC on www.sec.gov. 2017 guidance is based on assumptions including the forecasted state of operations from our assets based on the public statements and other disclosures by the third-party owners and operators of the underlying properties (subject to our assessment thereof).

For 2017, the Company is pleased to provide the following guidance:

	2017 Guidance	2016 Actual	2015 Actual
Mineral assets - GEO production[1][2]	470,000 - 500,000 GEOs	464,383 GEOs	360,070 GEOs
Oil & Gas assets – Revenue[3]	$35.0 million - $45.0 million	$30.1 million	$28.0 million

(1) Of the 470,000 to 500,000 GEOs, Franco-Nevada expects to receive 335,000 to 345,000 GEOs under its various stream agreements, compared to 321,093 GEOs in 2016.
(2) In forecasting GEOs for 2017, gold, silver, platinum and palladium metals have been converted to GEOs using commodity prices of $1,200/oz Au, $17.50/oz Ag, $950/oz Pt and $750/oz Pd.
(3) In forecasting revenue from Oil & Gas assets for 2017, the WTI oil price is assumed to average $50 per barrel with a $3.50 per barrel price differential between the Edmonton Light and realized prices for Canadian oil.

More specifically, we expect the following with respect to our key asset categories for 2017:

- **Precious Metals – U.S.**: GEOs from U.S. gold assets are expected to be slightly higher in 2017 compared to 2016. Higher production is expected at the Bald Mountain mine due to mine sequencing and a lag from ore previously placed on heap leach pads. This will be partly offset by lower production from South Arturo, as a result of a planned wind down of the Phase 2 pit.
- **Precious Metals – Canada**: GEOs earned from Canadian assets in 2017 are expected to decrease, reflecting the Holloway mine being placed on care and maintenance in late 2016, as well as a reduction in our attributable ounces from Kirkland Lake following the 1% NSR buy-back in October 2016.
- **Precious Metals – Latin America**: GEOs from Latin America are expected to increase, reflecting increased production from Candelaria due to an optimization of the open pit life-of-mine plan and inclusion of additional volumes of higher grade underground ore. This increase is expected to be partly offset by lower silver production from Antamina, which had exceptionally high production levels in 2016.
- **Precious Metals – Rest of World**: GEOs from Rest of World assets are forecasted to increase compared to 2016, reflecting the first full-year of fixed ounce deliveries from Karma, and a full year of production at the Vivien and Wiluna mines. These increases will be partly offset by the cessation of production from the Cooke 4 operations.
- **Other Minerals**: GEOs from other minerals are expected to be relatively similar to 2016.
- **Oil & Gas**: Oil & gas revenues are expected to increase in 2017 compared to 2016, as a result of the additions of the STACK assets in Q4/2016 and Midland assets in 2017.

We expect to fund approximately $200.0 million to $220.0 million towards the Cobre Panama precious metals stream in 2017. In 2016, the Company funded a total of $124.3 million, for a total of $462.2 million of its $1 billion commitment.

In addition, the Company estimates depletion and depreciation expense to be $265.0 million to $295.0 million for 2017.

Franco-Nevada strives to generate 80% of revenue from precious metals over a long-term horizon which includes gold, PGM and silver. In the short-term, we may diverge from the long-term target based on opportunities available. With 93.7% of revenue earned from precious metals in 2016, the Company has the flexibility to consider diversification opportunities outside of the precious metals space and increase its exposure to other commodities.

EXPLANATION OF ROYALTIES, STREAMS 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 revenues or profits generated from the property. The granting of a royalty to a person usually arises as a result of: (i) paying part of the consideration payable to land owners, prospectors or junior mining companies for the purchase of their property interests; (ii) providing capital in exchange for granting a royalty; or (iii) converting a participating interest in a joint venture relationship into a royalty.

Royalties are not typically working interests in a property. Therefore, depending on the nature of the royalty interest and the laws applicable to the royalty and project, the royalty holder is generally not responsible for, and has no 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. The unique characteristics of royalties may provide royalty holders with special commercial benefits not available to the property owner because the royalty holder may enjoy the upside potential of the property with reduced risk.

Revenue-based Royalties: The majority of royalty revenues that Franco-Nevada receives are royalties based on revenues from the value of production. The key types of revenue-based royalties are described in general terms below:

> **Net Smelter Return** ("**NSR**") royalties are based on the value of production or net proceeds received by the operator from a smelter or refinery. These proceeds are usually subject to deductions or charges for transportation, insurance, smelting and refining costs as set out in the royalty agreement. For gold royalties, the deductions are generally minimal, while for base metal projects the deductions can be much more substantial. This type of royalty generally provides cash flow that is free of any operating or capital costs and environmental liabilities. A smaller percentage NSR in a project can effectively equate to the economic value of a larger percentage profit or working interest in the same project.
>
> **Gross Royalties** ("**GR**") **or Gross Overriding Royalties** ("**GOR**") are based on the total revenue stream from the sale of production from the property with few, if any, deductions. Some contracts refer to gross proceeds ("**GP**") which have been characterized as comparable to GRs in this document.
>
> **Overriding Royalties** ("**ORR**") **and Lessor or Freehold Royalties** ("**FH**") are based on the proceeds from gross production and are usually free of any operating, capital and environmental costs. These terms are usually applied in the oil & gas industry.

Profit-based Royalties: Franco-Nevada also receives a portion of its revenues from royalties that are calculated based on profits, as described below:

> **Net Profit Interest** ("**NPI**") is based on the profit realized after deducting costs related to production as set out in the royalty agreement. NPI payments generally begin after payback of capital costs. Although the royalty holder is generally not responsible for providing capital, covering operating losses or environmental liabilities, increases in production costs will affect net profits and royalties payable.
>
> **Net Royalty Interest ("NRI")** is paid net of operating and capital costs similar to an NPI.

Fixed Royalties: Franco-Nevada has a small number of fixed royalties. These are royalties that are paid based on a set rate per tonne mined, produced or processed or even a minimum for a period of time rather than as a percentage of revenue or profits. These types of royalties are more common for iron ore, coal and industrial minerals and usually do not have exposure to changes in the underlying commodity price.

The royalty types listed above can include additional provisions that allow them to change character in different circumstances or have varying rates. Some examples are as follows:

> **Minimum Royalty** ("**MR**") is a provision included in some royalties that requires fixed payments at a certain level even if the project is not producing, or the project is producing at too low a rate to achieve the minimum.
>
> **Advance Minimum Royalty** ("**AMR**") is similar to an MR except that, once production begins, the minimum payments already paid are often credited against subsequent royalty payments from production that exceeds the minimum.
>
> **Sliding Scale Royalty ("Sliding Scale" or "ss")** refers to royalties where the royalty percentage is variable. Generally this royalty percentage is indexed to metal prices or a production threshold. Generally, a minimum or maximum percentage would be applied to such a royalty.
>
> **Capped Royalty** ("**Capped**") refers to royalties that expire or cease payment after a particular cumulative royalty amount has been paid or a set production volume threshold or time period has been reached.

Royalties can be commodity specific and, for instance, apply only to gold or hydrocarbons or have varying royalty structures for different commodities from the same property. Royalties can be restricted or varied by metallurgy, ore type or even by stratigraphic

horizon. Generally, the contract terms for royalties in the oil & gas business are more standardized than those found in the mineral business.

Streams: Streams are distinct from royalties. They are metal purchase agreements where, in exchange for an upfront deposit and ongoing payments for metal delivered, the holder purchases all or a portion of one or more metals produced from a mine, at a preset price. In the case of gold, the agreements typically provide for the purchase price to be the spot price at the time of delivery with a fixed price per ounce (typically $400 with a small inflationary adjustment or a percentage of spot price for gold) payable in cash and the balance paid by applying the upfront deposit. Once the upfront deposit is fully applied, the purchase price is typically, in the case of streams which provide for a fixed price per ounce as opposed to a percentage of the spot price, the lesser of the fixed price per ounce payable in cash and the spot price at the time of delivery. Precious metals streams are well suited to co-product production providing incentive to the operator to produce the precious metals. Because streams can also be used as a form of financing a project, the stream structure may also help maintain the borrowing capacity for the project. Streams can provide higher leverage to commodity price changes as a result of the fixed purchase price per ounce.

Working Interests ("WI"): A working interest is significantly different than a royalty or stream in that a holder of a WI owns an undivided possessory interest in the land or leasehold itself, and 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.

Example of a Royalty (NSR or NPI) versus a Stream

Assume for one ounce of gold, a sales price of $1,200, a "stream cost" of $400 per ounce and an "all-in sustaining cost" (1) of $730 per ounce. Also assume that Franco-Nevada has a 4% NSR, a 4% NPI or WI or a 4% stream.

	NSR	Stream	Developed NPI or WI
One ounce sold at	$ 1,200	$ 1,200	$ 1,200
Applicable cost	—	$ 400	$ 730 (1)
Margin for calculation	$ 1,200	$ 800	$ 470
NSR, Stream or NPI %	4 %	4 %	4 %
Revenue per ounce to FNV	$ 48	$ 32	$ 19

(1) For applicable costs for a developed NPI or WI, Franco-Nevada is, for illustrative purposes, assuming Barrick Gold Corporation's (" **Barrick**") 2016 all-in sustaining cash cost measure, as Barrick represents the largest gold company by production and reserves, as well as being the operator of two assets at which Franco-Nevada has NPI interests. Excluded from the all-in sustaining measure are general and administrative costs as Franco-Nevada also has such costs which have not been reflected in the applicable cost for NSRs or streams.

Based on the above economics, a comparable percentage NSR is 2.5 times more valuable than an equivalent Developed NPI or WI and 50% more valuable than a stream interest. With changes to the gold price, the NPI or WI would demonstrate the most leverage while the NSR would provide the most down side protection. The stream provides commodity price leverage similar to a low cost operating company with more certainty as to future costs.

TECHNICAL AND THIRD PARTY INFORMATION

Except where otherwise stated, the disclosure in this AIF relating to properties and operations on the properties in which Franco-Nevada holds royalty, stream or other interests is based on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain as at March 14, 2017 (except where stated otherwise), and none of this information has been independently verified by Franco-Nevada. Specifically, as a royalty or stream holder, Franco-Nevada has limited, if any, access to properties included in its asset portfolio. 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 the operators of the properties and their qualified persons to provide information to Franco-Nevada or on publicly available information to prepare disclosure pertaining to properties and operations on the properties on which Franco-Nevada holds royalty, stream or other interests and generally has limited or no ability to independently verify such information. Although Franco-Nevada does not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by operators may relate to a larger property than the area covered by Franco-Nevada's royalty, stream or other interest. Franco-Nevada's royalty, stream or other interests often cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property.

Except where otherwise noted, the disclosure in this AIF relating to mineral reserve and mineral resource statements for individual properties is made as at December 31, 2016. In addition, numerical information presented in this AIF which has been derived from information publicly disclosed by owners or operators may have been rounded by Franco-Nevada and, therefore, there may be some inconsistencies between the significant digits presented in this AIF and the information publicly disclosed by owners and operators.

Franco-Nevada considers its stream interests in the Antapaccay project, the Antamina project, the Candelaria project and the Cobre Panama project to be its only material mineral projects for the purposes of NI 43-101. Franco-Nevada will continue to assess the materiality of its assets as new assets are acquired or move into production. In addition to these material projects, the Corporation has also included in this AIF selected mineral asset descriptions for its top five revenue contributors (excluding the material projects) in this year's AIF. The Corporation will continue to assess the extent to which it will include selected mineral asset descriptions for non-material assets each year based on the revenue generated by its material projects and other relevant factors. For additional information, please refer to Franco-Nevada's 2017 Asset Handbook which can be found on our website.

Information contained in this AIF with respect to each of the Antapaccay project, the Antamina project, the Candelaria project and the Cobre Panama project has been prepared in accordance with the exemption set forth in section 9.2 of NI 43-101.

The disclosure contained in this AIF of a scientific or technical nature for the Antapaccay project is based on (i) the information disclosed in the document entitled "Antapaccay Mining and Technical Information" and dated effective February 10, 2016, which document was prepared by Compañía Minera Antapaccay S.A. ("**CM Antapaccay**"), the owner and operator of the Antapaccay project and an indirect wholly-owned subsidiary of Glencore, available on CM Antapaccay's website at www.glencoreperu.pe; (ii) the Glencore Statement of Resources & Reserves as at December 31, 2016; and (iii) the news release dated February 2, 2017 of Glencore containing the Glencore 2016 Production Report, each available on Glencore's website.

Unless otherwise noted, the disclosure contained in this AIF of a scientific or technical nature for the Antamina project is based on (i) the information disclosed in the annual information form of Teck dated February 23, 2017 and filed under Teck's SEDAR profile on February 24, 2017; and (ii) the technical report entitled "Technical Report, Mineral Reserves and Resources, Antamina Deposit, Peru 2010" and dated January 31, 2011, which technical report was prepared for Compañía Minera Antamina S.A. ("**CM Antamina**"), and filed under Teck's SEDAR profile on March 22, 2011.

The disclosure contained in this AIF of a scientific or technical nature for the Candelaria Copper Mining Complex is based on (i) the information disclosed in the annual information form of Lundin dated March 30, 2016 and filed under Lundin's SEDAR profile on March 30, 2016; (ii) the news release dated November 30, 2016 containing Lundin's operating outlook, and which can be found on Lundin's website; (iii) the news release dated February 22, 2017 containing the 2016 production report and 2017 production guidance, and which can be found on Lundin's website; and (iv) the technical report entitled "Technical Report for the Candelaria Copper Mining Complex, Atacama Province, Region III, Chile" dated January 17, 2017. The technical report was prepared for Lundin and filed under Lundin's SEDAR profile on January 17, 2017.

The disclosure contained in this AIF for the Cobre Panama project is based on (i) the annual information form of First Quantum dated March 10, 2017 and filed under First Quantum's SEDAR profile on March 10, 2017 and (ii) the technical report entitled "Cobre Panamá Project -- Colón Province, Republic of Panamá -- NI 43 - 101 Technical Report" and dated June 30, 2015, which was prepared for First Quantum and filed under First Quantum's SEDAR profile on July 22, 2015.

The technical and scientific information contained in this AIF relating to the Antapaccay project, the Antamina project, the Candelaria project and the Cobre Panama project was reviewed and approved in accordance with NI 43-101 by Phil Wilson, C.Eng., Vice President, Technical of the Corporation and a "Qualified Person" as defined in NI 43-101.

The disclosure in this AIF for the reserve assessment and evaluation of the oil & gas reserves was prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**") for Franco-Nevada, with an effective date of December 31, 2016, in accordance with NI 51-101.

Reconciliation to CIM Definitions

In this AIF, Franco-Nevada has disclosed a number of resource and reserve estimates covering properties related to the mineral assets that are not based on Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definitions, but instead have been prepared in reliance upon JORC, SAMREC and SEC Industry Guide 7 (collectively, the "**Acceptable Foreign Codes**"). Estimates based on Acceptable Foreign Codes are recognized under NI 43-101 in certain circumstances.

In each case, the mineral resources and mineral reserves reported in this AIF are based on estimates previously disclosed by the relevant property owner or operator, 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 an Acceptable Foreign Code with that of CIM definitions. Franco-Nevada previously sought confirmation from one of its technical advisory firms, that is comprised of engineers experienced in the preparation of resource and reserve estimates using CIM and each of the Acceptable Foreign Codes, of the extent to which an estimate prepared under an Acceptable Foreign Code would differ from that prepared under CIM definitions. Franco-Nevada was advised that, while the CIM definitions are not identical to those of the Acceptable Foreign Codes, the resource and reserve definitions and categories are substantively the same as the CIM definitions mandated in NI 43-101 and will typically result in reporting of substantially similar reserve and resource estimates. Such advisors further confirmed, without reference to the procedures in which the estimates prepared using Acceptable Foreign Codes that are reproduced in this AIF were conducted, that 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 Acceptable Foreign Codes. Such advisors noted two provisos to this confirmation, being (i) SEC Industry Guide 7 prohibits the reporting of resources, and will only permit reporting of reserves, and (ii) it is now generally accepted practice that staff at the SEC expect to see metals prices based on historic three year average prices, while each of CIM and the other Acceptable 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. See "Cautionary Note Regarding Mineral and Oil and Gas Reserve and Resource Reporting Estimates".

FRANCO-NEVADA'S ASSETS

Franco-Nevada's assets are categorized by commodity and stage of development. By commodity, assets are either " **Precious Metals**", "**Other Minerals**" or "**Oil & Gas**". "**Precious Metals**" includes gold, silver and PGM. The categories other than Oil & Gas are collectively referred to as "**Mineral Assets**". For presentation purposes, "**Precious Metals**" encompasses gold, silver, some polymetallic exploration prospects, and platinum group metals including palladium. "**Other Minerals**" includes base metals, iron ore, coal, industrial and miscellaneous minerals. "**Producing**" assets are those that have generated revenue from steady-state operations to Franco-Nevada or are expected to in the next year. "**Advanced**" assets are assets on projects that in management's view have a reasonable possibility of generating steady-state revenue to Franco-Nevada in the next five years or includes properties under development, permitting, feasibility or advanced exploration. "**Exploration**" assets represent early stage exploration properties that are speculative and are expected to require more than five years to generate revenue, if ever, or are currently not active.

For accounting purposes, the number of assets has been counted in different manners depending on the category. Royalties on a producing or advanced property are generally counted as a single asset even if Franco-Nevada has multiple different royalties on the property, such as at the Goldstrike complex. Streams covering a group of mines in close proximity and operated by a common operator such as the Sudbury streams have also been counted as one asset. However, royalties and streams on producing properties that have significant co-products have been counted twice, such as the Robinson royalties for gold and copper or the Sudbury streams for gold and PGM. Exploration royalties are simply counted by the number of royalty contracts and no effort has been made to consolidate royalties on the same property. Franco-Nevada's oil & gas interests are subdivided into Producing Assets, which include assets that are currently producing oil or natural gas, or Exploration Assets, which are early stage, undeveloped assets, whereby no oil or gas production is expected from Franco-Nevada's land interests for more than five years, if ever. Franco-Nevada's oil & gas interests consist of a variety of working interests and royalty interests which are derived from a large number of underlying leases and contractual agreements covering land positions in western Canada, Quebec, the Canadian Arctic and Oklahoma and Texas in the United States. For accounting purposes, these leases and contracts have been grouped into distinct land areas and tabulated as individual assets. In many cases, Franco-Nevada owns multiple royalties or working interests that pertain to the same land area, and in these circumstances, the interests are counted as a single asset.

As of March 21, 2017, Franco-Nevada estimates that it holds 259 Mineral Assets and 80 Oil & Gas Assets for a total of 339 assets.

Franco-Nevada Asset Tabulation at March 21, 2017				
	Precious Metals	Other Minerals	Oil & Gas	TOTAL
Producing	41	5	61[(1)]	107
Advanced	34	7	—	41
Exploration	135	37	19	191
TOTAL	210	49	80	339

(1) Midland Basin transaction expected to close in Q2 2017.

Summary of Mineral Reserves and Mineral Resources

The mineral reserves and mineral resources tabulated in this AIF reflect the most recent publicly disclosed figures by the operators of the assets (converted to a 100% basis where appropriate) in which Franco-Nevada has interests. However, Franco-Nevada's interests often do not cover the entire mineral reserve and mineral resource that is publicly reported by the operator.

		Mineral Reserves									% of Mineral Reserves
		Proven			Probable			Proven & Probable			
GOLD - UNITED STATES	**Notes**	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	covered by royalty or stream[1]
Goldstrike	1,4,5,6	57,469	3.29	6,082	13,216	4.70	1,995	**70,685**	**3.55**	**8,077**	65 %
Gold Quarry	1,7		not available			not available			**not available**		not available
Marigold	1,8,9	—	—	—	185,000	0.48	2,840	**185,000**	**0.48**	**2,840**	100 %
Midas/Fire Creek	3,10,11	238	31.80	243	386	15.13	188	**624**	**21.48**	**431**	100 %
Bald Mountain	1,12	10,332	0.82	271	100,154	0.58	1,862	**110,486**	**0.60**	**2,133**	77 %
Mesquite	13,14	7,882	0.49	123	63,479	0.52	1,056	**71,361**	**0.51**	**1,179**	100 %
Stibnite Gold	3,15,16	—	—	—	88,964	1.60	4,578	**88,964**	**1.60**	**4,578**	100 %
Castle Mountain		—	—	—	—	—	—	**—**	**—**	**—**	—
Hollister	17,18	101	20.62	67	161	19.97	104	**262**	**20.29**	**171**	100 %
Pinson	1,3,19,20,21	5,717	0.91	168	1,056	5.19	176	**6,856**	**1.56**	**344**	— %
Robinson	22,23,24	110,513	0.15	533	8,860	0.12	34	**119,374**	**0.15**	**576**	100 %
Sandman		—	—	—	—	—	—	**—**	**—**	**—**	—
South Arturo	1,25,26,27	1,418	3.95	180	215	3.38	23	**1,633**	**3.87**	**203**	100 %
GOLD - CANADA											
Detour Lake	28,29,30	91,000	1.25	3,659	423,400	0.94	12,736	**514,400**	**0.99**	**16,395**	100 %
Golden Highway (Hislop)	31,32	—	—	—	280	5.16	46	**280**	**5.16**	**46**	100 %
Golden Highway (Holloway)	33,34	—	—	—	233	5.35	40	**233**	**5.35**	**40**	100 %
Golden Highway (Holt)	35,36	1,452	4.26	199	2,414	5.05	392	**3,866**	**4.75**	**591**	100 %
Golden Highway (Taylor)	37,38	—	—	—	774	6.27	156	**774**	**6.27**	**156**	100 %
Sudbury Levack	1,39,40	—	—	—	486	1.01	16	**486**	**1.01**	**16**	100 %
Musselwhite	41,42	3,170	6.79	690	5,040	6.14	990	**8,210**	**6.39**	**1,690**	100 %
Hemlo	1,43,44,45	1,018	3.64	119	24,764	1.85	1,469	**25,782**	**1.92**	**1,588**	20 %
Kirkland Lake	46,47	808	15.86	412	1,545	21.16	1,051	**2,354**	**19.33**	**1,463**	100 %
Timmins West	48,49	—	—	—	2,000	3.69	233	**2,000**	**3.69**	**233**	100 %
Canadian Malartic	1,50,51	51,120	0.95	1,570	152,548	1.13	5,528	**203,668**	**1.08**	**7,096**	12 %
Brucejack	1,52,53	4,700	12.57	1,900	13,800	15.33	6,800	**18,500**	**14.63**	**8,700**	100 %
Hardrock	54,55	—	—	—	141,715	1.02	4,647	**141,715**	**1.02**	**4,647**	100 %
Red Lake (Phoenix)		—	—	—	—	—	—	**—**	**—**	**—**	—
Courageous Lake	56,57	12,000	2.41	1,000	79,000	2.17	5,500	**91,000**	**2.20**	**6,500**	100 %
Dublin Gulch (Eagle)	58,59	27,000	0.80	685	90,000	0.62	1,778	**116,000**	**0.66**	**2,463**	100 %
Goldfields	60,61	1,228	1.90	75	21,105	1.39	945	**22,333**	**1.42**	**1,020**	100 %
Red Mountain		—	—	—	—	—	—	**—**	**—**	**—**	100 %
Monument Bay		—	—	—	—	—	—	**—**	**—**	**—**	—
GOLD - LATIN AMERICA											
Antapaccay	62	238,000	0.12	881	477,000	0.09	1,345	**715,000**	**0.10**	**2,226**	100 %
Candelaria	1,63,64,65	446,078	0.12	1,776	36,455	0.16	186	**482,533**	**0.13**	**1,962**	80 %
Guadalupe-Palmarejo	1,3,66	1,423	2.75	126	6,508	2.23	466	**7,931**	**2.32**	**592**	77 %
Cobre Panama	1,67,68	345,600	0.10	1,122	2,837,000	0.06	5,819	**3,182,600**	**0.07**	**6,941**	80 %
Cerro Moro	69,70	—	—	—	1,954	11.38	715	**1,954**	**11.38**	**715**	100 %
Calcatreu		—	—	—	—	—	—	**—**	**—**	**—**	—
Gurupi	71,72	—	—	—	63,757	1.14	2,328	**63,757**	**1.14**	**2,328**	100 %
San Jorge		—	—	—	—	—	—	**—**	**—**	**—**	—
Taca Taca		—	—	—	—	—	—	**—**	**—**	**—**	—
Volcan		—	—	—	—	—	—	**—**	**—**	**—**	—
GOLD - AUSTRALIA											
Duketon	1,73,74,75	7,900	0.99	251	45,900	1.12	1,648	**53,600**	**1.10**	**1,899**	100 %
Henty	76,77	290	5.00	47	138	5.80	26	**428**	**5.40**	**73**	100 %
Aphrodite		—	—	—	—	—	—	**—**	**—**	**—**	—
Yandal (Bronzewing)		—	—	—	—	—	—	**—**	**—**	**—**	—
Bullabulling		—	—	—	—	—	—	**—**	**—**	**—**	—
Edna May	1,78,79	—	—	—	8,830	1.54	438	**8,830**	**1.54**	**438**	2 %
Glenburgh		—	—	—	—	—	—	**—**	**—**	**—**	—
Red October		—	—	—	—	—	—	**—**	**—**	**—**	100 %
South Kalgoorlie	1,80,81	163	3.84	20	1,021	2.90	95	**1,184**	**3.03**	**115**	74 %
Matilda (Wiluna)	82,83	195	1.90	12	6,842	2.50	548	**2,471**	**1.80**	**560**	100 %
GOLD - REST OF WORLD											
MWS	84,85	117,250	0.21	790	169,890	0.24	1,310	**287,140**	**0.23**	**2,100**	fixed interest
Sabodala	86,87,88	21,220	1.00	680	38,110	1.60	1,960	**59,340**	**1.38**	**2,640**	100 %
Subika	1,89,90,91	50,700	1.29	2,110	56,500	2.26	4,110	**107,200**	**1.80**	**6,220**	78 %
Tasiast	92	28,858	1.30	1,238	100,639	2.10	6,777	**129,497**	**1.90**	**8,015**	100 %
Edikan	93	20,100	1.13	733	36,300	1.13	1,346	**56,500**	**1.14**	**2,078**	100 %
Cooke 4		—	—	—	—	—	—	**—**	**—**	**—**	100 %
Karma	94	400	0.59	8	37,400	0.92	1,109	**37,900**	**0.92**	**1,117**	100 %
Agi Dagi	95,96	1,450	0.76	36	52,911	0.66	1,130	**54,361**	**0.67**	**1,166**	—
Ity	97	100	2.90	6	43,800	1.50	2,117	**43,900**	**1.50**	**2,123**	fixed interest
Perama Hill	98	2,477	4.44	354	7,220	2.68	621	**9,697**	**3.13**	**975**	100 %
Sissingue	99,100	3,400	2.85	312	2,100	1.70	115	**5,500**	**2.43**	**429**	100 %
TOTAL GOLD MINERAL RESERVES				**28,478**			**89,392**			**117,887**	

		Mineral Resources - Inclusive of Reserves							Mineral Resources			Percentage
		Measured (M)			Indicated (I)			(M)+(I)	Inferred			covered by
GOLD - UNITED STATES	**Notes**	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	Contained 000 oz	Tonnage 000s	Grade g/t	Contained 000 oz	royalty or stream interest[1]
Goldstrike	1,2,132	59,782	3.42	6,570	19,134	4.82	2,963	**9,533**	1,145	9.48	349	65 %
Gold Quarry	1,133	not available			not available				not available			not available
Marigold	1,134,135	—	—	—	348,300	0.46	5,150	**5,150**	53,600	0.41	700	100 %
Midas/Fire Creek	3,136,137,138	542	26.47	461	946	15.02	457	**918**	1,453	15.07	704	100 %
Bald Mountain	1,2,139	35,213	0.70	788	276,210	0.55	4,893	**5,681**	49,472	0.40	648	92 %
Mesquite	2,140,141	13,361	0.44	187	128,481	0.49	2,032	**2,219**	7,118	0.32	74	100 %
Stibnite Gold	142,143	—	—	—	104,505	1.63	5,465	**5,465**	25,168	1.32	1,066	100 %
Castle Mountain	144,145,146	17,400	0.86	480	202,500	0.57	3,711	**4,191**	40,800	0.58	760	100 %
Hollister	147,148,149	166	38.37	205	21,055	1.32	895	**1,100**	34,845	0.64	715	100 %
Pinson	1,3,150,151	19,223	1.21	746	4,130	2.54	338	**1,085**	1,080	4.88	169	— %
Robinson	152,153,154	317,942	0.18	1,840	40,173	0.15	194	**2,072**	11,942	0.18	69	100 %
Sandman	1,2,155	—	—	—	1,200	1.23	50	**50**	1,000	1.85	60	100 %
South Arturo	1,2,156,157	1,430	3.93	181	252	3.09	25	**206**	10	5.18	2	100 %
GOLD - CANADA												
Detour Lake	2,158	108,800	1.26	4,415	526,100	0.94	15,866	**20,281**	42,300	0.82	1,121	100 %
Golden Highway (Hislop)	2,159,160	—	—	—	1,263	4.26	173	**173**	690	4.15	92	100 %
Golden Highway (Holloway)	2,161,162	310	4.72	47	715	4.79	110	**157**	2,479	4.88	389	100 %
Golden Highway (Holt)	2,163,164	5,154	4.06	672	6,275	4.35	877	**1,548**	7,866	4.67	1,181	100 %
Golden Highway (Taylor)	2,165,166,167	—	—	—	26,655	1.91	1,633	**1,633**	2,755	4.26	377	100 %
Sudbury Levack	1,168,169	1,732	0.08	4	11,240	0.07	25	**29**	4,594	0.16	24	100 %
Musselwhite	2,170,171	3,540	6.59	750	7,550	5.73	1,390	**2,150**	6,800	5.49	1,200	100 %
Hemlo	1,2,172	1,144	3.53	130	83,535	1.18	3,178	**3,308**	7,765	1.94	484	20 %
Kirkland Lake	2,173,174,175	1,811	14.75	859	7,490	13.44	3,236	**4,096**	6,818	8.96	1,965	100 %
Timmins West	176,177,178	—	—	—	8,590	4.13	1,141	**1,141**	6,573	5.72	1,208	100 %
Canadian Malartic	1,2,179,180	55,122	0.98	1,742	174,790	1.18	6,646	**8,384**	29,884	1.93	1,858	12 %
Brucejack	1,181,182	5,900	12.65	2,400	15,500	15.45	7,700	**10,000**	8,600	14.11	3,900	100 %
Hardrock	2,183,184	—	—	—	175,481	1.20	6,763	**6,763**	25,365	3.18	2,590	100 %
Red Lake (Phoenix)	185,186	—	—	—	492	6.70	106	**106**	1,519	6.29	307	100 %
Courageous Lake	187,188	13,401	2.53	1,090	93,914	2.28	6,884	**7,974**	53,227	2.29	3,914	100 %
Dublin Gulch (Eagle)	189,190	29,400	0.81	761	151,300	0.59	2,870	**3,631**	17,400	0.49	276	100 %
Goldfields	191,192	858	2.04	56	20,002	1.51	971	**1,027**	4,564	1.54	226	100 %
Red Mountain	193,194	1,246	9.40	376	829	7.78	207	**584**	325	6.22	65	100 %
Monument Bay	195	—	—	—	36,581	1.52	1,787	**1,787**	41,946	1.32	1,781	100 %
GOLD - LATIN AMERICA												
Antapaccay	196	239,000	0.12	956	708,000	0.09	1,986	**2,942**	212,000	0.10	682	100 %
Candelaria	1,197,198,199	590,340	0.14	2,660	98,647	0.21	654	**3,314**	61,590	0.19	382	80 %
Guadalupe-Palmarejo	1,2,3,200	2,165	2.53	176	10,211	1.99	653	**829**	4,287	1.87	258	100 %
Cobre Panama	1,201,202	336,000	0.10	1,080	3,358,000	0.06	6,373	**7,453**	1,051,000	0.03	1,135	93 %
Cerro Moro	2,204	—	—	—	5,275	5.62	953	**953**	4,427	1.96	279	100 %
Calcatreu	205	—	—	—	8,000	2.63	676	**676**	3,400	2.07	226	100 %
Gurupi	206,207	46,027	0.73	1,076	95,979	0.79	2,444	**3,519**	7,719	0.67	165	100 %
San Jorge	208,209	79,518	0.22	584	104,091	0.19	626	**1,211**	11,235	0.16	59	100 %
Taca Taca	210,211,212	—	—	—	2,408,000	0.10	7,630	**7,630**	938,000	0.06	1,700	100 %
Volcan	213,214	—	—	—	—	—	—	**—**	18,600	0.85	510	25 %
GOLD - AUSTRALIA												
Duketon	1,215,216,217	9,300	1.02	304	132,100	0.98	4,173	**4,477**	25,900	0.95	795	97 %
Henty	218,219	976	4.80	150	556	4.90	88	**238**	284	4.80	44	100 %
Aphrodite	220,221	—	—	—	16,390	1.71	899	**899**	12,350	1.25	498	100 %
Yandal (Bronzewing)	222,223	—	—	—	4,503	2.10	304	**304**	3,801	1.65	202	100 %
Bullabulling	1,224	—	—	—	68,570	0.99	2,185	**2,185**	23,080	1.20	893	50 %
Edna May	1,225,226	—	—	—	14,750	1.47	696	**696**	2,500	0.96	77	2 %
Glenburgh	227,228	2,900	1.94	181	4,600	1.56	231	**412**	13,900	1.32	591	100 %
Red October	229,230	29	11.80	11	4,000	1.93	248	**259**	3,283	2.05	216	100 %
South Kalgoorlie	1,231,232	855	3.70	102	15,785	2.57	1,305	**1,407**	13,032	2.43	1,018	88 %
Matilda (Wiluna)	233,234,235	200	2.02	13	31,000	3.12	3,112	**3,125**	33,000	3.12	3,309	100 %
GOLD - REST OF WORLD												
MWS	236	120,250	0.21	830	170,100	0.24	1,310	**2,140**	15,170	0.30	150	fixed interest
Sabodala	237,238,239	25,011	1.15	926	60,362	1.81	3,516	**4,442**	15,254	1.92	944	100 %
Subika	1,2,240	51,900	1.28	2,130	93,500	2.10	6,320	**8,450**	27,900	2.64	2,370	80 %
Tasiast	2,241	35,413	1.26	1,435	166,460	1.82	9,724	**11,159**	5,575	1.90	345	100 %
Edikan	242,243	47,100	1.17	1,772	108,800	0.93	3,246	**5,011**	30,000	0.93	899	100 %
Cooke 4	244	—	—	—	45,300	0.30	430	**430**	—	—	—	100 %
Karma	245,246	400	0.62	8	83,800	1.10	2,973	**2,981**	19,300	1.27	791	100 %
Agi Dagi	1,2,247,248	2,516	0.75	61	104,453	0.63	2,132	**2,193**	19,551	0.52	330	95 %
Ity	249	0	1.84	2	52,800	1.64	2,777	**2,779**	30,200	1.45	1,406	fixed interest
Perama Hill	250	3,064	4.30	424	9,375	3.18	958	**1,382**	8,766	1.96	554	100 %
Sissingue	251,252	4,800	2.40	370	11,000	1.44	510	**880**	1,100	1.78	63	100 %
TOTAL GOLD MINERAL RESOURCES*				**40,012**			**156,867**	**196,818**			**49,165**	

*Total excludes New Prosperity

		Silver Mineral Reserves									Percentage
		Proven			Probable			Proven & Probable			covered by
Silver	**Notes**	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	**Tonnes 000s**	**Grade g/t**	**Contained 000 oz**	royalty or stream interest[1]
Antapaccay	101	238,000	1.62	12,402	477,000	1.87	28,617	**715,000**	**1.78**	**41,019**	100 %
Antamina	1,102	174,100	10.92	61,111	378,500	10.49	127,622	**552,600**	**10.69**	**189,837**	22.5 %
Candelaria	1,103,104,105	446,078	1.83	26,230	36,455	1.84	2,158	**482,534**	**1.83**	**28,388**	80 %
Cobre Panama	1,106,107	345,600	1.33	14,791	2,837,000	1.36	123,612	**3,182,500**	**1.35**	**138,402**	80 %
Cerro Moro	109,110	—	—	—	1,954	648.22	40,723	**1,954**	**648.22**	**40,723**	100 %
Midas/Fire Creek	3,111,112	238	191.19	1,461	386	99.72	1,239	**624**	**134.55**	**2,700**	100 %
TOTAL SILVER MINERAL RESERVES				**115,995**			**323,971**			**441,070**	

		Silver Mineral Resources — Inclusive of Reserves							Silver Inferred Mineral Resources			Percentage
		Measured (M)			Indicated (I)			**(M)+(I)**				covered by
Silver	**Notes**	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	**Contained 000 oz**	Tonnage 000s	Grade g/t	Contained 000 oz	royalty or stream interest[1]
Antapaccay	253	239,000	1.68	12,924	708,000	1.72	39,061	**51,985**	212,000	1.52	10,332	100 %
Antamina	1,254	239,000	10.26	78,866	846,000	11.31	307,682	**391,885**	1,247,000	10.42	417,734	22.5 %
Candelaria	1,255,256,257	590,340	2.02	38,335	98,647	2.19	6,936	**45,271**	11,304	10.88	3,956	80 %
Cobre Panama	1,258,259	336,000	1.35	14,584	3,358,000	1.32	142,062	**156,646**	1,051,000	1.08	36,449	80 %
Cerro Moro	2,261	—	—	—	5,275	359.89	61,036	**61,036**	4,427	101.28	14,415	100 %
Midas/Fire Creek	3,262,263,264	542	204.39	3,559	946	114.10	3,471	**7,031**	1,453	51.62	2,412	100 %
TOTAL SILVER MINERAL RESOURCES				**148,268**			**560,248**	**713,854**			**485,299**	

		PGM Mineral Reserves									Percentage
		Proven			Probable			Proven & Probable			covered by
PGM	Notes	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	**Tonnes 000s**	**Grade g/t**	**Contained 000 oz**	royalty or stream interest[1]
Sudbury	1,113,114	—	—	—	486	7.18	112	**486**	**7.18**	**112**	100 %
Stillwater	1,3,115,116	5,423	17.16	2,992	36,001	15.73	18,207	**41,424**	**15.92**	**21,198**	96 %
Pandora	1,117,118,119	2,195	3.85	244	12,683	4.26	1,707	**14,878**	**4.20**	**1,951**	80 %
TOTAL PGM MINERAL RESERVES				**3,236**			**20,027**			**23,261**	

		PGM Mineral Resources — Inclusive of Reserves										Percentage
		Measured (M)			Indicated (I)			(M)+(I)	PGM Inferred Mineral Resources			covered by
PGM	Notes	Tonnes 000s	Grade g/t	Contained 000 oz	Tonnes 000s	Grade g/t	Contained 000 oz	**Contained 000 oz**	Tonnage 000s	Grade g/t	Contained 000 oz	royalty or stream interest[1]
Sudbury	1,265,266	1,732	0.36	20	11,240	0.39	141	**161**	4,594	0.99	146	100 %
Stillwater	1,2,3,267	5,423	17.16	2,992	36,001	15.73	18,207	**21,198**	83,700	16.39	44,113	96 %
Pandora	1,268,269	25,854	4.80	3,902	140,000	4.61	20,732	**24,634**	23,171	4.73	3,415	80 %
TOTAL PGM MINERAL RESOURCES				**6,914**			**39,080**	**45,993**			**47,674**	

		Copper Mineral Reserves									Percentage
		Proven			Probable			Proven & Probable			covered by
Copper	Notes	Tonnes 000s	Grade %	Contained Mlbs	Tonnes 000s	Grade %	Contained Mlbs	**Tonnes 000s**	**Grade %**	**Contained Mlbs**	royalty or stream interest[1]
Osborne	120,121	2,660	0.94 %	55	2,590	1.47 %	84	**5,250**	**1.21** %	**139**	fixed interest
Rosemont	3,122,123	279,479	0.46 %	2,834	325,796	0.42 %	3,017	**605,276**	**0.44** %	**5,851**	100 %
NuevaUnion (Relincho)	124,125	435,300	0.38 %	3,647	803,800	0.37 %	6,557	**1,239,100**	**0.37** %	**10,203**	100 %
Taca Taca		—	—	—	—	—	—	**—**	**—**	**—**	100 %
Robinson	126,127	110,513	0.42 %	1,023	8,860	0.28 %	55	**119,373**	**0.41** %	**1,078**	100 %
Vizcachitas		—	—	—	—	—	—	**—**	**—**	**—**	100 %
TOTAL COPPER MINERAL RESERVES				**7,560**			**9,712**			**17,272**	

		Copper Mineral Resources - Inclusive of Reserves										Percentage
		Measured (M)			Indicated (I)			(M)+(I)	Copper Inferred Mineral Resources			covered by
Copper	Notes	Tonnes 000s	Grade %	Contained Mlbs	Tonnes 000s	Grade %	Contained Mlbs	**Contained Mlbs**	Tonnage 000s	Grade %	Contained Mlbs	royalty or stream interest[1]
Osborne	270,271	6,500	1.31 %	187	5,470	1.43 %	172	**359**	5,840	1.37 %	177	fixed interest
Rosemont	3,272,273	342,914	0.43 %	3,232	548,572	0.37 %	4,450	**7,682**	126,733	0.40 %	1,112	100 %
NuevaUnion (Relincho)	2,274	515,200	0.36 %	4,122	1,120,900	0.36 %	8,933	**13,056**	610,800	0.38 %	5,117	100 %
Taca Taca	275,276,277	—	—	—	2,165,000	0.44 %	21,150	**21,150**	921,000	0.37 %	7,550	100 %
Robinson	278,279	317,943	0.47 %	3,294	40,173	0.34 %	301	**3,596**	11,942	0.38 %	100	100 %
Vizcachitas	280,281	—	—	—	1,038,000	0.37 %	8,539	**8,539**	318,000	0.34 %	2,415	100 %
TOTAL COPPER MINERAL RESOURCES				**10,836**			**43,546**	**54,382**			**16,471**	

		Nickel Mineral Reserves									Percentage
		Proven			Probable			Proven & Probable			covered by
Nickel	Notes	Tonnes 000s	Grade %	Contained Mlbs	Tonnes 000s	Grade %	Contained Mlbs	**Tonnes 000s**	**Grade %**	**Contained Mlbs**	royalty or stream interest[1]
Mt Keith	128,129	39,600	0.60 %	522	5,800	0.50 %	64	**45,300**	**0.59** %	**587**	100 %
Falcondo	130,131	44,900	1.28 %	1,267	26,300	1.36 %	789	**71,200**	**1.31** %	**2,056**	100 %
TOTAL NICKEL MINERAL RESERVES				**1,789**			**853**			**2,643**	

		Nickel Mineral Resources - Inclusive of Reserves										Percentage
		Measured (M)			Indicated (I)			(M)+(I)	Nickel Inferred Mineral Resources			covered by
Nickel	Notes	Tonnes 000s	Grade %	Contained Mlbs	Tonnes 000s	Grade %	Contained Mlbs	**Contained Mlbs**	Tonnage 000s	Grade %	Contained Mlbs	royalty or stream interest[1]
Mt Keith	282,283	160,200	0.55 %	1,930	106,000	0.48 %	1,122	**3,051**	35,000	0.48 %	370	100 %
Falcondo	284,285	40,500	1.42 %	1,268	31,100	1.53 %	1,049	**2,320**	4,900	1.40 %	151	100 %
TOTAL NICKEL MINERAL RESOURCES				**3,198**			**2,171**	**5,372**			**522**	

Notes

All Mineral Reserves and Resources have been calculated in accordance with acceptable foreign codes, including CIM, SEC, JORC, or SAMREC guidelines
Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability
Unless otherwise noted, Mineral Reserves and Resources are reported as of December 31, 2016
Unless otherwise noted, Mineral Resources were reported by the operator inclusive of Mineral Reserves
Contained metal does not take into account recovery losses
Mineral Reserves and Resource based on publicly disclosed information as of March 14, 2017
Rows and columns may not add up due to rounding
Inferred Resources are in addition to Measured and Indicated Resources. Inferred Resources have a great amount of uncertainty as their existence and whether they can be mined legally or economically. It cannot be assumed that all or any part of the Inferred Resources will ever be upgraded to a higher category. See "Cautionary Note to US Investors Regarding Reserve and Resource Reporting Standards".

1 Royalty does not cover entire property or cover all known Mineral Reserves and Resources
2 Mineral Resources shown by operator as exclusive of Mineral Reserves. The Company's QP determined the inclusive Mineral Resources by adding the exclusive Measured and Indicated Mineral Resources to the Proven and Probable Reserves
3 Mineral Reserves and Resources are reported by the operator in non-metric units. The Company's QP calculated the metric conversion using 1 opt=34.286 g/t, 1 short ton = 0.9018 metric tonnes, 1 oz = 31.1035 g
4 Mineral Reserves are calculated using an assumed gold price of $1,000/oz for 2017 through 2020 and $1,200/oz from 2021 onwards
5 Mineral Reserves estimate incorporate current and/or expected mine plans and cost levels at each property
6 Varying cut-off grades have been used depending on the mine and type of ore contained in the Mineral Reserves
7 In accordance with certain provisions of the royalty agreement, Franco-Nevada is not able to disclose Mineral Reserves and Resources for Gold Quarry
8 Mineral Reserves are calculated using a gold price of $1,250/oz
9 Mineral Reserves assume a cut-off of 0.065 g/t payable gold grade
10 Mineral Reserves for Fire Creek and Midas assume $1,200/oz gold, $17.00/oz silver
11 Fire Creek Mineral Reserves uses a cut-off of 0.343 Au opt; Midas Mineral Reserves uses cut-off of 0.305 Au opt
12 Mineral Reserves are calculated using an assumed gold price of $1,200/oz
13 Mineral Reserves calculated using $1,250/oz Au
14 Mineral Reserves reported at a lower cut-off of 0.16 g/t Au for oxide & transition, and 0.41 g/t Au for sulphide
15 Mineral Reserves assume: $1,350/oz Au, $22.50 Ag, $4.50/lb Sb
16 As of December 15, 2014
17 Underground Mineral Reserves as of June 2012, depleted to September 30, 2012
18 Underground Mineral Reserves assume $1,400/oz Au and a cut-off of 0.25 opt

As of June 30, 2014
Oxide and sulfide Mineral Reserves have been estimated at a cut-off grade of 0.23 opt and 0.22 opt respectively using a gold price of $1,300/oz
Open pit Mineral Reserves based on a 0.0064 opt internal cyanide soluble gold cut-off at $1,250/oz Au
As of December 31, 2014
Mineral Reserves assume US$3.08/lb Cu and US$1200/oz Au
Mineral Reserves reported in kilograms; Company's QP converted to ounces
Mineral Reserves are calculated using an assumed gold price of $1,000/oz for 2017 through 2020 and $1,200/oz from 2021 onwards
Varying cut-off grades have been used depending on the mine and type of ore contained in the Mineral Reserves
Mineral Resources converted to 100% basis from Barrick's 60% attributable share
Mineral Reserves reported as of December 31, 2015 using $1,000/oz Au and US$/C$ exchange rate of C$1.10 and a cut-off of 0.5 g/t Au
Only Measured and Indicated LG fines scheduled in the mine plan were reported as Probable Mineral Reserves and are based on a 0.4 g/t cut-off
Mineral reserves included an average mining dilution of 5.3% from 2016 to 2018 and 4% for 2018+, at a diluting grade of 0.20g/t Au. Mining ore loss of 5% also included.
Mineral Reserve as at December 31, 2014
Mineral Reserves estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 3.00 g/t Au
Mineral Reserve as at December 31, 2014
Mineral Reserves estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 4.11 g/t Au
Mineral Reserve as at December 31, 2014
Mineral Reserves estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 3.02 g/t Au
Mineral Reserve as at December 31, 2014
Mineral Reserves assume $1,250/oz Au and a stope by stope cut-off grade of 3.48 g/t
As of December 31, 2014
Mineral Reserves estimated using $3.08/lb Cu, $8.50/lb Ni, $1,700/oz Pt, $800/oz Pd and $1,200/oz Au
Mineral Reserves are calculated using $1,200/oz Au
Mineral Reserves as of June 30, 2016
Mineral Reserves are calculated using an assumed gold price of $1,000/oz for 2017 through 2020 and $1,200/oz from 2021 onwards
Mineral Reserve estimates incorporate current and/or expected mine plans and cost levels at each property
Varying cut-off grades have been used depending on the mine and type of ore contained in the Mineral Reserves
Kirkland Lake Property Wide as of December 31, 2014.
Kirkland Lake Property Wide assume US$1,200/oz of gold at cut-off grade of 7.8 g/t
As of January 1, 2017
Mineral Reserves are reported using a gold cut-off grade of 2.0 g/t and a gold price of $1,250/oz
Mineral Reserves and Mineral Resources converted to 100% basis from Yamana's 50% interest
Mineral Reserves estimated using $1,200/oz Au, cut-off grades range from 0.334 to 0.374 g/t Au
Valley of the Kings as of December 2016; West Zone as of June 2014
Calculated at a C$180/t cut-off assuming $1,100/oz Au, $17/oz Ag, C$/US$ exchange rate = US$0.92
Mineral Reserves as of October 1, 2016
Mineral Reserves reported at 0.33 g/t cut-off using $1,250/oz Au
As of July 24, 2012
Waste to ore cut-offs determined using $1,244/oz Au and pit limit based on a C$20.10/t cut-off
As of September 12, 2016
Mineral Reserves estimated using cut-off grades between 0.19 - 0.22 g/t
As of October 6, 2011
Mineral Reserves assume an economic cut-off grade of 0.72 g/t Au
Commodity prices and exchange rates used to establish the economic viability of reserves are based on long-term forecasts applied at the time the reserve was estimated
As of June 30, 2016
Mineral Reserves assume $2.75/lb Cu, $1,000/oz Au and $15/oz Ag. Open pit and underground for the Candelaria property use cut-off grades of 0.20% Cu and 0.64% Cu, respectively
Underground Mineral Reserves for Alcaparrosa and Santos are reported at cut-off grades of 0.66% Cu and 0.73% Cu, respectively
Assumed metal prices for Mineral Reserves were $17.50/oz Ag and $1,250/oz Au
As of June 30, 2015
Mineral Reserves estimated using a $3.00/lb Cu, $1,200/oz Au, $16/oz Ag and $13.50/lb Mo
Mineral Reserves estimated using $950/oz Au and $18.00/oz Ag
Open pit cut-off at 3.4 g/t AuEq and underground cut-off at 6.2 g/t AuEq
As of January 31, 2011
Mineral Reserves assume a gold price of $1,066/oz
As of March 31, 2016
Mineral Reserves are reported inclusive of ROM stockpiles at cut-off grade of 0.4 g/t. Cut-off grades vary by oxidation and lithology domains
Mineral Reserves based on A$1,400/oz
As of February 28, 2014, a further 21,000 oz gold was depleted from Mineral Reserve between February 2014 and June 2014
Estimated at a 3.8 g/t gold cut-off using a gold price of A$1,450/oz
As of December 2015
Open pit Mineral Reserves are calculated at a 0.5 g/t Au cut-off, and underground mineral reserves are quoted at 2.5 g/t cut-off
As of June 30, 2016
Mineral Reserves based on A$1,500/oz Au
Mineral Reserves as of June 2016
Wiluna Mineral Reserves based of A$1500/oz
As of December 31, 2015
Mineral Reserves estimated using 0.23 g/t Au cut-off and ZAR 431,000/kg Au
Mineral Reserves as of December 31, 2015 assuming $1,100/oz gold price
Mineral Reserves cut-off: Sabodala 0.45 g/t for oxide; 0.55 g/t for fresh based; other deposits range from 0.35 g/t to 0.63 g/t Au for oxide and 0.42 g/t to 0.73 g/t Au for fresh
Underground Mineral Reserves cut-off grades ranged from 2.3-2.6 g/t based on $1,200/oz gold price
Mineral Reserves assume $1,200/oz Au
Ahafo open pit cut-off grade utilized in 2016 Mineral Reserves not less than 0.018 oz/t
Ahafo underground cut-off grade utilized in 2016 Mineral Reserves not less than 0.090 oz/t
Mineral Reserves are calculated using an assumed gold price of $1,200/oz
Cut-off based on US$1,200/oz and varies according to material type and mining method
Mineral Reserves assume a $1,300/oz gold price
Agi Dagi Mineral Reserves assume $1,250/oz Au and $16.00/oz Ag
Agi Dagi Mineral Reserves cut-off grade is determined as a net of process value of $0.10/t incorporating both the gold and silver grades, recoveries, less process and G&A for each block
Mineral Reserves reported using $1,250/oz Au
Mineral Reserves assume a gold price of $1,200/oz and cut-off grade of 0.8 g/t
Mineral Reserves as of February 1, 2015

100 Variable cut-off grades based on recovery of each material type; oxide 0.6 g/t, transition 0.8 g/t, granite-porphyry 0.8 g/t and sediment 1.0 g/t
101 Commodity prices and exchange rates used to establish the economic viability of reserves are based on long-term forecasts applied at the time the reserve was estimated
102 Mineral Reserve and Resource estimates were prepared using long-term metal prices of: US$2.97/lb Cu, US$1.03/lb Zn, US$10.70/lb Mo and US$18.72/oz Ag
103 As of June 30, 2016
104 Mineral Reserves assume $2.75/lb Cu, $1,000/oz Au and $15/oz Ag. Open pit and underground for the Candelaria property use cut-off grades of 0.20% Cu and 0.64% Cu, respectively
105 Underground Mineral Reserves for Alcaparrosa and Santos are reported at cut-off grades of 0.66% Cu and 0.73% Cu, respectively
106 As of June 30, 2015
107 Mineral Reserves estimated using a $3.00/lb Cu, $1,200/oz Au, $16/oz Ag and $13.50/lb Mo
108 Footnote intentionally omitted
109 Mineral Reserves are estimated using $950/oz Au and $18.00/oz Ag
110 Open Pit cut-off at 3.4 g/t AuEq and underground cut-off at 6.2 g/t AuEq
111 Mineral Reserves for Fire Creek and Midas assume $1,200/oz Au, $17.00/oz Ag
112 Fire Creek Mineral Reserves use a cut-off of 0.343 Au opt; Midas Mineral Reserves use a cut-off of 0.305 Au opt
113 As of December 31, 2014
114 Mineral Reserves estimated using $3.08/lb Cu, $8.50/lb Ni, $1,700/oz Pt, $800/oz Pd and $1,200/oz Au
115 Mineral Reserves assume $702.75/oz for Palladium and $1,139.91/oz for Platinum
116 Mineral Reserves as of December 31, 2016
117 As of September 30, 2016 based on Lonmin plc disclosure
118 Mineral Reserves calculated from Lonmin plc 41.00% attributable interest
119 For determination of pay limits the following commodity prices per ounce was used: Pt - $1,622; Pd - $889; Rh - $2,369; Au - $1,191
120 As of December 31, 2012
121 Mineral Reserves reported at a cut-off of 0.35% CuEq for Osborne open pit extension and 1.5% CuEq for Osborne underground and 1.4% CuEq for Kulthor underground where CuEq = Cu(%) + Au(g/t) *0.6
122 As of July 17, 2012
123 Mineral Reserves assume $2.50/lb Cu, $15.00/lb Mo and $20/oz Ag
124 Mineral Reserves assume $2.80/lb Cu and $13.70/lb Mo
125 As of December 31, 2014
126 As of December 31, 2014
127 Mineral Reserves assume $3.60/lb Cu and $1200/oz Au
128 As of June 30, 2016
129 Mineral Reserves calculated at variable cut-off grade between 0.35% and 0.40 % Ni and ≥0.18% Ni recoverable
130 Mineral Reserves assume a cut-off grade of 1.2% Ni
131 As of December 31, 2014
132 Mineral Resources estimated using varying cut-off grades, depending on both the type of mine or project, its maturity and ore types at each property
133 In accordance with certain provisions of the royalty agreement, Franco-Nevada is not able to disclose Mineral Reserves and Resources for Gold Quarry
134 Mineral Resources are calculated using a gold price of $1,400/oz
135 Mineral Resources based on an optimized pit shell at a cut-off of 0.065 g/t payable gold
136 Mineral Resources for Fire Creek and Midas assume $1,400/oz Au, $19.83/oz Ag
137 Effective date for the Fire Creek and Midas Mineral Resource is June 30, 2016 and May 31, 2016 respectively
138 Fire Creek's Mineral Resources uses cut-off grade of 0.228 opt; Midas' Mineral Resources uses cut-off grade of 0.196 opt
139 Mineral Resources are calculated using an assumed gold price of $1,400/oz
140 Mineral Resources calculated using $1,350/oz Au
141 Mineral Resources reported at a cut-off of 0.12g/t Au for oxide & transition, and 0.24 g/t Au for sulphide
142 Open pit sulfide Mineral Resources are reported at a cut-off grade of 0.75 g/t Au and open pit oxide Mineral Resources are reported at a cut-off grade of 0.45 g/t Au
143 As of September 10, 2014
144 As of December 1, 2015
145 Mineral Resources are stated at a cut-off grade of 0.20 g/t Au.
146 Mineral Resources are contained within an optimised pit shell, generated using a price of US$1,100/oz Au.
147 Underground Mineral Resource as of June 2012 depleted to September 30, 2012; open pit Mineral Resource as of October 2016
148 Underground Mineral Resources reported based on a 0.15 opt cut-off
149 Mineral Resources reported at 0.15g/t cut-off in oxides and 0.33 g/t cut-off in mixed zone
150 Open pit Mineral Resources as of December 31, 2013; underground Mineral Resources as of July 1, 2014
151 Mineral Resources assumes a 0.22 opt Au cut-off (underground) and a 0.010 opt Au cut-off (open pit)
152 As of December 31, 2014
153 Mineral Resources assume US$4.20/lb Cu and US$1700/oz Au
154 Mineral Resources reported in kilograms; Company's QP converted to ounces
155 Mineral Resources reported at price of $1,400/oz Au
156 Mineral Resources converted to 100% basis from Barrick's 60% attributable share
157 Mineral Resources estimated using varying cut-off grades, depending on both the type of mine or project, its maturity and ore types at each property
158 Mineral Resources reported as of December 31, 2015 using $1,200/oz Au and US$/C$ exchange rate of C$1.10 and a cut-off of 0.5 g/t Au
159 Mineral Resource as at December 31, 2014
160 Mineral Resources estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 2.5 g/t
161 Mineral Resource as at December 31, 2014
162 Mineral Resources estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 2.5 g/t
163 Mineral Resource as at December 31, 2014
164 Mineral Resources estimated using an average long-term gold price of $1,250/oz and a cut-off grade of 2.5 g/t
165 Mineral Resources for Taylor as at December 31, 2014 and a cut-off grade of 3.00 g/t for Shoot Zone; 2.50 g/t for WPZ and Shaft Zones
166 Mineral Resources for Aquarius are as of the 2012-2013 John Reddick Report & SRK Mining Study
167 Mineral Resources for Clavos Project JV represent 40%, as per the option agreement with Sage Gold calculated as of October 23, 2012 RPA Technical Report
168 As of December 31, 2014
169 Mineral Resources estimated using $4.20/lb Cu, $11.00/lb Ni, $1,900/oz Pt, $700/oz Pd and $1,700/oz Au
170 Mineral Resources are calculated using $1,400 /oz Au
171 Mineral Resources as of June 30, 2016
172 Mineral Resources estimated using varying cut-off grades, depending on both the type of mine or project, its maturity and ore types at each property
173 Kirkland Lake Property Wide Mineral Resources as of December 31, 2014 at cut-off grade of 0.18 opt. Amalgamated Kirkland & Anoki McBean Mineral Resources estimated using $1200/oz Au and 2.5 g/t cut-off
174 Amalgamated Kirkland assumes $1,200/oz Au at a cut-off grade of 2.5 g/t
175 Amalgamated Kirkland & Anoki McBean as of December 31, 2016; Amalgamated Kirkland & Anoki McBean Mineral Resource converted to 100% basis from Yamana's 50% attributable share
176 Mineral Resources for Timmins, Thunder Creek and 144 GAP as of January 1, 2017
177 Mineral Resources for Timmins, Thunder Creek and 144 GAP are reported using a gold cut-off grade of 1.5 g/t
178 Mineral Resources at Gold River are based on a long-term gold price of $1,200/oz and a cut-off grade of 2.0 g/t as at March 18, 2014
179 Mineral Reserves and Mineral Resources converted to 100% basis from Yamana's 50% interest
180 Mineral Resources assume $1200/oz Au, cut-off ranges from 0.33 g/t inside pits to 1.0 g/t outside open pit

Valley of the Kings as of July 2016; West Zone as of December 2013
Mineral Resources estimated at a 5.0 g/t AuEq cut-off. AuEq = Au + Ag/53
Mineral Resources as of August 11, 2016
Hard Rock Mineral Resources estimated at $1,625/oz Au
As of January 6, 2016
Assumes a cut-off grade of 4.0 g/t based on $1,125/oz Au
As of September 5, 2012 for the FAT deposit and March 11, 2014 for the Walsh Lake deposit
Mineral Resources at FAT deposit assume a cut-off of 0.83 g/t Au and at Walsh Lake deposit assume a cut-off grade of 0.60 g/t Au
As of September 12, 2016
Mineral Resources estimated at a cut-off grade of 0.15 g/t using US$1,700/oz
As of October 6, 2011
Mineral Resources assume a cut-off grade of 0.50 g/t
Mineral Resources as of January 23, 2017
Mineral Resources assume a 3.0 g/t Au cut-off
Assumes $1,200 Au, 0.4 and 0.7 g/t cut-off for open pit cut-off and 4.0 g/t Au cut-off for underground
Mineral Resources reported at 0.15% Cu cut-off
As of June 30, 2016
Open pit Mineral Resources are reported within a conceptual pit shell based on metal prices of $3.16/lb Cu and $1,000/oz Au and are reported at a 0.2% Cu cut-off
Underground Mineral Resources are reported at a cut-off grade of 0.6% Cu
Assumed metal prices for Mineral Resources were $19.00/oz Ag and $1,275/oz Au
As of June 2015
Mineral Resource uses a cut-off grade of 0.15% Cu
Footnote intentionally omitted
1.0 g/t AuEq cut-off
Metal prices used were $12.50/oz Ag and $650/oz Au
As of July 30, 2012
Mineral Resources assumes a cut-off of 0.33 g/t
As of March 1, 2012
Mineral Resources assume $1.50/lb Cu and a 0.30% Cu cut-off
As of October 30, 2012
Assumes a 0.3% CuEq cut-off for sulphides; 0.2 g/t Au cut-off for oxides
CuEq calculated using $2.00/lb Cu, $800/oz Au and $12.00/lb Mo
As of October 2008
Mineral Resources assume 0.5 g/t Au cut-off on the Ojo de Agua deposit only
As of March 31, 2016
Mineral Resources are reported inclusive of ROM stockpiles at cut-off grade of 0.4 g/t
Mineral Resources based on A$2,000/oz
As of February 28, 2014
Estimated at a 2.0 g/t Au cut-off using a gold price of A$1,450
As of April 19, 2016
Mineral Resources assume a cut-off of 0.5 g/t Au for potential open pit and 3.0 g/t Au for underground
Corboys as of August 23, 2016, Woornara, Cockburn and Mt Joel 4800N as of September 1, 2016
Corboys Mineral Resources reported at a 1.0 g/t cut-off, Cockburn Mineral Resources are reported at a 0.9 g/t cut-off, Woornara and Mount Joel Mineral Resources are reported at a 0.5 g/t cut-off
Mineral Resources reported at an 0.5 g/t Au cut-off
As of December 2015
Assumes a 0.4 g/t Au cut-off for open pit, 3.0 g/t Au cut-off for underground using A$1,800/oz Au
As of June 30, 2015
Mineral Resources assumes a 0.5 g/t Au cut-off grade
As of June 30, 2016
Red October Mineral Resources assume a cut-off of 2.0 g/t Au, whereas Saracen reports the natural grade distribution above background for Thin Lizzy, Crimson Belle and Butcherwell deposits was at a grade of 0.8 g/t
As of June 30, 2016
Cut-off grades have been selected based on the style of mineralisation, depth from surface and the most probable extraction techniques
Mineral Resources as of December 1, 2016
Open pit Mineral Resource reported at 0.5g/t cut-off in oxide and 1.0 g/t cut-off in transitional & fresh in an A$1800/oz shell, while the underground Mineral Resources was reported at 2g/t cut-off in fresh rock outside the shell
A global reporting cut-off of 3.0 g/t was applied to the Golden Age underground resource
As of December 31, 2015
Mineral Resources as of December 31, 2015 estimated using a gold price of US$1,450/oz
Open pit: oxide Mineral Resources use a cut-off grade of 0.35 g/t Au (Gora at 0.48 g/t Au); transition and fresh rock Mineral Resources use a cut-off grade of 0.40 g/t Au (Gora at 0.55 g/t Au)
Underground Mineral Resources cut-off grade of 2.00 g/t Au.
Mineral Resources assume a gold price of $1,400/oz Au
Mineral Resources are calculated using an assumed gold price of $1,400/oz
As of December, 2016
Mineral Resources reported at various cut-off grades; 0 g/t for heap leach; 0.4 - 0.7 g/t for other Mineral Resources
Tailings Dump 4 Mineral Resources based on 0.1 g/t cut-off
Mineral Resources estimates were based on a gold price of $1,557/oz
Cut-off grades are defined by material type and vary from 0.20 - 0.5 g/t
Agi Dagi Mineral Resources are contained within pits optimized at $1,400/oz Au, $22/oz Ag and 0.2 g/t Au cut-off grade
Camyurt Mineral Resources are contained within pits optimized at $1,400/oz Au, $22/oz Ag and 0.2 g/t Au cut-off grade
Mineral Resources reported inside an optimised pit shell above 0.5 g/t cut-off. Pit optimisation assumes $1,500/oz Au
Mineral Resources assumes a cut-off grade of 0.5 g/t
Mineral Resources as of June 30, 2016
0.6 g/t Au cut-off applied for Sissingue Mineral Resource
Mineral Resources reported at 0.15% Cu cut off
Mineral Reserve and Resource estimates were prepared using long-term metal prices of: US$2.97/lb Cu, US$1.03/lb Zn, US$10.70/lb Mo and US$18.72/oz Ag
As of June 30, 2016
Open pit Mineral Resources are reported within a conceptual pit shell based on metal prices of $3.16/lb Cu and $1,000/oz Au and are reported at a 0.2% Cu cut-off
Underground Mineral Resources are reported at a cut-off grade of 0.6% Cu
As of June 2015
Mineral Resources use a cut-off grade of 0.15% Cu
Footnote intentionally omitted
1.0 g/t AuEq cut-off
Mineral Resources for Fire Creek and Midas assume $1,400/oz Au, $19.83/oz Ag

263 Fire Creek's Mineral Resources use a cut-off grade of 0.228 opt, Midas' mineral resources use a cut-off grade of 0.196 opt
264 Effective date for the Fire Creek and Midas Mineral Resource is June 30, 2016 and May 31, 2016, respectively
265 As of December 31, 2014
266 Mineral Resources estimated using $4.20/lb Cu, $11.00/lb Ni, $1,900/oz Pt, $700/oz Pd and $1,700/oz Au
267 Company reports "mineralized material" estimates which correspond to "Inferred Mineral Resource" in Canadian definitions for Mineral Resources and Mineral Reserves
268 As of September 30, 2016 based on Lonmin plc disclosure
269 Mineral Resources calculated from Lonmin plc 41.00% attributable interest
270 As of December 31, 2012
271 Mineral Resources reported at a cut-off of 0.5% CuEq for Osborne open pit and 1.2% CuEq for Osborne and Kulthor underground where CuEq = Cu(%) + Au(g/t) *0.6
272 As of July 17, 2012
273 Mineral Resources cut-off: Oxides 0.10% CuEq; Sulfide 0.15% CuEq; and mixed 0.3% CuEq (CuEq based on $2.50/lb Cu, $15/lb Mo & $20/oz Ag)
274 As of December 31, 2014
275 As of October 30, 2012
276 Assumes a 0.3% CuEq cut-off for sulphides; 0.2 g/t Au cut-off for oxides
277 CuEq calculated using $2.00/lb Cu, $800/oz Au, $12.00/lb Mo
278 As of December 31, 2014
279 Mineral Resources assume $4.20/lb Cu, $1700/oz Au
280 As of December 13, 2013
281 Mineral Resources estimated using a cut-off of 0.3% CuEq where CuEq (%) = CuT (%) + 4.95 x Mo (%) where 4.95 represents the Mo/Cu price ratio
282 As of June 30, 2016
283 Mineral Resources calculated at variable a cut-off grade between 0.35% and 0.40 % Ni
284 Mineral Resources assume a cut-off grade of 1.2% Ni
285 As of December 31, 2014

ANTAPACCAY MINING AND TECHNICAL INFORMATION

Property Description, Location and Access

The Antapaccay project is owned and operated by CM Antapaccay, a Peruvian company that is an indirect wholly-owned subsidiary of Glencore. Glencore indirectly acquired CM Antapaccay in May 2013 as a result of its acquisition of Xstrata.

The Antapaccay project is located in southern Peru in the Cusco Region, Espinar District and Province, approximately 250 kilometres from the cities of Cusco and Arequipa. The project is accessed by paved and dirt roads (approximately 5 hours by road from Cusco and Arequipa) and is between 3,800 and 4,000 metres above sea level. Mine personnel live at the mine's facilities while at work and commute from both local communities and larger population centres.

The Antapaccay mine is located 9.4 kilometres southwest of CM Antapaccay's past-producing Tintaya mine, and the Antapaccay concentrator is located 4.5 kilometres south of the Tintaya concentrator.

The CM Antapaccay property consists of numerous mining concessions and mining claims covering an area of 99,766 hectares, which includes the former Tintaya mine, current Antapaccay mine and Coroccohuayco project (as described below). These concessions and claims can be held indefinitely, contingent on the payment of the annual license fees and provision of certain production and investment information. The Antapaccay project itself covers 13 mining concessions with a total effective area of 7,944 hectares. These mining concessions constitute all of the mineral rights that are required to permit exploitation of the deposit for which Mineral Reserves are stated.

The CM Antapaccay property also includes the Coroccohuayco project, a satellite deposit that is located within 10 kilometres of the Antapaccay plant. At this stage, exploration, drilling and engineering studies at Coroccohuayco have focused on defining Mineral Resources and Mineral Reserves and no mining activities are being undertaken.

As of February 10, 2016 CM Antapaccay held surface rights over approximately 10,321 hectares of the total concession area. Surface rights have been acquired for all current operating needs in respect of the Antapaccay project. Additional surface rights would be necessary for the development of certain Mineral Reserves and Mineral Resources.

CM Antapaccay is operating under a tax stability agreement with the government of Peru, pursuant to which it pays a royalty of 1% of net income up to $60 million, 2% of net income between $60 million and $120 million, and 3% of net income in excess of $120 million. CM Antapaccay is also subject to the Special Mining Contribution which applies to its operating income based on a progressive sliding scale ranging from 4% to 13%.

History

Mining activities at the Tintaya mine began in 1984 by the state-owned mining company, Empresa Minera Especial Tintaya SA ("**Empresa**"). The Tintaya mine produced over 1.6 million tonnes of copper and 500,000 ounces of gold until operations ceased in 2012.

Initial exploration activities outside of the Tintaya mine area focussed on the Antapaccay concessions as well as the concessions comprising the Coroccohuayco project. The existence of copper-bearing mineralization in the area of the Antapaccay project was known, with a history of artisanal mining close to the surface at the old Atalaya mine in the same area.

In October 1994, Magma Copper Company ("**Magma**") purchased Empresa, and in 1995 geologists from Magma revised the then existing information on Atalaya (geology and geophysics) and completed mapping of the site, and estimated the potential for 68 million tonnes of skarn-type mineralization grading 1.50% copper.

In July 1998, Broken Hill Proprietary Company Limited ("**BHP**") acquired Atalaya, following which exploration commenced. Two copper-gold porphyry-type orebodies were discovered in addition to the skarn-type mineralization, and, in February 2000, Mineral Resources of 285 million tonnes grading 0.95% copper and 0.19 grams per tonne gold were reported.

The Antapaccay project was managed by BHP Billiton (formed by the merger of BHP with Billiton plc) until 2006, when Xstrata acquired properties in Peru, including the Tintaya mine and plant that were operating at the time and the Antapaccay project. Following the acquisition, further project and infill drilling work was completed on Antapaccay, and construction of the mine and related infrastructure started in 2010. Mining operations commenced in 2012 with first concentrate production in November 2012 and initial design capacity of 70,000 tonnes per day reached in February 2013.

Geological Setting, Mineralization and Deposit Type

Antapaccay

The Antapaccay project contains a porphyry-skarn type (copper-silver-gold) deposit located in the Eocene-Oligocene Andahuaylas-Yauri strip, 9.4 kilometres southwest in a straight line from the Tintaya mine, in the area of the old Atalaya mine. The Eocene-Oligocene Andahuaylas-Yauri strip is located 250 to 300 kilometres west of the current Peru-Chile Trench, above a thick cap of sialic crust (50 to 60 kilometres), in a transitory zone between the flat subduction slab of central Peru and the normal subduction of southern Peru and northern Chile and immediately to the southeast of the Abancay deflection. It consists

geologically of a thick cretaceous sedimentary sequence folded during the Andean deformations and widely intruded by stocks, sills and dykes of Andahuaylas-Yauri batholith, covered by Cenozoic lacustrine and volcanic deposits and quaternary deposits.

The copper mineralization at Antapaccay is mainly contained in intermediate intrusive rocks with dissemination, veinlets, hydrothermal breccias which are in contact with pre-mineral rocks such as diorites and sedimentary rocks (limestones, calcareous shales, siltstones and sandstones), forming contact mineralized breccias, exoskarn and stockwork in sedimentary bodies with a clear predominance of chalcopyrite over bornite up to 350 metres; the roles reverse at a greater depth and are associated with a level of anhydrite-gypsum.

The dominant mineralization within the porphyry is chalcopyrite, followed by bornite and chalcocite. Mineralization consists of both disseminations and veinlets, with the highest grades of gold corresponding to intense bornite rich stockwork zones. The dominant alteration type within the porphyry is a potassic alteration of the host diorite. The porphyry is also in contact with cretaceous sedimentary rocks, which have formed irregular skarn (limestones) and stockwork (hornfels and quartzites) containing high copper values, but represent a minor component of all the resources.

The conditions for the occurrence of a metasomatic process exist in contact with limestones, generating irregular garnet-magnetite +/-pyroxene exoskarn, mainly with chalcopyrite patches. Extensive areas of intense grey quartz veinlet stockwork with a high bornite and chalcopyrite content were identified always near the hornfels-intrusive rock contact, expanding into the hornfels for several metres.

Coroccohuayco

The main copper bearing minerals at Coroccohuayco are bornite, chalcopyrite and chalcocite, with the host rock consisting of Cretaceous sedimentary rocks of the Ferrobamba and Mara formation intruded by monzonitic plutons of the Eocene—Oligocene Andahuaylas—Yauri batholiths. The Coroccohuayco deposit is dominantly a skarn-hosted deposit, whereas the Antapaccay deposit is dominantly porphyry-hosted.

Exploration

General geological techniques utilized at the Antapaccay project include geological mapping, soil geochemistry, geophysical studies (magnetic and induced polarization), cartography, diamond drilling, sampling and interpretation. In addition, up-to-date aerial photographs of the project have been collected to generate digital topographical reliefs to 5 metres. Exploration work undertaken to date indicates the potential for additional copper discoveries within the CM Antapaccay property area.

Drilling

Antapaccay

The deposit geology model and mineral resource estimates were updated in 2015 using a drill hole database that now includes over 248,060m of total drilling data from over 638 holes, with more than 221,811 metres completed since 1998, with an average depth of 330 metres. The average distance between holes is 64 metres, with approximately 96.5% of the total drill holes being diamond drill holes, approximately 2.8% being reverse air circulation drilling and approximately 0.7% being combined drill holes.

Since June 2007 diamond drilling programs have been carried out by Xstrata/Glencore in order to increase the quantity of Mineral Resources at the Antapaccay project and define the mineralized intrusive bodies present at the South pit, both horizontally and at depth. More recently, in 2014, infill-exploration drilling was carried out to improve the geological confidence in the Mineral Resource, with several exploratory drill holes intercepting skarn bodies in the southeastern area of the South pit. The 2014 drilling (approximately 4,900 metres) was aimed at defining the lithological contacts between the dacitic dike and the mineralized porphyry (delineation of the barren dike) and to refine the limit between the mineralized porphyry and barren porphyry. In 2015, approximately 5,900 metres of diamond drilling was completed at the Antapaccay project in order to define the lithology of the resource at depth. Between January and September 2016 geological and geotechnical infill drilling totalling 14,433.75 meters was completed.

Coroccohuayco

The most recent drilling at Coroccohuayco was completed in 2014, with a total of approximately 27,000 metres of diamond drilling. The results of the drilling have been incorporated into the geological interpretation and resource estimate for the Coroccohuayco deposit.

Sampling, Analysis and Data Verification

Samples of diamond drill hole cores were collected in carton boxes in the drilling area and the logging area to record geological, geo-mechanical and geotechnical data and to be photographed. Sampling intervals of 2, 2.5 and 3 metres were predominantly used, and 2-metre intervals were standard for mineralized rocks. Samples were sent to the Tintaya sampling area for preparation in accordance with standard protocols. The remaining materials, being half core samples and coarse and fine pulps, were stored in the enclosed areas located at the Tintaya camp.

Drill core sampling methodology for Antapaccay drilling campaigns followed a standardized procedure for copper. The drill core was split in half, respecting the distribution of the mineralization indicated by the logging geologist, and the sample was then reduced by up to 90% of its size with progressively smaller meshes (down to 2 millimetre sieve size). The sample was then reduced with a Jones Riffle quarterer, obtaining 2 kilograms of sample, which was bagged to be kept in the respective file. The rest of the sample was quartered to obtain four 0.5 kilogram samples, which were then dried and pulverized up to 95% of their size with a #140 mesh (0.106 millimetre sieve size). The pulverized samples were put in jars and placed in a homogenizer for 5 minutes and then placed in envelopes, with one envelope sent to the laboratory and the remaining 3 envelopes stored for future requirements. A duplicate was taken every 20 intervals of samples with copper grading more than 0.30%. Upon obtaining 30 samples, the samples were re-encoded and sent to the same laboratory. Standard samples were placed at intervals indicated by CM Antapaccay geologists.

For all drilling programs run by CM Antapaccay, sample preparation, assaying, analytical and quality control procedures have followed acceptable industry standard practices. Current quality control of the chemical analysis procedures include, standard sample preparation of low, middle and high grade material from the deposit, fine white sample preparation, protocols for blast holes, drill holes, specific gravity for diamond drill programs, and a general quality assurance and quality control ("**QA/QC**") program, based on the latest developments in the industry.

Mineral Processing and Metallurgical Testing

Extensive metallurgical test work and studies have been completed on Antapaccay ore, both prior to the construction of the Antapaccay plant and since commissioning in 2012. The work was completed by a number of reputable engineering and metallurgical laboratories.

Mineral Resource and Mineral Reserve Estimates

The Mineral Resources for the Antapaccay project were estimated from core drilling information and were evaluated using standard geological and geostatistical block modelling methodologies. The primary estimation methodology was Ordinary Kriging. The Mineral Reserve estimate is based on a mine plan and open pit designs developed using modifying parameters including metal prices, metal recovery, operating costs and sustaining capital cost estimates based on the production schedule and equipment requirements.

The Mineral Reserves and Mineral Resources for the Antapaccay and Coroccohuayco deposits, in each case as of December 31, 2016, are as follows.

Antapaccay Mineral Resources (inclusive of Mineral Reserves) as at December 31, 2016

		Grade			
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**	**Mo (%)**
Measured	206	0.57	0.13	1.45	0.005
Indicated	452	0.43	0.08	1.17	0.005
Measured & Indicated	**658**	**0.47**	**0.10**	**1.26**	**0.005**
Inferred	156	0.40	0.10	0.80	0.005

Antapaccay Mineral Reserves as at December 31, 2016

		Grade		
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
Proven	207	0.56	0.12	1.44
Probable	324	0.43	0.08	1.19
Total	**531**	**0.48**	**0.10**	**1.29**

Coroccohuayco Mineral Resources (inclusive of Coroccohuayco Mineral Reserves) as at December 31, 2016

		Grade		
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
Measured	33	0.85	0.09	3.13
Indicated	256	0.91	0.10	2.68
Measured & Indicated	**289**	**0.90**	**0.10**	**2.73**
Inferred	56	1.08	0.10	3.51

Coroccohuayco Open Pit Mineral Reserves as at December 31, 2016

		Grade		
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
Proven	22	0.75	0.08	2.75
Probable	41	0.56	0.06	1.57
Total	**63**	**0.63**	**0.07**	**1.98**

Coroccohuayco Underground Mineral Reserves as at December 31, 2016

		Grade		
Classification	**Quantity (Mt)**	**Cu (%)**	**Au (g/t)**	**Ag (g/t)**
Proven	9	0.82	0.09	3.02
Probable	112	1.25	0.12	3.93
Total	**121**	**1.22**	**0.12**	**3.86**

Notes:
(1) Source: Glencore Statement of Resources & Reserves as at December 31, 2016. Mineral Resources and Mineral Reserves are estimated in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).
(2) Columns and rows may not add up due to rounding.
(3) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(4) Commodity prices and exchange rates used to establish the economic viability of Mineral Reserves are based on long term forecasts applied at the time the Mineral Reserve was estimated.
(5) Mineral Resources for Antapaccay are stated at a defined internal copper cut-off, which is maintained at 0.15% TCu.

The Lerchs-Grossman pit optimization method was used to determine the economic pit shell for Measured, Indicated and Inferred Mineral Resources. This method was selected over the floating cone since it provides for improved optimization for discontinuous orebodies in which a mineral area may share some waste material extraction expenses. This situation exists at Antapaccay with the monzonitic porphyry that has a prophylitical alteration and the waste rock area between the North and South pits, separating part of the orebody.

The calculated profit values per block were directly used in the Lerchs-Grossman process for the required economic data. The inter-ramp slope angles recommended by engineering consultants and metallurgical recovery were used to control the walls during the optimization process. The Lerchs-Grossman algorithm finds the most profitable pit surface based on the three-dimensional graph theory, block-by-block economic values and pit slope data.

The resulting life of mine plan and Mineral Reserve estimates consider only Measured and Indicated Mineral Resources, with all Inferred Mineral Resources within the design pit being treated as waste.

The underground Mineral Reserve estimate is based on mine plans and designs using modifying parameters including mining recovery and dilution applied to Measured and Indicated Mineral Resources.

Mining Operations

The Antapaccay mine is an open pit mine (consisting of a North pit and a South pit) with truck and shovel operations that provide a total annual material handling capacity of approximately 140 million tonnes of material. Major equipment includes a fleet of owner-operated 400 short ton class trucks, 48 cubic metre and 35 cubic metre rope shovels, dozers and loaders, as well as support equipment. Ore is mined and sent to the primary crusher located at the mine and the crushed ore is subsequently transported to the coarse ore stockpile by an overland conveyor of approximately 6.8 kilometres. The feeders at the coarse ore stockpile convey the crushed ore to the Antapaccay plant for processing. A portion of the material from the coarse ore stockpile is transported to the Tintaya plant using mining trucks.

The Antapaccay metallurgical plant consists of a semi-autogenous grinding mill and two ball mills to prepare feed for a conventional flotation circuit to recover the copper, gold and silver contained in the feed ore into a copper concentrate. The Tintaya metallurgical plant consists of multi-stage crushing followed by ball-milling to prepare feed for a conventional flotation circuit to recover the copper, gold and silver contained in the feed ore into a copper concentrate. The nominal throughput of the Antapaccay and Tintaya plants are currently approximately 85,000 and 20,000 tonnes per day, respectively. The copper concentrate produced from both processing plants is thickened and filtered on site prior to being trucked approximately 355 kilometres to port facilities at the Port of Matarani, operated by TISUR, for shipment to smelters. The road from Tintaya to the port has been expanded to accommodate the shipment of concentrates originating from the Antapaccay project.

Flotation tailings are thickened and delivered to the Tintaya open pit for disposal. The fully-permitted tailings dam storage capacity is sufficient for the current Antapaccay life of mine plan and options to increase height for extended capacity are being studied.

Historical production (metal in concentrates) for Antapaccay is shown in the table below.

	Metal Produced in Concentrates		
	Cu (kt)	Au (koz)	Ag (koz)
2013	139	79	946
2014	167	69	1,048
2015	202	122	1,315
2016	220	115	1,536

The current life of mine plan contemplates that the Antapaccay mine will operate for 13 years ending in 2029, with ore processed through the Tintaya and Antapaccay plants. There is the potential to extend the mine life beyond 2029 through additional exploration on the CM Antapaccay property and the development of the Coroccohuayco deposit.

The material produced from the Antapaccay project is marketable in the main international concentrate markets based on its specifications. Payments made to CM Antapaccay are based on the copper, gold and silver contained in concentrates typical for the international concentrate markets.

Infrastructure, Permitting and Compliance Activities

Power for the Antapaccay project is supplied from the Peru national energy grid through an electrical substation constructed at Tintaya. Water consumption is primarily sourced from recycled water from the tailings facility, and the balance of the project's water requirements are sourced from the Salado River. The Antapaccay project currently has water rights which are sufficient for its requirements and is a zero discharge site.

CM Antapaccay holds all of the permits that are material to the Antapaccay operations, and a closure plan complying with Peruvian law has been approved by the relevant authorities. Included in the closure plan are details for facility dismantling, demolition, post-closure stability and long term maintenance, including socio-economic support, reclamation, schedules and financial provisions.

Capital and Operating Costs

The main capital expenditure for 2017 is for the construction of an ore conveyor between the coarse ore stockpile and the Tintaya plant, which is currently being evaluated to begin operations in 2018 and sustaining capital.

The Antapaccay project is a low cost copper project. Fluctuations in the cash operating costs are largely driven by the changes in the copper head grade in the open pit over the life of mine.

Exploration and Development

Ongoing drilling campaigns are planned to further define the lithology of the resource at depth and for exploratory drilling. Beyond the estimated Mineral Resources and Mineral Reserves of Antapaccay and Coroccohuayco, there are a number of regional targets and prospects for exploration across the 99,766 hectares of concessions held by CM Antapaccay.

ANTAMINA MINING AND TECHNICAL INFORMATION

Description and Location

The Antamina project is owned and operated by CM Antamina, a Peruvian Sociedad Anonima indirectly owned by BHP Billiton plc (33.75%), Glencore (33.75%), Teck (22.5%) and Mitsubishi Corporation (10%).

The Antamina property consists of numerous mining concessions and mining claims (including surface rights) covering an area of approximately 79,000 hectares. These rights, concessions and claims can be held indefinitely, contingent upon the payment of annual license fees and provision of certain production and investment information. All of the mining concessions are located in the San Marcos District, Province of Huari, Ancash Department, Peru, and constitute all of the mineral rights that are required to permit exploitation of the deposit for which Mineral Reserves and Mineral Resources are stated. CM Antamina has sufficient surface rights for mining, tailings disposal, waste disposal, processing and required infrastructure, based on the current life-of-mine plan.

CM Antamina also owns a port facility located at Huarmey and an electrical substation located at Huallanca. CM Antamina holds title to all easements and rights of way for the 302 kilometre concentrate pipeline from the mine to CM Antamina's port at Huarmey.

In Peru, the mining tax regime includes the Special Mining Tax and the Modified Mining Royalty which apply to CM Antamina's operating margin based on a progressive sliding scale ranging from 3% to 20.4%. CM Antamina is also subject to Peruvian income tax.

In addition to Franco-Nevada's stream, Teck's interest is subject to a net profits royalty of 1.667% payable in respect of all of CM Antamina's free cash flow. In addition, certain of Antamina's unexploited concessions are subject to a contractual 2.5% NSR royalty. The concessions are otherwise free of any contractual royalties or back-in rights.

A closure plan complying with Peruvian law is currently on file with the Ministry of Energy and Mines. Included in the closure plan are details for facility dismantling, demolition, post-closure stability and long term maintenance (water management/treatment systems, socio-economic support, land use/reclamation, schedules and financial provisions). Engineering and designs are required to be provided to a feasibility level and must be updated every five years or within 12 months of any environmental impact assessment or modification thereto.

Accessibility, Climate, Local Resource, Infrastructure and Physiography

The Antamina deposit is located at an average elevation of 4,200 metres, 385 kilometres by road and 270 kilometres by air north of Lima, Peru. Antamina lies on the eastern side of the Western Cordillera in the upper part of the Rio Marañon basin. Mine personnel live in a camp facility while at work and commute from both local communities and larger population centres, including Lima.

The mine is accessible via an all-weather chip sealed access road maintained by CM Antamina. The mine road connects at the Peruvian National Highway 14 at Conococha Lake. The closest town to the mine site is San Marcos, 38 kilometres by dirt road. Huaraz is the closest city to the mine site, 200 kilometres by paved road or 156 kilometres by partial dirt road.

Power for the mine is taken from the Peru national energy grid through an electrical substation constructed at Huallanca. Fresh water requirements are sourced from a dam-created reservoir upstream from the tailings impoundment facility. The tailings impoundment facility is located next to the mill. Water reclaimed from the tailings impoundment is used as process water in the mill operation. The operation is subject to water and air permits issued by the Government of Peru. The operation holds all of the permits that are material to its current operations.

The topography in the area of the Antamina property is characterized by steep, sharp limestone ridges and peaks, generally at 4,500 to 4,800 metres altitude, but up to a maximum of 5,073 metres. There are short glacial valleys with lakes and deep, steep-sided river canyons and valleys. The ambient air temperatures at the Antamina property range from an hourly maximum of 15.3°C to an hourly minimum of -0.1°C and the rainfall averages 1,870 millimetres per year. These conditions are appropriate to conduct mining operations throughout the year. Occasional interruptions in mining activities may occur due to strong lightning storms.

History

The Antamina valley has seen limited mineral production by indigenous peoples for centuries. The Cerro de Pasco Corporation ("**Cerro**") was the first company to carry out exploratory work of any magnitude on the Antamina project, beginning in 1952. Cerro defined over one million tonnes averaging better than 3.0% copper and a lower grade reserve of 10 million tonnes. In 1970, all of the mining assets owned by Cerro were transferred to the Government of Peru. Following expropriation, Minero Perú, the Peruvian mining administration agency, formed the Empresa Minera Especial ("**EME**") in partnership with Geomin, the Romanian mining agency. EME carried out a work program on the property culminating in a series of feasibility studies based on the proven and probable reserves determined from drilling and underground sampling. The basic mining plan involved an initial open pit producing 10,000 tonnes per day of ore for seven years then 20,000 tonnes per day for 13 years.

EME updated the initial study in 1978, 1979 and 1982. EME was disbanded in the 1981-1982 period due to its failure to finance the project.

In 1996, Rio Algom Limited and Inmet Mining Corporation acquired the Antamina project and shortly afterward formed CM Antamina to hold their interest in the project. In 1998, Inmet Mining Corporation sold its interest in CM Antamina, and CM Antamina was restructured under the ownership of Rio Algom Limited (37.5%), Noranda Inc. (37.5%) and Teck Corporation (25%). In 1999, the ownership was further modified as each of the three partners sold 10% of their interest to Mitsubishi Corporation, resulting in the ownership of Rio Algom Limited (33.75%), Noranda Inc. (33.75%), Teck Corporation (22.5%) and Mitsubishi Corporation (10%). As a result of various corporate transactions involving its parent owners, the current ownership of CM Antamina is BHP Billiton plc (33.75%), Glencore (33.75%), Teck (22.5%) and Mitsubishi Corporation (10%).

Geological Setting, Mineralization and Deposit Type

The Antamina deposit sits at the bottom of a glacial valley surrounded by limestone ridges. It is hosted in a sequence of limestones and sediments, which were strongly deformed by thrusting and folding, then later intruded by intermediate to felsic stocks.

The Antamina polymetallic deposit is skarn-hosted. It is unusual in its persistent mineralization and predictable zonation, and has a SW-NE strike length of more than 2,500 metres and a width of up to 1,000 metres. The skarn is well-zoned symmetrically on either side of the central intrusion with the zoning used as the basis for four major subdivisions, being a brown garnet skarn, green garnet skarn, wollastonite/diopside/green garnet skarn and a marbleized limestone with veins or mantos of wollastonite. Other types of skarn, including the massive sulphides, massive magnetite, and chlorite skarn, represent the remainder of the skarn and are randomly distributed throughout the deposit. The variability of ore types can result in significant changes in the relative proportions of copper and zinc produced in any given year.

Copper occurs mainly as chalcopyrite except for two areas of bornite, representing approximately five percent of the deposit. Zinc generally occurs as sphalerite. Other significant sulphides include molybdenite and pyrite, while trace amounts of silver and bismuth bearing minerals and local areas of galena are found.

Metal zonation is quite distinctive within the deposit. Copper occurs relatively evenly distributed from endoskarn to the limestone contact. Zinc and bismuth tend to occur within 70 metres of the contact of green garnet skarn with limestone/marble/hornfels. Molybdenite is generally located within the intrusive core and the surrounding endoskarn. Silver is present in any of the skarn lithologies. Lead is generally located in green garnet exoskarn, diopside exoskarn and hornfels. However veins and blebs of tennantite and other minerals can be found as rare occurrences in any rock type at Antamina.

Exploration

Commencing in 1996, CM Antamina performed an extensive exploration and development program to define the deposit. A resource model was built in 1997 to provide input to the feasibility study. The Antamina deposit had been drilled and underground sampled to the level that a resource and reserve model was constructed and a feasibility study undertaken in 1998. Work performed on the property up to 1999 includes metallurgical testing, check assaying of previous drill hole and underground tunnel pulps, geologic mapping, geotechnical core logging and mapping, 135 kilometres of core drilling, 6 kilometres underground tunnels and 225 metres of drifting for bulk sampling. As well, during the development and feasibility work, over 400 tonnes of metallurgical samples, representing all parts of the deposit, were taken and shipped to labs for various bench scale flotation and milling tests as well as pilot plant tests. Project construction was commenced in 1999 with initial production realized in June 2001. Since production, additional exploration studies have associated satellite areas of the property with the main intrusive and Antamina skarn through geochronology, isotopic and alteration patterns. In addition, a series of potential areas for grass-roots exploration have been identified based on stratigraphic, structural and morphological patterns.

Drilling

The Antamina data set contains core drill data, reverse circulation drill data, and data from underground drifts. EME drilled 174 core holes for 19,885 metres and extended the underground drifts driven by Cerro to a total of 6,000 metres. In addition the entire 6,000 metres of underground drifts were channeled sampled. Between 1996 and 2008, CM Antamina drilled an additional 1,905 core holes for 580,060 metres. The drill hole and underground data has been entered into acQuire database software for validation and storage. The Antamina resource model is updated on an annual basis to incorporate new available drilling data and improved understanding of the orebody.

In 2016, 86 diamond drill holes were completed within the Antamina pit, for a total of approximately 31,000 metres. In addition, 2 reverse circulation holes with a total length of approximately 500 metres were also drilled in the pit.

Sampling, Analysis and Data Verification

More than 280,000 samples have been analyzed. Assay data used for resource modeling is predominately from drill core samples (95%), with a lesser amount of underground channel (4%) and reverse circulation (1%) samples. No bias was noted

for particular minerals with respect to core recovery and the samples used for the resource estimation are considered representative. Drill core sampling methodology for all Antamina drilling campaigns was the same: the drill core was cut in half, and sample intervals were set at three metres in length; however, the length of samples were adjusted to start and end at major geologic alteration and lithology contacts. All efforts were made to collect samples with a minimum length not less than 1 metre, except for density samples which average approximately 0.15 metre in length. The whole length of the drill hole was sampled, whether mineralized or not, except where low recovery prevented the collection of a representative sample. Most of the density data has been collected using two methods: caliper and wax-coat water immersion (which were determined to produce equivalent datasets). Additional studies were performed to determine correction factors for the bias between the whole core density and the in-situ density. Those factors were subsequently used during the resource estimation procedures. A bulk metallurgical sample was taken for pilot plant testing to determine grinding and bulk flotation characteristics of the ores. A drift location for the bulk sample was selected in the likely starter pit area. Approximately 400 tonnes of material was shipped for testing.

For all drilling programs run by CM Antamina, sample preparation, assaying, analytical and quality control procedures have followed acceptable industry standard practices. The procedures followed included the use of independent assay labs for all sample preparation and assays and the use of QA/QC protocols in all drilling campaigns. Additionally, most of the drilling programs included an independent audit of the QA/QC program and results. For diamond core, three metre samples of half core (HQ or NQ) are taken and crushed for assay at an external laboratory. The remaining half of the core is retained for future reference. The assay program includes approximately 15% of quality-assurance/quality-control samples, comprising reference materials, duplicates and blanks. The reference materials consist of matrix-matched material from Antamina, homogenized and certified in accordance with industry practice. All original data (geological logs, field forms, printed assay certificates, core photographs, and all other types of paper forms) have been archived at the mine site, inventoried and filed by hole. All of the paper forms have been scanned and electronically stored, together with all of the information that was originally received in an electronic form. A backup copy of all electronically-stored data (including backups of the SQL-based resource database) is stored in the CM Antamina vault in Lima. Industry accepted procedures were utilized for sampling, sample preparation, security and analytical procedures. Sample checks have demonstrated that the samples are representative of the mineralization and that there is no bias in the sampling.

Mineral Processing and Metallurgical Testing

Extensive metallurgical testing was conducted on the Antamina ore body from November 1996 to December 1997. The work was carried out by reputable metallurgical laboratories under the direction of a committee of experienced metallurgical experts from within the ownership group supported by independent consultants. Much of the critical initial work was carried out in duplicate at different laboratories. Concentrator operations were started in May 2001. Over ten years of operational and metallurgical data have been realized since the original feasibility test work. The operational data and metallurgical relationships developed subsequent to the feasibility study have been applied to the current resource model.

Mineral Resource and Reserve Estimates

The Mineral Reserves and Mineral Resources for the Antamina deposit as of December 31, 2016 are as follows:

Mineral Reserves as at December 31, 2016 (100% basis)

	Proven		Probable		Total	
Copper	**Tonnes '000**	**Grade Cu %**	**Tonnes '000**	**Grade Cu %**	**Tonnes '000**	**Grade Cu %**
Copper Only Ores	115,100	1.03	190,200	1.02	305,400	1.02
Copper Zinc Ores	58,900	0.98	188,300	0.82	247,200	0.86
Total	**174,000**	**1.01**	**378,500**	**0.92**	**552,600**	**0.95**

	Proven		Probable		Total	
Zinc	**Tonnes '000**	**Grade Zn %**	**Tonnes '000**	**Grade Zn %**	**Tonnes '000**	**Grade Zn %**
Total	**58,900**	**2.1**	**188,300**	**2.0**	**247,200**	**2.0**

	Proven		Probable		Total	
Silver	**Tonnes '000**	**Grade Ag g/t**	**Tonnes '000**	**Grade Ag g/t**	**Tonnes '000**	**Grade Ag g/t**
Copper Only Ores	115,100	7.8	190,200	8.2	305,400	8.0
Copper Zinc Ores	58,900	16.6	188,300	13.2	247,200	14.0
Total	**174,000**	**10.8**	**378,500**	**10.7**	**552,600**	**10.7**

	Proven		Probable		Total	
Molybdenum	**Tonnes '000**	**Grade Mo %**	**Tonnes '000**	**Grade Mo %**	**Tonnes '000**	**Grade Mo %**
Total	**115,100**	**0.038**	**190,200**	**0.032**	**305,400**	**0.034**

Mineral Resources (Exclusive of Mineral Reserves) as at December 31, 2016 (100% basis)

	Measured		Indicated		Inferred	
Copper	**Tonnes '000**	**Grade Cu %**	**Tonnes '000**	**Grade Cu %**	**Tonnes '000**	**Grade Cu %**
Copper Only Ores	45,900	0.55	330,500	0.77	815,600	0.82
Copper Zinc Ores	19,100	0.85	138,100	1.06	431,000	0.98
Total	**65,000**	**0.64**	**468,600**	**0.86**	**1,246,600**	**0.87**

	Measured		Indicated		Inferred	
Zinc	**Tonnes '000**	**Grade Zn %**	**Tonnes '000**	**Grade Zn %**	**Tonnes '000**	**Grade Zn %**
Total	**19,100**	**1.3**	**138,100**	**1.5**	**431,000**	**1.5**

	Measured		Indicated		Inferred	
Silver	**Tonnes '000**	**Grade Ag g/t**	**Tonnes '000**	**Grade Ag g/t**	**Tonnes '000**	**Grade Ag g/t**
Copper Only Ores	45,900	6.4	330,500	8.6	815,600	8.1
Copper Zinc Ores	19,100	16.1	138,100	17.7	431,000	15.3
Total	**65,000**	**9.3**	**468,600**	**11.3**	**1,246,600**	**10.6**

	Measured		Indicated		Inferred	
Molybdenum	**Tonnes '000**	**Grade Mo %**	**Tonnes '000**	**Grade Mo %**	**Tonnes '000**	**Grade Mo %**
Total	**45,900**	**0.020**	**330,500**	**0.023**	**815,600**	**0.024**

Notes:
(1) Source: Teck AIF dated February 23, 2017.
(2) Columns and rows may not add up due to rounding.
(3) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(4) Zinc is not recovered from copper ores and molybdenum is not usually recovered from copper-zinc ores or from copper ores with high bismuth.
(5) Reserve and Resource estimates were prepared assuming long term metal prices of: $2.97/lb copper, $1.03/lb zinc, $10.70/lb molybdenum and $18.72/oz silver.
(6) The cut-off grades at Antamina are based on the net value before taxes that the material is expected to generate per hour of concentrator operation at assumed prices, and varies by year in an effort to maximise the net present value of the pit.

Mineral Reserves are limited to the current operation tailings dam capacity.

Mining Operations

Project construction commenced in 1999 with initial production realized in June 2001. Antamina is currently a producing property, with the mine and concentrator operating at the designed capacity.

The mine is an open-pit, truck/shovel operation. The ore is crushed within the pit and conveyed through a 2.7 kilometre tunnel to a coarse ore stockpile at the mill. It is then processed utilizing two SAG mills, followed by ball mill grinding and flotation to produce separate copper, zinc, molybdenum and lead/bismuth concentrates. Silver is predominantly contained within the copper concentrates, with additional silver contained within the lead-bismuth concentrate. The concentrator processes multiple ore types on a campaign basis. These campaigns range from a number of days to an entire month or longer depending upon ore development and concentrate marketing requirements.

A 302 kilometre-long slurry concentrate pipeline, approximately 22 centimetres in diameter with a single pump station at the mine site, transports copper and zinc concentrates to the Huarmey port, where they are dewatered and stored prior to loading onto vessels for shipment to smelters and refineries world-wide. CM Antamina has entered into long-term off-take agreements with affiliates of its shareholders on market terms. Molybdenum concentrates are sold to third party refiners on market terms.

Copper production in 2016 (100% basis) was 431,100 tonnes, compared to 390,600 tonnes in 2015 with the increase primarily as a result of higher grades and recovery. Zinc production decreased by 16% to 198,000 tonnes in 2016, primarily due to a lower portion of copper-zinc ore processed, partially offset by higher zinc grades and recoveries. Molybdenum production in 2016 totalled 10.3 million pounds, which was 134% higher than in 2015, due to higher grades. In 2016,

Antamina produced approximately 20.1 million ounces of silver, which was 13% higher than in 2015 (calculated from Glencore's attributable share as disclosed in its February 2, 2017 news release available on Glencore's website). Based on current tailings capacity, the mine life is expected to continue until 2028. Operating permits are valid until the end of the life of mine. CM Antamina is currently considering options for storing additional tailings and alternative mine plans that could result in significant mine life extensions.

Labour

In January 2016, a new labour agreement was ratified that will expire in the third quarter of 2018.

Operating and Capital Costs

Total 2017 projected cash operating costs for the project (shown on a 100% basis, calculated from Teck's attributable 22.5% share) are tabulated below.

Component	Approximated Projected Cost, $ million
Labour	288.9
Supplies	404.4
Energy	182.2
Other (including general & administrative, inventory changes)	62.2
Less amounts associated with projected capitalized stripping	(244.4)
Total	**693.3**

The cash operating costs presented above do not include transportation or royalties.

Total 2017 projected capital costs for the project (shown on a 100% basis, calculated from Teck's attributable 22.5% share) are tabulated below:

Component	Approximated Projected Cost, $ million
Sustaining	262.2
Major Enhancement	4.4
Total	**266.6**

Exploration and Development

Beyond the estimated Mineral Reserves and Mineral Resources, Antamina hosts additional potential open pit and bulk/selective underground targets. There is also regional exploration potential over a large, prospective land package greater than 700 square kilometres.

CANDELARIA MINING AND TECHNICAL INFORMATION

Property Description, Location and Access

The Candelaria Copper Mining Complex comprises two adjacent copper mining operations, Compañia Contractual Minera Candelaria ("**Minera Candelaria**") and Compañia Contractual Minera Ojos del Salado (" **Minera Ojos del Salado**"), that produce copper concentrates from open pit and underground mines. Minera Candelaria is an open pit and underground mine ("**Candelaria Norte**") providing copper ore to an on-site concentrator with a capacity of 75,000 tonnes per day, and Minera Ojos del Salado comprises two underground mines: Santos and Alcaparrosa. The Santos mine provides copper ore to an on-site concentrator with a capacity of 3,800 tonnes per day, while ore from the Alcaparrosa mine is treated at the Minera Candelaria processing plant. The Candelaria Copper Mining Complex is indirectly owned by Lundin as to 80% and Sumitomo Metal Mining Co., Ltd. and Sumitomo Corporation (collectively, "**Sumitomo**") as to 20%.

The Candelaria Copper Mining Complex is located in Chile's Atacama Province, Region III, at an elevation of approximately 650 metres above sea level, 20 kilometres south of the city of Copiapó and 650 kilometres north of Santiago. The properties are easily accessed using the public road system. Personnel employed at the Candelaria Copper Mining Complex come primarily from the Copiapó region. Copiapó is a modern city with all regular services and a population of approximately 160,000. Copiapó regional airport is serviced by regional flights from Santiago and other destinations on a daily basis.

The Minera Candelaria property comprises 249 mining exploitation concessions (approximately 5,855 hectares) and 65 mining exploration concessions (approximately 6,580 hectares). The Ojos del Salado property comprises 192 mining exploitation concessions (approximately 9,273 hectares) and 38 mining exploration concessions (approximately 6,848 hectares). The tenements are free of mortgages, encumbrances, prohibitions, injunctions, and litigation. The tenements on which active and contemplated mining activities occur or are contemplated to occur are not affected by royalties.

History

The Candelaria sulphide deposit was discovered by Phelps Dodge Corporation (" **Phelps Dodge**") in 1987. A feasibility study was completed in 1990, and, following approval by the Chilean government, construction started in October of 1992. Sumitomo acquired a 20% stake in the property in 1992. Production commenced in early 1995.

In 2007, property ownership changed when Freeport-McMoRan Inc. (" **Freeport**") acquired Phelps Dodge.

During 2011, a pipeline was completed to bring water purchased from a nearby sewage treatment facility to the Candelaria mine. A desalination plant at the port of Caldera was built and commissioned in 2013 at a capacity of 500 litres per second.

The Santos underground mine has been in production since 1929, with processing taking place at what is now called the Pedro Aguirre Cerde ("**PAC**") plant. Phelps Dodge became sole owner of Minera Ojos del Salado and the Santos mine and the PAC plant in 1985. The PAC plant has been expanded several times to its current capacity of 3,800 tonnes per day. Sumitomo acquired its 20% interest in Minera Ojos del Salado in 2005.

In early 1996, production from the Alcaparrosa underground mine commenced.

In November 2014, Lundin acquired Freeport's interest in the Candelaria Copper Mining Complex.

In 2015, the Candelaria 2030 project (as defined below), including the new Los Diques tailings management facility, received environmental approval from Chilean regulators. Construction of Los Diques commenced in 2016 after the receipt of the major construction permits.

The Candelaria Copper Mining Complex has been a significant producer of copper since the mid-1990s. In the last five years, annual payable copper and gold metal in concentrates sold varied between 147 and 191 kilotonnes and 83,000 and 102,000 ounces, respectively.

Geological Setting, Mineralization and Deposit Type

The Candelaria sulphide deposit is located at the boundary between the Coastal Cordillera and the Copiapó Precordillera. The Coastal Cordillera of Chañaral and Copiapó is composed of Permian to Lower Cretaceous intrusions within a basement of metasedimentary rocks of Devonian to Carboniferous age. Volcanic, volcaniclastic and marine carbonate rocks represent intra- and back-arc sequences that were deposited during the Early to Mid-Cretaceous period.

The Candelaria, Santos and Alcaparrosa mines are located in the district of Punta del Cobre. The polymetallic sulphide deposits are hosted in volcanic rocks of the Punta del Cobre Formation. Polymetallic sulphide deposits in the Punta del Cobre district are located to the east of the main branches of the Atacama fault zone, a subduction-linked strike-slip fault system stretching over 1,000 kilometres along the Chilean coast and active at least since the Jurassic period. The dominant structural elements of the Punta del Cobre area are the northeast-trending Tierra Amarilla Anticlinorium, a southeast verging fold-and-thrust system and a series of north-northwest- to northwest-trending high-angle faults.

The copper-gold sulphide mineralization found at the Candelaria Copper Mining Complex is generally referred to as iron oxide copper gold (IOCG) mineralization. The sulphide mineralization occurs in breccias, stockwork veinlets, disseminations in andesite, and as an internal tuff unit. There are also some localized controls to mineralization in the form of faults, breccias, veins, and foliation.

Candelaria has become an exploration model for Andean-type IOCG deposits that display close relationships to the plutonic complexes and broadly coeval fault systems. Depending on lithology and the structural setting, the polymetallic sulphide mineralization can occur as veins, hydrothermal breccias, replacement mantos, and calcic skarns. The Candelaria IOCG system lies within the thermal aureole of the Lower Cretaceous magmatic arc plutonic suite in the Candelaria-Punta del Cobre district.

Exploration

Ongoing exploration is conducted at the Candelaria Copper Mining Complex with the primary purpose of supporting mining and increasing Mineral Resources and Mineral Reserves available for mining. Exploration is focused on the known mantos, veins, and breccia masses in proximity to existing underground infrastructure. Historically, this strategy has proven very effective in defining new Mineral Resources and Mineral Reserves available for underground mining. Much of the exploration is conducted from underground, requiring significant underground development to provide adequate drilling stations. Regional exploration is also undertaken on the large properties surrounding the mines to identify targets and define new Mineral Resource areas. All existing exploration information is being compiled into a comprehensive 3D model to allow for evaluation and prioritization of exploration efforts.

From 2010 to June 2016, more than $133 million was invested in exploration, primarily below the Candelaria open pit, to the north and south, and at the three underground mines. This exploration has resulted in a significant expansion of the Mineral Resources and Mineral Reserves of the underground mines, and contributed to the extension of their life.

At Candelaria, the 2016 exploration programme included 56,500 metres of diamond drilling and 430 metres of underground development. At the Alcaparossa mine, the 2016 exploration programme included 121 metres of underground development and a total of 5,000 metres of core drilling. At the Santos mine, the 2016 exploration programme included 17,500 metres of core drilling. In addition to the underground exploration programmes, geophysical tools including MIMDAS, Gravity, and TDEM have been employed to guide future drilling programs within the Candelaria District.

Drilling

Mineral Resources are estimated based on information obtained from surface and underground drill holes. From 1990 to 2016, 2,747 core and percussion boreholes have been drilled in and around the Candelaria open pit mine. In the Santos mine, approximately 676 core boreholes were drilled from 1988 to 2016. For the Alcaparrosa mine, the borehole database contains information from 1,081 core boreholes drilled from 1990 to 2016. The drilling and sampling procedures used are consistent with generally recognized industry best practices.

Sampling, Analysis and Data Verification

Analytical samples used in estimating the Minera Candelaria Mineral Resources were prepared and assayed at the Candelaria mine laboratory that is accredited to ISO 17025 for the analyses of copper, iron, zinc, and silver. Analytical samples used in estimating the Minera Ojos del Salado Mineral Resources were prepared and assayed by Intertek (formerly Vigalab). Conventional preparation and assaying procedures are used. Copper is analyzed by multi acid digestion and atomic absorption spectroscopy. Gold and silver are assayed using a fire assay procedure. Specific gravity is systematically measured on core samples.

Since 2007, all drilling assay samples have been collected by company personnel or under the direct supervision of company personnel. Samples from Minera Candelaria are processed and analyzed entirely at the mine site. Samples from Minera Ojos del Salado are shipped directly from the property to the Intertek laboratory.

Assay samples are collected by appropriately qualified staff at the laboratories. Sample security involves two aspects: maintaining the chain of custody of samples to prevent inadvertent contamination or mixing of samples and rendering active tampering as difficult as possible.

An apparent bias in the analytical results delivered by Intertek laboratory for silver was identified. This problem, affecting samples assayed prior to 2015, was remedied and biased results were corrected. The sampling preparation, security, analytical procedures, data verification and QA/QC protocols used are consistent with generally accepted industry best practices.

Mineral Processing and Metallurgical Testing

The Candelaria Copper Mining Complex maintains regular metallurgical testing programs that are incorporated with historical testing results and mill performance into a statistical model to predict and improve the complex's processing performance in terms of mill throughput, metal recovery to concentrate, and final concentrate grade. Metallurgical tests are executed in a number of specialized in-house and commercial facilities. Testing includes rock hardness classification, mineralogy using

QEMSCAN technology and bench scale flotation testing that is correlated with industrial scale performance in order to predict mill throughput and metallurgical performance. A similar but less intense program is underway for the PAC plant.

New metallurgical tests were initiated in late 2016 as part of a feasibility study to evaluate potential throughput increases at the Candelaria mill.

Mineral Resource and Mineral Reserve Estimates

The Mineral Resources at the Candelaria Copper Mining Complex are estimated from core drilling information stored in a secured central database, and were evaluated using a geostatistical block modelling approach. Separate models were prepared for the Candelaria open pit mine and the three underground mines (Candelaria Norte, Santos and Alcaparrosa) using slightly different methodologies and assumptions. Each underground mine was sub-divided into sectors and evaluated using separate block models. In total, 19 distinct block models were created to model the zones of sulphide mineralization of the Candelaria Copper Mining Complex, including 8 new models since the acquisition by Lundin.

The open pit Mineral Reserve estimate is based on a mine plan and open pit designs developed using modifying parameters including metal prices, metal recovery based on performance of the processing plant, operating cost estimates and sustaining capital cost estimates based on the production schedule and equipment requirements. Open pit optimizations are carried out using MineSight and Datamine software.

The underground Mineral Reserve estimates at Candelaria Norte, Alcaparrosa and Santos are based on mine plans and designs developed using modifying parameters including metal prices, metal recovery based on performance of the processing plant, and operating and sustaining capital cost estimates. The operating costs used are based on actual average operating costs for the three years 2013 through 2015. Stope layouts and development plans are developed in MineSight software with Datamine MSO (Mineable Shape Optimizer) software used for stope design.

Details of the June 30, 2016 Consolidated Mineral Resource and Mineral Reserve statement for the Candelaria Copper Mining Complex are set forth below.

Consolidated Mineral Resource Statement As of June 30, 2016 (100% Basis)*

	Classification	Quantity '000 t	Cu %	Au g/t	Ag g/t	Cu '000 t	Au '000 oz	Ag '000 oz	Lundin Interest
Open Pit	Measured	412,265	0.55	0.13	1.90	2,281	1,697	25,196	80 %
	Indicated	30,787	0.48	0.12	1.58	146	122	1,560	80 %
	Measured & Indicated	**443,052**	**0.55**	**0.13**	**1.88**	**2,427**	**1,818**	**26,756**	**80 %**
	Inferred	11,254	0.34	0.09	1.19	38	31	431	80 %
Underground	Measured	84,270	1.12	0.26	3.25	948	706	8.797	80 %
	Indicated	67,860	1.08	0.24	2.46	732	532	5,376	80 %
	Measured & Indicated	**152,130**	**1.10**	**0.25**	**2.90**	**1,680**	**1,238**	**14,173**	**80 %**
	Inferred	50,336	1.00	0.22	2.18	503	351	3,525	80 %
WIP**	Measured	93,805	0.34	0.09	1.44	321	257	4,342	80 %
	Indicated	-	-	-	-	-	-	-	80 %
	Measured & Indicated	**93,805**	**0.34**	**0.09**	**1.44**	**321**	**257**	**4,342**	**80 %**
	Inferred	-	-	-	-	-	-	-	80 %
Combined	Measured	590,340	0.60	0.14	2.02	3,550	2,659	38,335	80 %
	Indicated	98,647	0.89	0.21	2.19	878	654	6.936	80 %
	Measured & Indicated	**688,987**	**0.64**	**0.15**	**2.04**	**4,428**	**3,312**	**45,271**	**80 %**
	Inferred	61,589	0.88	0.19	2.00	541	382	3.956	80 %

* Reported within the boundaries of the Compañia Contractual Mineral Candelaria and Compañia Contractual Ojos del Salado properties. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates. Mineral Resources include Mineral Reserves. Open pit Mineral Resources are reported at a cut-off grade of 0.2 percent copper within a conceptual pit shell based on metal prices of $3.16 per pound pf copper and $1,000 per ounce of gold and current topography. Underground Mineral Resources are reported at a cut-off grade of 0.6 percent copper. Parts of the open pit Mineral Resources have been converted into underground Mineral Reserves.

** Work-in-Progress (WIP) stockpiles.

Consolidated Mineral Reserve Statement As of June 30, 2016 (100% Basis)*

	Classification	Quantity '000 t	Cu %	Au g/t	Ag g/t	Cu '000t	Au '000oz	Ag '000 oz	Lundin Interest
Open Pit	Proven	320,997	0.54	0.13	1.79	1,746	1,300	18,445	80 %
	Probable	16,634	0.46	0.12	1.58	76	66	847	80 %
	Total	**337,632**	**0.54**	**0.13**	**1.78**	**1,822**	**1,366**	**19,292**	**80 %**
WIP**	Proven	93,772	0.34	0.09	1.44	321	256	4,338	80 %
Candelaria	Probable	-	-	-	-	-	-	-	80 %
	Total	**93,772**	**0.34**	**0.09**	**1.44**	**321**	**256**	**4,338**	**80 %**
Underground	Proven	31,309	0.94	0.22	3.42	295	220	3,447	80 %
	Probable	19,821	0.84	0.19	2.06	166	120	1,311	80 %
	Total	**51,131**	**0.90**	**0.21**	**2.89**	**461**	**340**	**4,758**	**80 %**
WIP**	Proven	33	1.03	0.24	3.65	-	-	4	80 %
Ojos del Santos	Probable	-	-	-	-	-	-	-	80 %
	Total	**33**	**1.03**	**0.24**	**3.65**	**-**	**-**	**4**	**80 %**
Combined	Proven	446,111	0.53	0.12	1.83	2,363	1,776	26,234	80 %
	Probable	36,456	0.66	0.16	1.84	242	186	2,158	80 %
	Total	**482,567**	**0.54**	**0.13**	**1.83**	**2,604**	**1,962**	**28,392**	**80 %**

* Mineral Reserves included in Mineral Resources. Mineral Reserves have been prepared using metal prices of $2.75 per pound of copper, $1,000 per ounce of gold, and $15.00 per ounce of silver. All figures have been rounded to reflect the relative accuracy of the estimates. Minera Candelaria Mineral Reserves for open pit and underground are reported at cut-off grades of 0.20 and 0.64 percent copper, respectively. Underground Mineral Reserves for Alcaparrosa and Santos are reported at cut-off grades of 0.66 and 0.73 percent copper, respectively. Parts of the underground Mineral Reserves have been converted from open pit Mineral Resources.

** Work-in-Progress (WIP) stockpiles.

Mining Operations

The Candelaria open pit mine operates with an overall mining rate of approximately 228,000 tonnes per day including 64,800 tonnes per day of ore sent to the Candelaria processing plant. The average grade of the ore that will be mined from the open pit over the remaining life of mine is estimated at 0.54% copper, while stockpiled work-in-progress material is estimated to have an average grade of 0.34% copper. The mine operates seven electric shovels, 46 haulage trucks, eight production drills and a fleet of support equipment.

The open pit was designed to be mined in several phases of development. As of June 2016, five phases of development remain in the life-of-mine ("**LOM**") plan (Phases 9 to 13). The overall strip ratio is 2.8:1 excluding stockpiles. The total in-pit waste is 950 million tonnes. The overall life of the open pit mine is 19 years.

The Candelaria Norte underground mine currently produces 7,000 tonnes per day of ore but is planned to ramp up to 7,500 tonnes per day by 2020 with an average grade of 0.88% copper estimated in the LOM plan. The Alcaparrosa underground mine produces 4,300 tonnes per day of ore with an average grade of 0.85% copper. The Santos underground mine produces 5,000 tonnes per day of ore with an average grade of 0.99% copper estimated over the remaining LOM. The three underground mines utilize a sublevel stoping mining method for ore extraction. This method is ideal for relatively large, vertical, as well as thick deposits with favourable and stable host rock.

Processing and Recovery Operations

Minera Candelaria and Minera Ojos del Salado operate their own processing plants. The Candelaria processing plant receives ore from the Candelaria open pit and Candelaria Norte and Alcaparrosa underground mines. It has a nameplate capacity of 75,000 tonnes per day. The PAC processing plant receives ore from the Santos underground mine and has a design capacity of 3,800 tonnes per day.

The Candelaria processing plant flowsheet is conventional, comprising two parallel process lines for grinding and flotation followed by common final concentrate filtration and shipping of bulk copper concentrates. Run of mine ore is trucked to a primary gyratory crusher which then feeds a semi-autogenous grinding mill-ball mill circuit with pebble extraction and crushing. The secondary ball mill cyclone overflow constitutes feed to the rougher flotation bank. Rougher concentrate is reground prior to two stage cleaning in column flotation. Final flotation copper concentrate with gold and silver by-product metals is thickened, filtered, and stored on site. Final flotation tails are conventionally thickened and disposed of in a rockfill embankment tailings storage facility. Typical metallurgical recoveries average 94% for copper, 75% for gold and 83% for silver.

A feasibility study is underway to evaluate potential debottlenecking expansions of the main Candelaria processing plant to add approximately 15-20% throughput capacity. The results of this expansion study are expected to be received during 2017.

The PAC concentrator has been in operation since 1929. The PAC concentrator flowsheet comprises a conventional three - stage crushing plant. The grinding circuit has three closed circuit ball mills operating in parallel. The ball mill cyclone overflow constitutes feed to the rougher floatation bank. Rougher concentrates are reground prior to cleaning in a column cell with the tailings scavenged with conventional mechanical flotation cells. Final concentrate is thickened and filtered using a ceramic disc filter. Final flotation tailings from the PAC plant are pumped to the main Candelaria tailings storage facility. Typical metallurgical recoveries average 94% for copper, 72% for gold and 72% for silver.

Copper concentrates containing precious metals are sold on contract to local smelters or trucked to the Punta Padrones port, near Caldera for export to overseas smelters.

Candelaria Copper Mining Complex has an agreement with a third party company to process Candelaria's flotation tailings to produce a magnetite concentrate and this produces an additional source of by-product revenue subject to favourable iron ore prices.

Infrastructure, Permitting and Compliance Activities

The mines of the Candelaria Copper Mining Complex receive electrical power through long-term contracts with AES Gener S.A., a local energy company. The main water supply comes from a desalination plant, which was commissioned in 2013 and is located adjacent to the Punta Padrones port facility. Local treated sewage water is also used by the mines. Copper concentrate is shipped from the Punta Padrones port facility at the port of Caldera. Both the desalination plant and the Punta Padrones port are owned by Minera Candelaria.

The current Candelaria tailings storage facility receives the flotation tails from the Candelaria and PAC processing plants. The remaining tailings storage capacity is estimated at 23.3 million cubic metres, sufficient to receive tailings until June 2018 at the current production throughput.

A new tailings storage facility, known as Los Diques, has been designed to replace the Candelaria tailings storage facility. The Los Diques facility will be located to the southwest of the open pit and plant sites and will have an approximate designed capacity of 600 million tonnes. The Los Diques tailings management facility is a key part of the "Candelaria 2030 Project Operational Continuity" ("**Candelaria 2030**") environmental impact assessment (EIA) that was submitted to the environmental authorities in September 2013 and was approved in July 2015. Engineering was completed during 2016 and after receipt of key sectorial permits construction of the starter dam was initiated.

Completion of Los Diques tailings facility and the placement of first tailings is forecast in the first quarter 2018.

Chile has in place a comprehensive regulatory framework for mining and other industrial activities, dating from the mid-1990s and most recently updated in 2013. Although the Candelaria and Ojos del Salado facilities were permitted and developed prior to the modern framework being in place, both now hold numerous environmental approvals stemming from modifications to the original developments. In addition, the two companies hold more than 1,000 permits for construction and operation of the mining and milling facilities, and related infrastructure.

The most recently completed major environmental assessment process was initiated in September 2013 with the submission of the Candelaria 2030 EIA. This included, among other things, an extension of the operating life of the facilities and the Los Diques tailings storage facility. The Candelaria 2030 EIA received regulatory approval with conditions in July 2015. None of the conditions of approval represent risks to the technical or economic feasibility of the operation.

The Alcaparrosa mine's current environmental approval expires at the end of 2017. An EIA was submitted in December 2016 to extend its operating life until 2022. The timeline for obtaining approval is uncertain.

The Environmental Management Systems of Minera Candelaria and Minera Ojos del Salado have been certified for many years under the international ISO 14001 Standard. Minera Candelaria was most recently re-certified in March 2015 and the certification for Minera Ojos del Salado was achieved in September 2016.

There are currently two legal processes underway related to Minera Candelaria's environmental approvals:

- In December 2016 the Candelaria Copper Mining Complex received notice of fines totalling approximately $4 million, related to alleged instances of non-compliance with its environmental approvals stemming from two inspections carried out by regulatory authorities in 2013 and 2014. The Candelaria Copper Mining Complex has appealed the case to the Environmental Court.
- In October 2015 an agricultural company with land holdings in the vicinity of Candelaria filed suit against the regulatory authority that granted approval of the Candelaria 2030 EIA, requesting that the approval be overturned. In September 2016 the Committee of Ministers handed down a decision upholding the approval and specifying additional environmental impact mitigation measures to be undertaken by the Candelaria Copper Mining Complex. In October 2016 the agricultural company appealed this decision to the Environmental Court.

Both cases may be appealed to the Supreme Court before they are finally resolved.

Separate mine closure plans are in place for Minera Candelaria and Minera Ojos del Salado and both have been approved by the Chilean National Geology and Mining Service. The approved closure costs are $42.4 million for Minera Candelaria and $7.9 million for Minera Ojos del Salado. The closure cost estimate for Minera Candelaria does not reflect the developments recently permitted under the Candelaria 2030 EIA, including the Los Diques tailings facility. In December 2016, an updated closure plan was submitted for review and approval, which includes the Candelaria 2030 developments. Any extension of the

Alcaparrosa mine's life beyond the current life of mine will require an update of the closure plan and a new financial guarantee. The legacy facilities (old tailings and slag deposit) have already been closed and remediated.

Minera Candelaria is an active participant in civil society in the Atacama region of Chile, with social initiatives focussed principally on the communities nearest to the mine and port sites, namely Tierra Amarilla and Caldera. The Candelaria Copper Mining Complex includes liaison offices in both communities and has implemented a formal Stakeholder Engagement Plan and a grievance/suggestions mechanism. Community forums, called "Encuentros con Candelaria" and consisting of open meetings, have been conducted to share relevant information about the company's strategic plan and initiatives on topics related to safety, environmental, operational and social performance.

Minera Candelaria has in place an agreement with the local government of Tierra Amarilla, which makes available more than $16 million to develop a portfolio of community programs in areas such as housing, culture and health services improvements. In addition, at Caldera where most residents are either directly or indirectly linked to the fishing industry, Candelaria established the Fishermen Development Fund to offer local fishermen resources to develop individual and collective projects in the four main areas of housing, health, education and economic development.

Capital and Operating Costs

The forecast copper production profile for Candelaria and the corresponding capital investment and operating cost estimate for the period from 2017 to 2021 is tabulated below.

Candelaria Five Year Outlook (100% Basis)	**2017**	**2018**	**2019**	**2020**	**2021**
Copper Production, tonnes	181,000 - 187,000	164,000 - 170,000	158,000 - 164,000	158,000 - 164,000	154,000 - 160,000
C1 cash cost	$1.20/lb	$1.25/lb	$1.55/lb	$1.50/lb	$1.40/lb
Capital Expenditure ($million)					
Capitalized Stripping	105	95	30	35	70
Los Diques Tailings Capex	135	30	—	—	—
Other Sustaining Capex	25	45	35	70	25
Total Candelaria Capital Expenditures	265	170	65	105	95

The estimated C1 cash costs are forecast using an exchange rate of US dollar/CLP: 650 and after by-product credits. By-product credits have been adjusted for the terms of the Franco-Nevada streaming agreement but exclude any allocation of upfront cash received.

The main capital project at Candelaria is the construction of the new Los Diques tailings storage facility which commenced construction in 2016 and is expected to be ready to receive first tailings in 2018. The mine and mill capital costs comprise typical sustaining capital items for a mature operation and include replacement and rebuild of equipment and infrastructure.

Lundin capitalizes waste stripping costs when experienced strip ratios are above the average planned strip ratio for each open pit phase under development. During the production phase of the Candelaria open pit mine, waste stripping costs, which provide probable future economic benefits and improved access to the orebody, are capitalized to mineral properties.

Exploration, Development, and Production

The summary of the 2017 to 2021 exploration programme is tabulated below.

		2017	**2018**	**2019**	**2020**	**2021**	**Total**
Santos	Definition	18,000	9,000	4,500	2,000		**33,500**
	Exploration			2,000	2,000		**4,000**
Alcaparrosa	Definition	10,000	8,000	10,000			28,000
	Exploration		5,000		4,800		9,800
Candelaria Norte	Definition	20,000	15,000	15,000	8,000	15,000	**73,000**
	Exploration	19,500	18,000	9,000	16,000	10,000	**72,500**
Candelaria	Definition	18,000	11,000	5,000			**34,000**
	Exploration	9,000		4,000	8,000	11,000	**32,000**
District	Definition				7,500	30,000	**37,500**
	Exploration	17,000	12,000	8,000			**37,000**
	Delineation			13,000	12,000		**25,000**
	Total (metres/year)	**111,500**	**78,000**	**70,500**	**60,300**	**66,000**	**386,300**
	Drifting (metres)	**1,650**	**1,360**	**460**	**430**		**3,900**
Total Cost	**$M ('000)**	**32,281**	**26,046**	**22,543**	**19,483**	**18,634**	**118,987**

The objective of this exploration program is three fold: it is to define and upgrade the classification of additional higher grade Mineral Resources in the underground mines to replace the processing of lower grade feed from the open pit or surface stockpiles and improve the life of mine copper production; to understand the resource potential remaining in the underground mines; and, to explore the Candelaria District to supplement the depletion of Mineral Resources in the mines.

In 2016, the Candelaria Copper Mining Complex produced, on a 100% basis, 166,592 tonnes of copper, approximately 1,700,000 ounces of silver and 97,000 ounces of gold. For 2017, the Candelaria Copper Mining Complex is forecasted to produce metals in concentrate (100% basis) of 181 - 188 kilotonnes of copper, 108,000 ounces of gold and 2.0 million ounces of silver. Over the remaining life of mine plan (to 2035), the average annual production is estimated to be 129 kilotonnes of copper, 70,000 ounces of gold and 1.2 million ounces of silver.

The overall life of the Candelaria open pit mine is to 2035, while the underground mines, Candelaria Norte, Alcaparossa and Santos, have mine lives to 2027, 2023 and 2022 respectively.

COBRE PANAMA MINING AND TECHNICAL INFORMATION

Property and Ownership Interest

Cobre Panama is a development property in Panama which is currently in construction (it is not currently an operating mine). First Quantum holds an indirect 80% interest in Minera Panama S.A. ("**MPSA**"), which holds the Cobre Panama concession. The remaining 20% interest in MPSA is held by Korea Panama Mining Corporation ("**KPMC**"), a 50/50 joint venture company whose ultimate shareholders are LS-Nikko Copper Inc. and Korean Resources Corporation.

On February 9, 1997, MPSA was granted the mineral concession to explore and exploit Cobre Panama under Contract Law No. 9 of February 26, 1997 ("**Law 9**"). Law 9 has an initial 20-year term ending in 2017 and there are provisions for two consecutive 20-year extensions. Such extensions are standard and are awarded in the year the concession comes up for renewal. The legal regime established by Law 9 for the development of the Cobre Panama concession is supplemented by the Mineral Resource Code of Panama (the "**Panama Mining Code**").

On December 30, 2016 the Government of Panama signed and issued Resolution No. 128 by which it extended the Law 9 mining concession for a second 20 year term which commenced March 1, 2017 up to February 28, 2037. The initial 20 year term of the Law 9 mining concession which commenced in February 1997 remained in effect in the interim period up to February 28, 2017. MPSA remains eligible for consideration of a third 20 year term of the Law 9 mining concession commencing March 1, 2037.

Under Law 9, MPSA has the rights to explore for, extract, exploit, beneficiate, process, refine, transport, sell and market the gold, copper and other mineral deposits on the Cobre Panama concession. MPSA is required to pay a 2% royalty on "Negotiable Gross Production" which is defined as "the gross amount received from the buyer due to the sale (of concentrates) after deductions of all smelting costs, penalties and other deductions, and after deducting all transportation costs and insurance incurred in their transfer from the mine to the smelter" to the Government of Panama. Law 9 also grants to MPSA rights of way on state-owned lands and easements to use surface lands on concessions adjacent to the Cobre Panama concession; the right to build, maintain and use such lands; and easements for use to build, install, maintain and use facilities and installations that MPSA deems convenient for the development of the Cobre Panama concession.

Land required for the provision of mine facilities, including waste rock storage and tailings facilities, stockpiles, mill and port sties, has been acquired or leased by MPSA in accordance with its rights under Law 9. Mine expansion, including mining of the Balboa, Botija Abajo and Brazo deposits and adjacent waste rock dumping, will require access to additional properties covering up to 6,800 hectares. MPSA intends to initiate the acquisition of these properties in accordance with the procedures established by Law 9 and other applicable Panamanian laws.

Corporate income tax under Law 9 is payable at a rate of 25% on taxable earnings which is exempted for the period during which MPSA has outstanding debt relating to the construction and development of the project.

Location, Access and Infrastructure

The Cobre Panama concession is 120 kilometres west of Panama City and 20 kilometres from the Caribbean Sea coast, in the District of Donoso, Colon Province, in the Republic of Panama. It includes four zones and covers an area of 12,955.1 hectares. There is no industrial development in the area of the concession and the region is sparsely populated. The primary occupation of the local residents is subsistence farming. The nearest community, the village of Coclecito (population 900), is 12 kilometres southeast of the plant site. The city of Penonomé, which has a population of 25,000, is 49 kilometres southeast of Coclecito.

The topography in the concession area is rugged with considerable local relief covered by dense forest. The area to the north is a lowland with minimal relief extending to the Caribbean coast. Climatic conditions are tropical with high precipitation levels, high humidity and relatively high temperatures year-round of 25 to 30 degrees Celsius.

The project has two main development areas: the mine and plant site within the concession boundaries, and the port and power station at Punta Rincon, approximately 25 kilometres north of the plant site on the Caribbean coast. The Cobre Panama concession will be developed as a conventional truck and shovel open pit mine with a concentrator that uses proven technology (such as crushing, grinding or flotation) to produce copper-gold and molybdenum concentrates. The port and power plant site consists of a deep water berth for concentrate, and coal shipments, a conventional ship landing site and a 300 megawatt coal fired power plant. An access road has been constructed between the mine and each of the power plant site and the port. From 2015 to date, the port has been operational, with a significant number of project equipment deliveries having been received directly. New access roads and improvements to the existing access roads from Penonomé through La Pintada and Coclecito to the site have been constructed to permit safe access to the mine and plant site from the Pan-American Highway via the existing road from Penonomé.

History

In 2005, Inmet Mining Corporation ("**Inmet**"), Petaquilla Minerals Ltd. and Teck Cominco Limited (the shareholders of MPSA at that time) entered into an agreement to develop a copper project on the concession for the Cobre Panama property in phases, subject to approval by the Government of Panama. During the course of 2008 Inmet acquired sole ownership of MPSA. In October 2009, Inmet entered into an agreement with KPMC that gave KPMC the option to acquire a 20% or 30% interest in MPSA. During 2012, KPMC exercised its option and acquired a 20% interest in MPSA.

First Quantum acquired its indirect 80% interest in Cobre Panama through its acquisition of Inmet in 2013.

Geological Setting and Mineralization; Exploration and Drilling

Mineralization at Cobre Panama consists of several disseminated copper-gold-molybdenum deposits. Known geologically as porphyry copper deposits, these are typical of the Western Cordillera of the Americas and other regions around the Pacific Ocean basin.

During a regional survey in 1968, a United Nations Development Program team discovered copper, gold and molybdenum porphyry mineralization in the Petaquilla River region of north-central Panama. A total of 1,805 diamond drill holes totaling 346,294 metres have been drilled from discovery to August 2013. Exploration has outlined the several porphyry deposits, which developed around granodioritic stocks within and peripheral to the Oligocene Petaquilla batholith. Epithermal gold mineralization has also been identified in a more distal setting to the batholith.

The porphyry deposits occur at the southern margin of a large granodioritic batholith of mid-Oligocene age. The main deposits are Balboa, Botija, Colina and Valle Grande. There are also a number of smaller zones, the most significant being Brazo and Botija Abajo.

All of the porphyry style mineralization on the property is hosted in granodiorite, feldspar-quartz-hornblende porphyry and adjacent andesitic volcanic rocks. The porphyry at Balboa intruded passively toward the south from a source located northwest of the deposit and is also thought to be influenced by a high angle structure to the west of the deposit. At Botija, a number of north dipping feldspar-quartz-hornblende dikes cut the granodiorite. Two roof pendants of andesitic volcanic rock occur in the central and eastern parts of the deposit. At Colina, mineralization is associated with an east-southeasterly trending, shallow north-dipping 2.5 kilometre by 1 kilometre feldspar-quartz-hornblende porphyry sill and dyke complex that intrudes granodiorite and andesitic volcanic rocks. The Valle Grande zone is associated with a southeast trending feldspar-quartz-hornblende porphyry lopolith that is bounded to the north and south by andesitic volcanics and minor granodioritic dykes. At Brazo and Botija Abajo the host rock is dominantly feldspar-quartz or feldspar-quartz-hornblende porphyry.

Hydrothermal alteration along the Cobre Panama mineral trend is primarily silica-chlorite which is interpreted to be a form of propylitic alteration. Potassic alteration, consisting of salmon coloured potassium feldspar and secondary biotite is seen in the central parts of Botija. Argillic and phyllic alteration is patchy in the three main deposits with the latter variety being most prevalent near the tops of the deposits. At Brazo, pervasive sericite, clay and pyrite is associated with well-developed quartz stockworks.

Hypogene sulphides occur as disseminations, micro-veinlets, fracture fillings and quartz-sulphide stockworks. Chalcopyrite is the dominant copper mineral with lesser bornite. Traces of molybdenite are commonly found in quartz veinlets. There is no significant zone of supergene enrichment at Botija, Colina and Valle Grande. At Brazo, supergene mineralization consisting of chalcocite-coated pyrite and rare native copper occurs to a depth of at least 150 metres.

Sampling, Analysis and Data Verification

Samples from MPSA drilling were placed within aluminum trays and dried in ovens. Once dry, the entire sample was crushed in a Rocklabs Boyd crusher, with sieve tests conducted regularly to ensure that the material was being crushed to the appropriate size. The equipment was cleaned after every sample using high-pressure air and after every tenth sample a coarse blank sample was passed through the crusher. The crushed sample material was split using a Jones rifle splitter and a 500 gram aliquot taken for assay. The aliquot was placed in a small plastic bag which was heat sealed and marked with a bar-coded sample tag. The reject material was returned to the original sample bag and stored on site.

The sample aliquots were shipped by air courier to ALS Chemex Lima in Lima, Peru, for analysis. Umpire assay checks and secondary assay work was conducted by Acme Santiago in Santiago, Chile. Both labs have ISO/IEC 17025-2005 certification. Residual pulps were stored at either ALS Chemex in Lima, Perú, or at a storage warehouse at First Quantum's Minera Antares office in Arequipa, Peru.

All assay samples were kept in a locked facility on site until they were ready for shipment. Samples for a given hole were batched once the entire hole had been logged and sampled. Samples were collected into larger bags in batches of approximately 90 samples per bag. Samples to be assayed for sequential copper were batched into bags of 20 to 25 samples. Several times a week, the samples were dispatched by road to a secure warehouse in Penonomé by MPSA staff. While in

storage, generally for less than two days, samples were kept under locked conditions until picked up by DHL cargo shipping. DHL then airfreighted the samples to ALS Chemex Laboratory in Lima, Peru.

A detailed review of all the historical and current QA/QC practices, QA/QC data and historical QA/QC reports at Cobre Panama has been undertaken by First Quantum in order to determine the accuracy, precision and bias present in the drillhole assay data for the project area, in order to determine suitability for mineral resource estimation. While a systemized program of QA/QC sampling was not fully implemented until 2006, numerous programs of check analysis were undertaken to compare each program of drilling to historic drilling undertaken by previous owners. Similarly, routine review of the QA/QC data and results did not occur until the MPSA drilling programs. Reviews and corrections of any errors identified are currently completed on a quarterly basis. MPSA is currently importing and validating all the Cobre Panama drillhole data into a corporate database, including all the historic QA/QC data collected over the life of the project. The sampling QA/QC results and the related studies demonstrate that sample assay data is representative of the mineralisation sampled and that it is appropriate for use in the Mineral Resource estimation. In addition, data verification completed by FQM supports that data used in the Mineral Resource estimate is similarly adequate.

Labour

At December 31, 2016, First Quantum employed approximately 5,325 persons at Cobre Panama directly, in addition to approximately 2,200 contractors and subcontractors.

Environmental Permits

In December 2011, the Government of Panama, through Autoridad Nacional del Ambiente (the Panamanian national environmental authority), approved the project environmental and social impact assessment required for development of the Cobre Panama copper project, including the mining operations and related infrastructure, the port facility, and the coal-fired power plant.

Development Plan

Since First Quantum's acquisition of Cobre Panama, First Quantum's primary focus was to critically review and stabilize all activities and focus on the key elements of the project development, the construction and contracting plan, and implementation of practical site infrastructure.

On January 27, 2014, First Quantum announced that estimated capital expenditure to develop Cobre Panama would be approximately $6.4 billion, inclusive of $913 million incurred prior to the acquisition of Inmet. In 2015, the estimated capital costs were reviewed in detail and reappraised, and on October 5, 2015 First Quantum announced a revised estimated total project cost of $5.95 billion. A further detailed review of the Cobre Panama capital budget was performed again in early 2016, which resulted in a revised capital cost estimate of $5.48 billion.

Capital expenditure for Cobre Panama in 2016 was $764 million (First Quantum's share $458 million), and the planned total net capital expenditure for 2017 is expected to be approximately $1,060 million (First Quantum's share $640 million).

Project spending to the end of 2016 amounted to $3.5 billion, including $0.7 billion contributed by KPMC. The estimated costs for completion of $2.0 billion are expected to be met by an additional contribution from KPMC of $0.4 billion. $0.5 billion payable by Franco-Nevada under the precious metal stream agreement and $1.0 billion by First Quantum.

The re-engineered project is now based on an ore feed ramp-up to 74 million tonnes per annum (" **Mtpa**") by 2019, followed by an increase to 90 Mtpa by 2023. On the basis of the current Mineral Reserve estimate and the planned processing capacity, the life of operations is 40 years.

During the period when processing at the 90 Mtpa rate, average annual copper production is approximately 311,000 tonnes of recovered metal (reaching a maximum of approximately 397,000 tonnes of recovered metal).

Over the life of operations, the average annual by-product production is expected to be 97,000 ounces of recovered gold, 1,570,000 ounces of recovered silver and 2,570 tonnes of recovered molybdenum. The average copper feed grade is expected to be 0.42% total copper for the first 10 years and 0.35% total copper for the remaining operations life. The average life-of-mine strip ratio (tonnes) is 1:1.

The port is fully operational, having received numerous direct international shipments, and is also now permitted for importation of coal and exportation of copper concentrate. Early priority is being given to the completion of the power station, taking advantage of virtually all required material being available on site. Remedial repairs were required for some materials and equipment which had deteriorated after having been delivered early and stored outdoors. With these remedial repairs essentially completed, the overall installation works have progressed well.

The planning and readiness effort for the operations phase of Cobre Panama is underway. The operations readiness plan includes recruitment of staff, development of operating systems, and training of Panamanian employee skills across the port, power plant, mine and process plant.

The estimated pre-strip volume required for ore exposure, dewatering infrastructure and installation of in-pit crushing and conveying at the Botija pit is currently forecast at 57Mbcm but remains under review. As at December 31, 2016, the completed pre-strip volume was 27.1Mbcm representing 47% of the current forecast total. In December 2016, the evaluation of equipment bids for the mining fleet at the Cobre Panama operations was completed and the first ultra-sized truck orders were placed in January 2017.

Mining Operations

Mining at Cobre Panama will involve large scale and conventional open pit methods at up to approximately 80 Mbcm of ore and waste mined per annum. The multiple pits will be mined in an optimized sequence and in phases, with ore crushed in-pit and conveyed overland to the nearby processing plant.

Processing and Recovery

The processing plant design is based upon a conventional sulphide ore flotation circuit, with differential flotation to produce separate copper and molybdenum concentrate products. Plant tailings will be directed into areas of valley fill and into the depleted open pits.

The predominantly copper/molybdenum sulphide ore is amenable to conventional differential flotation processing, with lesser gold and silver recovered into the copper and gravity concentrate.

Various metallurgical test work programs have been undertaken on the Cobre Panama project since 1968, commensurate with the various levels of preliminary feasibility and prefeasibility studies that were completed up until 1998.

In 1997 an extensive program of metallurgical testing was designed to confirm earlier studies on the metallurgical response of the Botija and Colina ores. Work included grinding, flotation, dewatering and mineralogical testing. Further testing was completed, including locked-cycle flotation testwork and modal analysis to assist in defining grind requirements for both rougher and cleaner flotation. Copper-molybdenum separation by means of differential flotation was also tested.

Confirmatory batch laboratory flotation testwork was conducted during 2014. Based on all of this testwork, variable processing recovery relationships were determined for copper and gold, while fixed recovery values were determined for molybdenum and silver. The design recoveries vary for each deposit, as summarized in the table below.

Deposit	Recovery			
	Cu (%)	Mo (%)	Au (%)	Ag (%)
Botija	MAX(0,MIN(96, ((5.8287*LOG(%Cu))+95.775)))	55.0%	MIN(80,MAX(0, (15.993*LOG(Auppm))+92.138))	47.3%
Colina	MAX(0,MIN(96, ((5.8287*LOG(%Cu))+95.775)))	55.0%	MIN(80,MAX(0, (15.993*LOG(Auppm))+92.138))	47.3%
Medio	MAX(0,MIN(96, ((5.8287*LOG(%Cu))+95.775)))	55.0%	MIN(80,MAX(0, (15.993*LOG(Auppm))+92.138))	47.3%
Valle Grande	MAX(0,MIN(96, ((5.8287*LOG(%Cu))+95.775))-4)	52.0%	MIN(80,MAX(0, (15.993*LOG(Auppm))+92.138))	47.3%
Balboa	MIN(96,((2.4142*LOG(cutpct))+92.655))	55.0%	MAX(0,MIN(80, (7.6009*LOG(Auppm))+85.198))	40.0%
Botija Abajo	6.6135*Ln(Cu%) + 92.953	55.0%	50.0%	30.0%
Brazo	6.6135*Ln(Cu%) + 92.953	55.0%	50.0%	30.0%

The copper concentrate product will be piped as a slurry to the port site on the northern side of the country (on the Caribbean Sea), from where it will be loaded onto vessels for shipping to world markets. The molybdenum concentrate will be delivered to the port by road and shipped in bulk bags.

Project power will be generated by a coal-fired power station at the port site and transmitted to the mine site along a new access corridor, which also incorporates the concentrate pipeline.

Capital and Operating Expenses

The capital and operating costs for 2017 are set out in the following table:

Total Capital Cost[1] estimate ($m)	1,060
Operating cost	n/a
Labour, contractors and maintenance	n/a
Supplies, power and fuel	n/a
Other	n/a

(1) Includes $610 million of First Quantum's share to spend with $410 million from third parties.

The overall capital cost is set out in the following table:

Area	Incurred Pre-Acquisition $ M	Incurred as at December 31, 2016 $ M	Total Capex $ M
Mining	—	201	679
Process Plant	62	387	1,111
Power Plant	209	531	632
Port	—	304	383
Infrastructure	480	396	486
Indirects	162	1,661	2,193
Total Project	**913**	**3,480**	**5,484**

Development Timeframe

The re-engineered and larger project is scheduled for phased commissioning during 2018 and continued ramp-up during 2019 as set out below.

Activity	Target Timeframe
230kV overland power line complete	Q2 2017
Set 1 (150MW) power station commences output	Q4 2017
Set 2 (150MW) power station commences output	Q2 2018
Tailings management facility complete	2018
Process plant construction complete	Q3 2018
Process commissioning	H2 2018
Continued Ramp Up	2019

Mineral Resource and Reserves

The four main deposits are Balboa, Botija, Colina and Valle Grande. There are also a number of smaller zones, the most significant being Brazo and Botija Abajo. There has been significant exploration drilling in this region giving the project a life of mine of 40 years.

Mineral Resources and Mineral Reserves were updated by First Quantum in June 2015.

Mineral Resources

The Mineral Resource estimate for Cobre Panama inclusive of Mineral Reserves, is presented below and reflects the position as at December 31, 2016.

Deposit	Category	Tonnes (Mt)	TCu %	Mo %	Au g/t	Ag g/t
Botija	Measured	336	0.46	0.008	0.10	1.35
Botija	Indicated	672	0.35	0.007	0.06	1.08
Colina	Indicated	1,032	0.39	0.007	0.06	1.58
Medio	Indicated	602	0.36	0.006	0.04	1.37
Valle Grande	Indicated	63	0.28	0.004	0.03	0.96
Balboa	Indicated	647	0.35	0.002	0.08	1.37
Botija Abajo	Indicated	114	0.31	0.004	0.06	0.93
Brazo	Indicated	228	0.36	0.004	0.05	0.81
Total Measured and Indicated		**3,695**	**0.37**	**0.006**	**0.07**	**1.32**
Botija	Inferred	152	0.23	0.004	0.03	0.78
Colina	Inferred	125	0.26	0.006	0.05	1.20
Medio	Inferred	363	0.29	0.005	0.03	1.14
Valle Grande	Inferred	189	0.25	0.005	0.03	1.25
Balboa	Inferred	79	0.23	0.003	0.04	0.96
Botija Abajo	Inferred	67	0.27	0.005	0.06	1.25
Brazo	Inferred	76	0.21	0.003	0.01	0.73
Total Inferred		**1,051**	**0.26**	**0.005**	**0.04**	**1.08**

Notes:
(1) Mineral Resources have been reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(2) Mineral Resources have been estimated using a 0.15% copper cut-off grade.

Mineral Reserves

The Mineral Reserve estimate for Cobre Panama is presented below and reflects the position as at December 31, 2016. The Mineral Reserve estimate for Cobre Panama is entirely within the Measured and Indicated Mineral Resource estimate shown in the table of Mineral Resources above.

Deposit	Category	Tonnes (Mt)	TCu %	Mo ppm	Au g/t	Ag g/t
Botija	Total Proven	345.6	0.45	74.88	0.10	1.33
	Total Probable	603.5	0.35	70.79	0.07	1.10
	Sub Total Proven & Probable	**949.1**	**0.39**	**72.28**	**0.08**	**1.19**
Colina & Medio	Total Proven	-	-	-	-	-
	Total Probable	1,009.9	0.39	66.27	0.06	1.59
	Sub Total Proven & Probable	**1,009.9**	**0.39**	**66.27**	**0.06**	**1.59**
Valle Grande	Total Proven	-	-	-	-	-
	Total Probable	566.0	0.36	67.02	0.05	1.39
	Sub Total Proven & Probable	**566.0**	**0.36**	**67.02**	**0.05**	**1.39**
Balboa	Total Proven	-	-	-	-	-
	Total Probable	437.1	0.35	16.10	0.08	1.36
	Sub Total Proven & Probable	**437.1**	**0.35**	**16.10**	**0.08**	**1.36**
BABR (Botija Abajo and Brazo)	Total Proven	-	-	-	-	-
	Total Probable	220.5	0.40	41.25	0.07	0.87
	Sub Total Proven & Probable	**220.5**	**0.40**	**41.25**	**0.07**	**0.87**
Total Mineral Reserve	**Total Proven**	**345.6**	**0.45**	**74.88**	**0.10**	**1.33**
	Total Probable	**2,836.9**	**0.37**	**57.71**	**0.06**	**1.36**
	Total Proven & Probable	**3,182.5**	**0.38**	**59.57**	**0.07**	**1.35**

Notes:

(1) The actual cut-off grade for the estimate varies due to variable processing recovery, but otherwise reflects a longer-term consensus copper price of $3.00/lb, a molybdenum price of $13.50/lb, a gold price of $1,200/oz and a silver price of $16.00/oz.

(2) A cut-off grade optimization strategy was adopted for the Mineral Reserve estimation process, whereby an elevated 0.2% copper cut-off grade was adopted for the period up to 2040, then followed by a period of marginal cut-off grade plant feed for the remainder of the mine life. The impact of this strategy is that the initial production years are protected from copper price volatility which could otherwise impact the economics of marginal grade plant feed at this time.

Economic Analysis

An economic analysis in the form of an undiscounted cash-flow model was completed to support the Mineral Reserve estimate. The annual revenues are calculated from the same metal prices as used in the pit optimization process:

- Copper = $3.00/lb ($6,615/t)
- Molybdenum = $13.50/lb ($29,762/t)
- Gold = $1,200/oz
- Silver = $16.00/oz

The payable metal factors are:

- Copper = 96.43%
- Molybdenum = 86.20%
- Gold = 86.00%
- Silver = 80.00%

All mining expenditures incurred prior to commercial production is included in the $5,485 million capital estimate.

SELECTED MINERAL ASSET SUMMARY DESCRIPTIONS

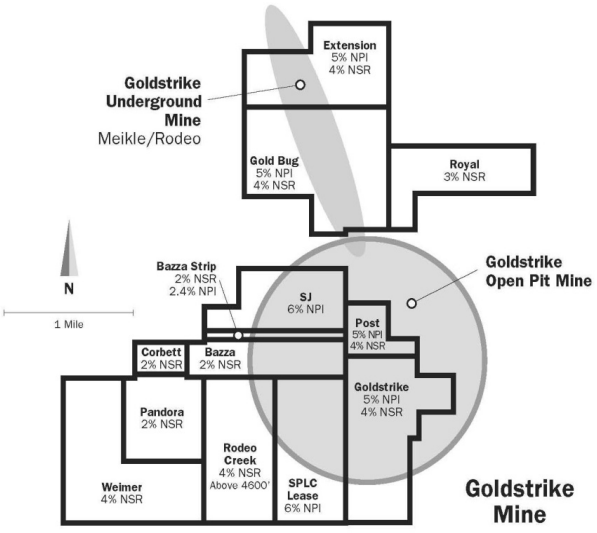
The following asset descriptions should be read with the following considerations:

- Except where otherwise stated, information of a technical nature in the asset descriptions, 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 as of March 14, 2017. None of this information has been independently verified by Franco-Nevada or its consultants. See "Technical and Third Party Information".
- Each asset is described in a comparable manner as reported by the property owner or operator, unless otherwise noted. As a result, units of measurement and numbers of significant digits may not be consistent between asset descriptions.
- Some information publicly reported by owners or operators may relate to a larger property than the area covered by Franco-Nevada's royalty or stream interest.
- Schematic representations of the properties are meant to be indicative of Franco-Nevada's understanding of what it is permitted to publicly disclose of the positioning of its royalty or stream interests relative to current operations and should not be treated as fully scaled or complete representations from the operators of those projects.

Goldstrike, Nevada

Franco-Nevada holds royalties covering the majority of the Goldstrike complex operated by Barrick which remains one of Barrick's core mines. The Goldstrike complex is located on the Carlin Trend, about 60 km northwest of the town of Elko, Nevada. The Goldstrike complex includes the open-pit Betze-Post mine, as well as the underground operations of Meikle and Rodeo immediately to the north. Mining activity commenced on the property in 1976 and, since 1987, has been operated by Barrick. Franco-Nevada holds NSR (2-4%) and NPI (2.4-6%) royalties at Goldstrike covering the majority of the reported Mineral Reserves and Mineral Resources. These estimates include low grade ore that has been stockpiled. The royalties vary depending on the claim blocks, as shown in the figure. As a result, royalty payments can vary substantially on a quarterly basis, depending on mine sequencing and waste stripping. The timing of capital investments can also impact the timing of the payment of profit royalties.

Production at the Goldstrike complex increased to 1,096,000 ounces in 2016 from 1,053,000 ounces in 2015. However, this included production from the nearby South Arturo deposit (Franco-Nevada has a separate royalty on this property) so production from the Goldstrike open-pit and underground operations actually decreased year-over-year. The decrease in production negatively impacted the NSR royalty payments which was largely offset by the increase in NPI royalty payments due to the completion of the thiosulfate processing method ("**TCM**"). With the completion of the TCM, NPI payments were positively impacted due to the reduction in capital spending. For 2017, Barrick expects to produce between 910,000-950,000 ounces at an all-in sustaining cost of $910/oz-$980/oz. The majority of production is expected from the Goldstrike operations as Phase 2 mining of the South Arturo deposit is expected to be completed during 2017.



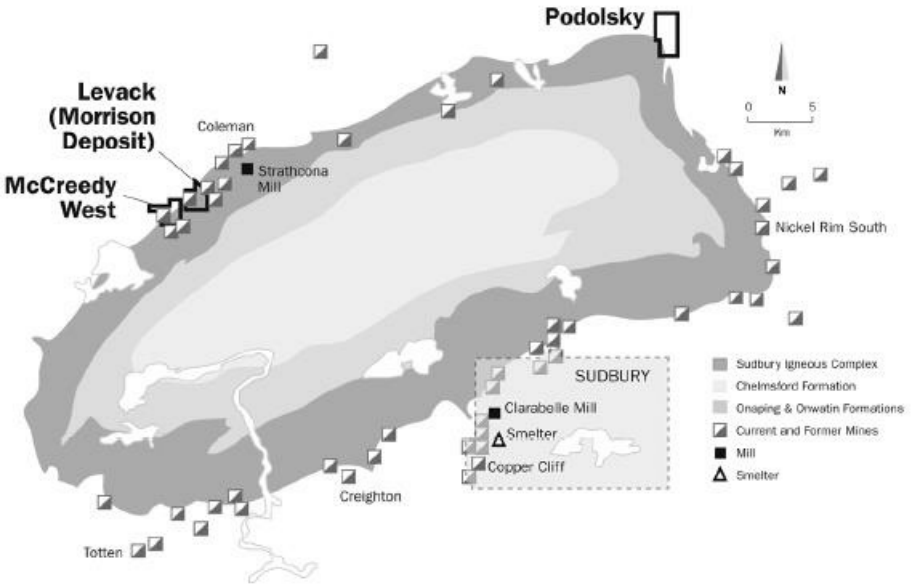
Sudbury, Ontario

Franco-Nevada acquired three precious metals streams in the Sudbury basin of Ontario with its acquisition of Gold Wheaton Gold Corp. ("**Gold Wheaton**") in March 2011. Franco-Nevada is entitled to purchase 50% of the precious metals contained in ore produced from the footwall portions of three separate mines and makes ongoing payments equal to the lesser of $424 per ounce of payable gold (subject to an inflation adjustment of 1% per year which commenced July 2011) and the spot price for gold. At the time of acquisition by Franco-Nevada, the mines were operated by Quadra FNX Mining Ltd. ("**Quadra FNX**") which was acquired by KGHM International Ltd. ("**KGHM**") in March 2012. The three mines are the operating Levack (Morrison deposit) mine and the Podolsky and McCreedy West mines which are both currently on care and maintenance. The footwall deposits are primarily rich in palladium followed by platinum and gold. KGHM does not have processing facilities in Sudbury and sells the ore to third parties for processing. The stream is calculated based on contained precious metals in the delivered ore rather than payable metals.

Levack (Morrison deposit): This mine has been in production since 2007 and is currently the only source of production from the Sudbury stream agreements. In late 2011, Quadra FNX and Xstrata Nickel entered into a life of mine agreement which allowed Quadra FNX to utilize the neighbouring underground infrastructure of Xstrata Nickel's Craig mine. A new ramp driven from the 4900 foot level of the Craig shaft allowed access to the 5040 foot level for diamond drilling and potential Mineral Reserve and Mineral Resource expansion.

McCreedy West Mine: The stream agreement applies to the PM and 700 deposits at the McCreedy West mine. McCreedy West ceased mining of the precious metal-rich ores in the PM deposit in 2011. Glencore cancelled its off-take contract for nickel ores in 2014 and the mine was placed on care and maintenance.

Podolsky Mine: The stream agreement applies to the 2000 and North deposits at the Podolsky mine which started production in 2008. Podolsky was put on care and maintenance in the third quarter of 2013.

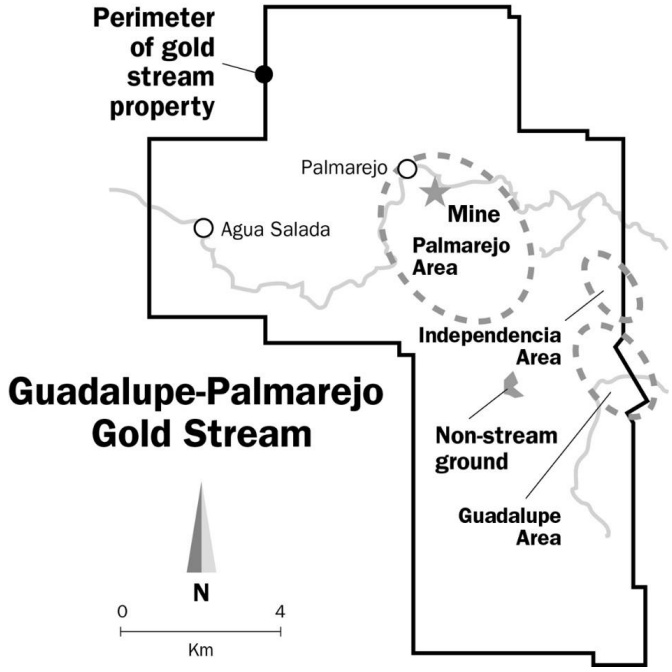


Guadalupe-Palmarejo, Mexico

Since January 2009, Franco-Nevada has received 50% of the gold produced from the Palmarejo operation located in Chihuahua Province, Mexico which is owned and operated by Coeur. Palmarejo is a silver project with a considerable gold by-product.

In June 2014, Franco-Nevada agreed to terminate the existing stream agreement once Coeur has delivered the minimum 400,000 ounce obligation under that agreement. The minimum obligation was met in the third quarter of 2016. In June 2014, Franco-Nevada also entered into a new 50% gold stream with Coeur on the Palmarejo project with ongoing payments equal to the lesser of $800 per ounce (no inflation provision) and the then prevailing spot price for gold for each ounce delivered under the new gold stream agreement. The restructured agreement improves mine economics for Coeur and extends the mine life of the entire Palmarejo operation. This agreement continues to apply to the extensive land position totaling over 1,200 km^2. Franco-Nevada provided an upfront $22 million deposit to be used to partially fund the development of the Guadalupe underground mine on the Palmarejo property.

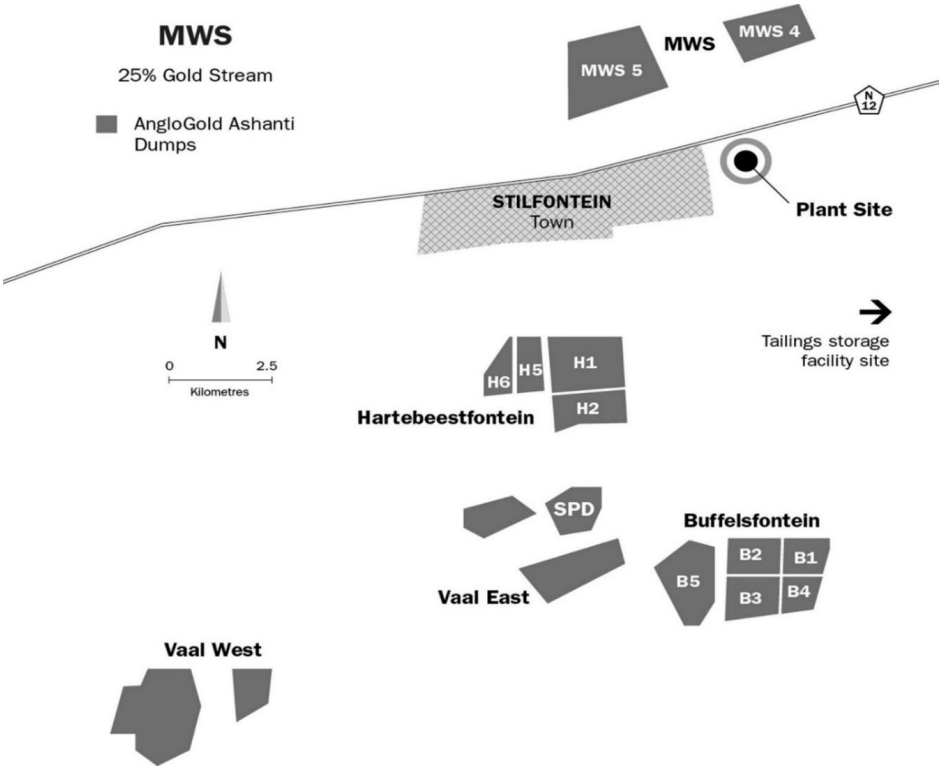
In 2016, Franco-Nevada received 29,328 ounces under the original Palmarejo agreement and 7,058 ounces under the revised agreement. With the acquisition of the Independencia deposit in 2014, of which only a portion is subject to the stream agreement, Coeur is processing both Independencia and Guadalupe ore through the Palmarejo mill. In 2016, open pit and underground operations at Palmarejo were completed while underground operations at Guadalupe and Independencia steadily accelerated, reaching a mining rate of approximately 2,400 and 1,000 tons per day, respectively, as of year-end. Coeur is targeting a combined mining rate of 4,500 tons per day by year-end 2017. For 2017, Coeur expects to produce between 110,000-120,000 ounces of gold but does not provide a breakdown of what is expected from Guadalupe/ Independencia West (stream ground) and Independencia East (non-stream ground). The two deposits, Guadalupe and Independencia, remain open at depth and along strike with $14 million in exploration planned for 2017 versus a total of $11.2 million spent in 2016.



MWS, South Africa

Franco-Nevada, as a result of its acquisition of Gold Wheaton in March 2011, receives 25% of gold produced from the Mine Waste Solutions ("**MWS**") project. MWS is a gold and uranium tailings recovery operation located near Stilfontein, approximately 160 km west of Johannesburg, South Africa. The operation processes multiple tailings dumps in the area through three production modules. It also includes a modern tailings storage facility approximately 15 km from the gold plant. Franco-Nevada makes ongoing payments equal to the lesser of $420/ounce of payable gold (subject to a 1% annual inflation that commenced December 2012) and the spot price for gold.

AngloGold Ashanti Limited ("**AngloGold Ashanti**") purchased the operation from First Uranium Corporation in July 2012. As part of the AngloGold Ashanti purchase, Franco-Nevada amended the agreement and is now entitled to receive 25% of all the gold produced through the MWS plant including treatment of AngloGold Ashanti's tailings until Franco-Nevada has received 312,500 ounces of gold, starting on January 1, 2012 (the prior agreement had no production cap). In 2016, Franco-Nevada was delivered 22,919 ounces of gold of which 21,616 ounces were sold. As at December 31, 2016, Franco-Nevada has sold 113,651 ounces of the 312,500 ounce cap since the amendment of the agreement. Franco-Nevada expects similar deliveries in 2017 as it received in 2016.

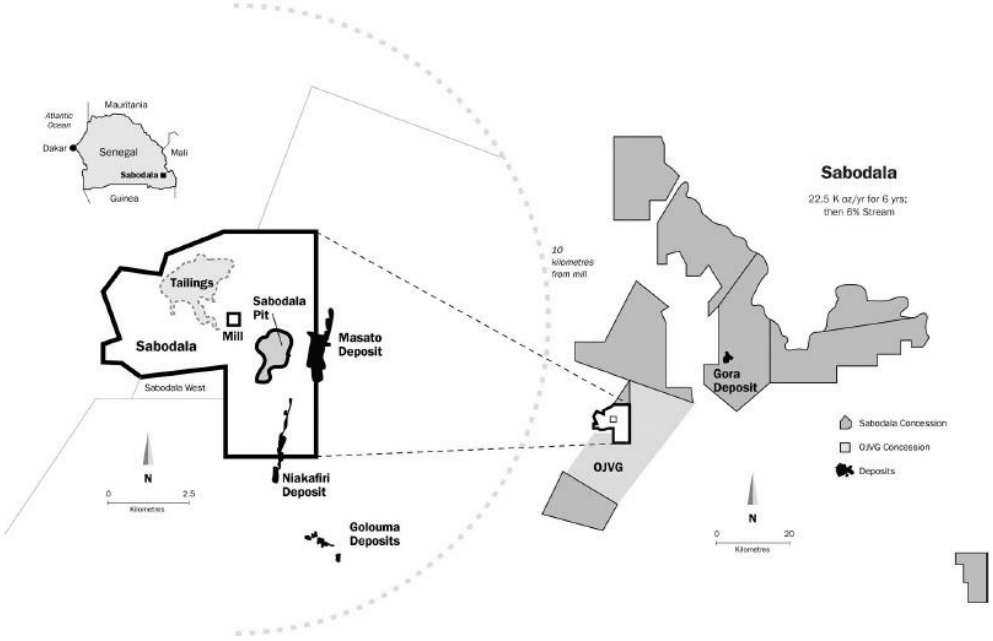


Sabodala, Senegal

In December 2013, Franco-Nevada provided Teranga with $135 million to fund the acquisition by Teranga of the remaining interests of the Oromin Joint Venture ("**OJVG**"). The OJVG owned the adjacent property which hosts several deposits representing future ore sources for Teranga's neighbouring Sabodala mill. With the acquisition, Teranga now controls a sizable land package of 1,055 km^2 which includes much of a 70 km strike length along a prospective greenstone belt.

Under the terms of the agreement between Franco-Nevada and Teranga, Teranga will deliver 22,500 ounces of gold annually over the first six years of the agreement. Following delivery of 135,000 ounces of gold, Franco-Nevada will receive 6% of gold production that is sourced from either the Sabodala or OJVG properties. Franco-Nevada will make ongoing payments for each ounce of gold delivered equal to 20% of the spot gold price. As of the end of 2016, Teranga has delivered 67,500 ounces (Franco-Nevada has sold 65,625 ounces).

Sabodala produced a record 216,735 ounces in 2016 versus 182,282 ounces in 2015. 2016 production exceeded guidance of 200,000-215,000 ounces. For 2017, Teranga expects to produce between 205,000-225,000 ounces from Sabodala. Teranga estimates a mine life for Sabodala of over 13 years based on existing Mineral Resources.



GLJ was engaged by Franco-Nevada to evaluate the crude oil & natural gas reserves of its producing Canadian Oil & Gas 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 has an effective date of December 31, 2016 and a preparation date of March 3, 2017. The GLJ Report was prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**"). This AIF does not include land, production or reserves attributable to Franco-Nevada's acquisition of royalty rights in the STACK shale play in Oklahoma's Anadarko basin as such royalty rights are not material.

With the recent acquisition of significant precious metals streams by the Corporation, Franco-Nevada's oil and gas assets comprise a smaller portion of its overall portfolio. Franco-Nevada will continue to assess the materiality of its oil and gas assets to determine the extent to which it will provide oil and gas reserves data in the future.

All evaluations of future revenue contained in the GLJ Report are after the deduction of associated royalties, operating and development costs, abandonment and reclamation costs, 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. 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 described herein are estimates only. The actual reserves may be greater or less than those calculated.

Oil & Gas Abbreviations and Conversions

Oil & Natural Gas Liquids	
Bbl	barrel
bbls/d	barrels per day
Mbbls/d	thousand barrels per day
MMbbls	million barrels
NGLs	natural gas liquids
Boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Boe for 6 Mcf of natural gas or 1bbl of oil
Boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
Mboe/d	thousand barrels of oil equivalent per day
MMboe	million barrels of oil equivalent
WTI	West Texas Intermediate
API	American Petroleum Institute

Natural Gas	
Bcf	billion cubic feet
Mcf	thousand cubic feet
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MMBtu	million British thermal units
Mcfe	thousand cubic feet of gas equivalent

Oil & Gas Information Advisory

In this AIF, certain natural gas volumes have been converted to barrels of oil equivalent on the basis of six Mcf to one bbl. Boe, Mboe, MMboe and related terms may be misleading, particularly if used in isolation. A conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimates of future net revenue presented below do not represent fair market value.

Reserves Data (Forecast Prices and Costs)

The following table sets forth a summary of the crude oil & natural gas reserves and the value of future net revenue of Franco-Nevada's Canadian assets as at December 31, 2016 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. All reserves are in Canada. See "Cautionary Regarding Mineral and Oil and Gas Reserve and Resource Estimates".

	Light and Medium Oil		Heavy Oil		Tight Oil		Conventional Natural Gas		Shale Gas		NGLs		Total Oil Equivalent	
RESERVES CATEGORY	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (MMcf)**	**Net (MMcf)**	**Gross (MMcf)**	**Net (MMcf)**	**Gross (Mbbl)**	**Net (Mbbl)**	**Gross (Mboe)**	**Net (Mboe)**
Proved														
Developed Producing	15,728	14,911	—	7	—	—	1	4,808	—	—	168	305	15,897	16,024
Developed Non-Producing	321	278	—	—	—	—	—	54	—	—	—	2	321	289
Undeveloped	2,784	2,569	—	—	—	—	—	—	—	—	—	—	2,784	2,569
Total Proved	18,834	17,758	—	7	—	—	1	4,862	—	—	168	307	19,002	18,882
Total Probable	7,497	6,847	—	3	—	—	—	1,788	—	—	56	110	7,553	7,258
Total Proved Plus Probable	**26,331**	**24,605**	**—**	**9**	**—**	**—**	**1**	6,650	**—**	**—**	**224**	**417**	**26,555**	**26,140**

The following tables set forth 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%:

	Net Present Values of Future Net Revenue Before Income Taxes Discounted At (%/year)					Net Present Values of Future Net Revenue After Income Taxes Discounted At (%/year)				
RESERVES CATEGORY	**0%**	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
			(C$000)					(C$000)		
Proved										
Developed Producing	658,953	427,971	315,952	250,983	208,810	578,990	381,786	284,766	228,057	191,034
Developed Non-Producing	19,389	9,839	6,055	4,171	3,072	14,154	7,183	4,421	3,046	2,244
Undeveloped	74,827	36,339	17,467	7,777	2,443	51,139	25,982	12,394	5,302	1,389
Total Proved	753,169	474,149	339,474	262,930	214,324	644,283	414,951	301,581	236,405	194,667
Total Probable	456,139	225,241	130,507	84,135	58,499	329,001	163,969	95,130	61,332	42,649
Total Proved Plus Probable	1,209,308	699,390	469,980	347,065	272,823	973,284	578,920	396,710	297,737	237,316

The following table sets forth the undiscounted future net revenue attributable to proved and proved plus probable reserves (in total) as of December 31, 2016:

Reserves Category	**Revenue**	**Royalties**	**Operating Costs**	**Development Costs**	**Abandonment & Reclamation Costs**	**Future Net Revenue Before Income Tax Expenses**	**Future Income Tax Expenses**	**Future Net Revenue After Income Tax Expenses**
Total Proved (C$000)	1,612,634	281,300	460,521	44,136	73,508	753,169	108,887	644,283
Total Proved Plus Probable (C$000)	2,386,262	426,960	607,531	50,756	91,707	1,209,308	236,024	973,284

The following table sets forth the net present value of future net revenue (before deducting future income tax expenses), by product type, estimated using forecast prices and costs and calculated using a discount rate of 10%:

Reserves Category	**Product Type**	**Net present value of future net revenue before income taxes (discounted at 10% per year)[3] (C$000)**	**C$/boe**	**C$/Mcfe**
Total Proved				
	Light and Medium Oil[1]	328,948	18.34	3.06
	Heavy Oil[1]	336	21.54	3.59
	Conventional Natural Gas[2]	10,189	10.90	1.82
	Total	339,474	17.98	3.00
Total Proved Plus Probable				
	Light and Medium Oil[1]	455,825	18.35	3.06
	Heavy Oil[1]	459	21.02	3.50
	Conventional Natural Gas[2]	13,696	10.69	1.78
	Total	469,980	17.98	3.00

(1) Including solution gas and other by-products.
(2) Including by-products but excluding solution gas.
(3) Other Company revenue and costs not related to a specific product type have been allocated proportionately to other product types. Unit values are based on the Company's net reserves.

Forecast Prices and Costs

The following table sets forth forecast prices and costs pricing assumptions used in the GLJ Report with respect to net present values of future net revenue as well as the inflation rates used for operating and capital costs. GLJ is an independent qualified reserves evaluator appointed pursuant to NI 51-101. The crude oil & natural gas forecast prices are based on the January 1, 2017 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. Prices for 2016 reflect the Company's historical weighted average price.

Year	WTI @ Cushing Oklahoma ($US/bbl)	Light, Sweet Crude Oil (40 API at Edmonton) ($C/bbl)	WCS Stream Quality at Hardisty ($C/bbl)	Canadian Natural Gas Price (AECO-C/NIT) ($C/MMbtu)	NGL Edmonton Propane ($C/bbl)	NGL Edmonton Butane ($C/bbl)	NGL Edmonton Pentanes Plus ($C/bbl)	Inflation %/year	Exchange Rate $US/$C
2016A	43.30	52.95	38.84	2.19	13.03	34.36	56.12	1.5	0.7554
2017	55.00	69.33	53.32	3.46	28.43	49.92	72.11	2.0	0.7500
2018	59.00	72.26	56.79	3.10	26.74	54.19	74.79	2.0	0.7750
2019	64.00	75.00	61.27	3.27	26.25	56.25	78.75	2.0	0.8000
2020	67.00	76.36	63.00	3.49	26.73	57.27	79.80	2.0	0.8250
2021	71.00	78.82	65.90	3.67	27.59	59.12	82.37	2.0	0.8500
2022	74.00	82.35	69.42	3.86	28.82	61.76	86.06	2.0	0.8500
2023	77.00	85.88	72.91	4.05	30.06	64.41	89.32	2.0	0.8500
2024	80.00	89.41	76.45	4.16	31.29	67.06	92.99	2.0	0.8500
2025	83.00	92.94	79.93	4.24	32.53	69.71	97.59	2.0	0.8500
2026	86.05	95.61	83.47	4.32	33.46	71.71	99.91	2.0	0.8500
2027+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.0	0.8500

Reconciliation of Changes in Reserves

The table below is a reconciliation of Company gross reserves and is provided to satisfy the requirement of NI 51-101. Under NI 51-101, Company gross reserves include only working interests before the deduction of royalties payable to others and do not include any royalties receivable. As a portion of Franco-Nevada's assets are royalty interests, they are excluded from this table. This hinders an investor's ability to compare its reserves to others in the industry. Therefore, in addition to presenting the reconciliation using Company gross reserves, a reconciliation using the Company Interest reserves is also presented. The Company Interest reserves are defined here as the Company working interest before payment of royalties to others, plus Company net royalty interest reserves.

December 31, 2016
Reconciliation of Company's Canadian Gross Reserves
by Principal Product Type
Forecast Prices and Costs

	Light and Medium Oil			Conventional Natural Gas			NGLs			Oil Equivalent		
FACTORS	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (MMcf)	Probable (MMcf)	Proved + Probable (MMcf)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mboe)	Probable (Mboe)	Proved + Probable (Mboe)
December 31, 2015	20,276	7,317	27,593	1	0	1	178	59	237	20,453	7,376	27,830
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0
Extensions*	0	0	0	0	0	0	0	0	0	0	0	0
Infill Drilling*	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery*	0	0	0	0	0	0	0	0	0	0	0	0
Technical Revisions	(193)	184	(9)	1	0	1	4	(3)	0	(190)	181	(9)
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	(18)	(4)	(23)	0	0	0	0	0	0	(18)	(4)	(23)
Production	(1,230)	0	(1,230)	(1)	0	(1)	(13)	0	(13)	(1,243)	0	(1,243)
December 31, 2016	18,834	7,497	26,331	1	0	1	168	56	224	19,002	7,553	26,555

* *The above change categories correspond to standards set out in the COGE Handbook. For reporting under NI 51-101, reserves additions under Infill Drilling, Improved Recovery and Extensions should be combined and reported as "Extensions and Improved Recovery".*

December 31, 2016
Reconciliation of Company's Canadian Company Interest Reserves
by Principal Product Type
Forecast Prices and Costs

	Light and Medium Oil			Heavy Oil			Conventional Natural Gas			NGLs			Oil Equivalent		
FACTORS	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (MMcf)	Probable (MMcf)	Proved + Probable (MMcf)	Proved (Mbbl)	Probable (Mbbl)	Proved + Probable (Mbbl)	Proved (Mboe)	Probable (Mboe)	Proved + Probable (Mboe)
December 31, 2015	21,664	7,797	29,462	7	3	10	5,453	1,886	7,339	326	115	441	22,905	8,231	31,136
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extensions*	15	4	19	0	0	0	0	0	0	0	0	0	15	4	19
Infill Drilling*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Revisions	(152)	171	19	2	0	3	468	(98)	370	31	(2)	29	(40)	152	112
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	(18)	(4)	(23)	0	0	0	0	0	0	0	0	0	(18)	(4)	(23)
Production	(1,368)	0	(1,368)	(2)	0	(2)	(1,058)	0	(1,058)	(44)	0	(44)	(1,591)	0	(1,591)
December 31, 2016	20,142	7,968	28,109	7	3	10	4,862	1,788	6,651	313	112	425	21,271	8,381	29,653

* *The above change categories correspond to standards set out in the COGE Handbook. For reporting under NI 51-101, reserves additions under Infill Drilling, Improved Recovery and Extensions should be combined and reported as "Extensions and Improved Recovery".*

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 Canadian oil & gas assets and, therefore, does not principally determine the development schedule of these oil & gas assets. The operators of these assets determine the development of the 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, see the preceding charts under "Reserves Data (Forecast Prices and Costs)", "Net Present Values of Future Net Revenue (Before Income Taxes)" and "Net Present Values of Future Net Revenue (After Income Taxes)".

Company's Canadian Gross Reserves First Attributed by Year

Proved Undeveloped Reserves

	Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Conventional Natural Gas (MMcf)		NGLs (Mbbl)		Oil Equivalent (Mbbl)	
	* First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end
2013	85	3,216	—	—	—	—	—	—	85	3,216
2014	1,844	4,151	—	—	—	—	—	—	1,844	4,151
2015	—	3,772	—	—	—	—	—	—	—	3,772
2016	—	2,784	—	—	—	—	—	—	—	2,784

* *"First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.*

Probable Undeveloped Reserves

	Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Conventional Natural Gas (MMcf)		NGLs (Mbbl)		Oil Equivalent (Mbbl)	
	* First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end
2013	33	3,678	—	—	—	—	—	—	33	3,678
2014	123	2,067	—	—	—	—	—	—	123	2,067
2015	—	1,947	—	—	—	—	—	—	—	1,947
2016	—	2,437	—	—	—	—	—	—	—	2,437

* *"First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.*

Significant Factors or Uncertainties

The process of evaluating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new

information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. These factors and assumptions include among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

The evaluated oil & natural gas assets have no material extraordinary risks or uncertainties beyond those which are inherent in an oil & natural gas producing company. See "Risk Factors — Risks Related to Mining Operations and Oil & 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 and proved plus probable reserves reported in the GLJ Report using forecast prices and costs.

	Annual Capital Expenditure (C$000)														
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Remainder	Total	Total 10% Discounted
Total Proved	2,386	3,156	3,437	4,254	2,984	1,928	1,855	1,648	1,471	1,397	1,252	1,226	17,142	44,136	20,212
Total Proved Plus Probable	2,394	3,253	3,544	4,908	5,438	2,027	1,878	1,692	1,581	1,554	1,476	1,425	19,587	50,756	23,096

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 asset uneconomic or will have any material impact on disclosed reserves or future net revenue. All costs are to be incurred in Canada.

Other Oil & 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 assets (including surface leases, wells, facilities and pipelines) upon abandonment only in respect of its working interests including its net royalty interest in the Weyburn Unit. There are no ongoing obligations of Franco-Nevada on its royalty interests in oil & natural gas assets. Franco-Nevada identifies obligations related to its oil, gas and NGL assets by estimating the present value of expected future abandonment and well site reclamation costs to existing and future reserves wells. These costs do not include non-reserves wells, pipelines or production facilities and the timing of costs to be incurred in future periods.

Franco-Nevada anticipates the total amount of such costs to be approximately C$73,508,000 on an undiscounted basis (approximately C$5,773,000 discounted at 10 percent) with respect to the total proved reserves. Of this amount, Franco-Nevada anticipates that approximately C$0 (undiscounted) will be incurred in the next three financial years.

Tax Horizon

Franco-Nevada is taxable at an expected rate of approximately 27% on the taxable income from the oil & natural gas royalty and working interests.

Costs Incurred

The following table sets out Franco-Nevada's property acquisition, exploration and development costs for the fiscal year ended December 31, 2016.

	Proved			Unproved			Total
Location	Property Acquisition	Exploration	Development	Property Acquisition	Exploration	Development	
Canada (C$000)	$ 1	$ —	$ 2,280	$ —	$ —	$ —	$ 2,281

Exploration and Development Activities

The following table summarizes the number and type of wells that Franco-Nevada drilled or participated in drilling for the fiscal year ended December 31, 2016. All of Franco-Nevada's current exploration and development activities are in Canada.

			Net Wells Drilled				
	Gross	Net	Oil Wells	Gas Wells	Service Wells	Dry Wells	Stratigraphic Test Wells
Exploratory Wells	—	—	—	—	—	—	—
Development Wells	2	0.3	0.3	—	—	—	—
Total	2	0.3	0.3	—	—	—	—

Production Estimates

The following tables present GLJ's forecasted case for proved and proved plus probable average daily production by product type for 2017. All production is from Canada. The production of oil and natural gas liquids from the Weyburn Unit NRI is expected to account for 63% of Franco-Nevada's net interest (as defined below) total proved plus probable production of natural gas, natural gas liquids and oil for the 12 months ended December 31, 2017. The Weyburn Unit NRI is expected to account for 73% of all net interest total proved plus probable oil production and 25% of all net interest total proved plus probable natural gas liquids production.

2017 Average Daily Production from Total Proved Reserves (Forecast Case)

	Light and Medium Oil		Heavy Oil		Conventional Natural Gas		NGLs	
	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								
Weyburn Unit NRI	2,722	2,365	0	0	0	0	21	21
Other Properties	655	893	0	6	2	2,570	5	79
Total: Total Proved	**3,377**	**3,258**	**0**	**6**	**2**	**2,570**	**26**	**100**

2017 Average Daily Production from Total Proved Plus Probable Reserves (Forecast Case)

	Light and Medium Oil		Heavy Oil		Conventional Natural Gas		NGLs	
	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								
Weyburn Unit NRI	2,850	2,474	0	0	0	0	28	27
Other Properties	686	930	0	6	2	2,620	6	82
Total: Total Proved Plus Probable	**3,536**	**3,404**	**0**	**6**	**2**	**2,620**	**34**	**110**

Production History

The following table sets forth Franco-Nevada's Canadian Oil & Gas Assets' average daily production volumes for each product type, before deduction of royalties, for each fiscal quarter in 2016.

	Average Daily Production (boe/d)*			
2016	Light and Medium Oil	Conventional Natural Gas	NGLs	Total
First Quarter	1,420	461	108	1,989
Second Quarter	2,307	437	102	2,846
Third Quarter	2,216	433	78	2,728
Fourth Quarter	2,407	468	76	2,951

* *Reflects net production from Weyburn Unit NRI.*

The following table sets forth Franco-Nevada's Canadian Oil & Gas Assets' average prices received, royalties paid, production costs and resulting netback for oil, natural gas and natural gas liquids for each fiscal quarter in 2016.

Light and Medium Oil ($C/bbl)	Q1	Q2	Q3	Q4
Price received	$ 32.31	$ 47.01	$ 50.61	$ 54.87
Royalties Paid	0.79	1.48	3.11	2.07
Production costs	3.02	2.95	4.43	3.61
Netback	$ 28.50	$ 42.59	$ 43.06	$ 49.18

Conventional Natural Gas ($C/Mcf)	Q1	Q2	Q3	Q4
Price received	$ 1.35	$ 0.01	$ 1.10	$ 1.81
Royalties Paid	—	—	—	—
Production costs	—	—	—	—
Netback	$ 1.35	$ 0.01	$ 1.10	$ 1.81

NGLs ($C/bbl)	Q1	Q2	Q3	Q4
Price received	$ 23.90	$ 20.41	$ 41.35	$ 38.88
Royalties Paid	—	—	—	—
Production costs	—	—	—	—
Netback	$ 23.90	$ 20.41	$ 41.35	$ 38.88

The following table sets forth Franco-Nevada's Canadian Oil & Gas Assets' net production volumes for each product type, for the twelve months ended December 31, 2016.

Production (Mboe)	Light and Medium Oil	Conventional Natural Gas	NGLs	Total
Weyburn Unit	633.0	—	—	633.0
Midale Unit	40.0	—	—	40.0
Edson	—	97.9	33.2	131.1
Other	91.6	66.8	—	158.3
Total	764.7	164.5	33.2	962.4

* *Reflects net production from Weyburn Unit NRI.*

Definitions, Notes and Other Cautionary Statements

In the tables set forth above under the subheading "Statement of Reserves Data and Other Oil & Natural Gas Information" and elsewhere in this AIF, unless otherwise indicated, the following definitions and other notes are applicable.

"**Gross**" means:

(a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest.

"**Net**" means:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in production or reserves;

(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

Definitions of Reserves:

Reserves Categories

Reserves are estimated remaining quantities of oil & natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

(a) analysis of drilling, geological, geophysical and engineering data;

(b) the use of established technology; and

(c) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

(a) **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.

(b) **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 be greater or less than the sum of the estimated proved plus probable reserves.

(c) **Possible reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Development and Production Status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

(a) **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

  (i) **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

  (ii) **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

(b) **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities" (which refers to the lowest level at which reserves calculations are performed) and to "reported reserves" (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

(a) at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves;

(b) at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves;

(c) at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Future Income Tax Expense:

Future income tax expenses are estimated:

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes between oil & gas activities and other business activities;

(b) without deducting estimated future costs that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances; and

(d) applying to the future pre-tax net cash flows relating to the Corporation's oil & gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

"**Development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil & gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

"**Development well**" means a well drilled inside the established limits of an oil & gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**Exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil & gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

"**Exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**Service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

Numbers may not add due to rounding.

The estimates of future net revenue presented do not represent fair market value.

The forecast price and cost assumptions assume the continuance of current laws and regulations.

See "Cautionary Note Regarding Mineral and Oil and Gas Reserve and Resource Estimates".

RISK FACTORS

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

Risks Related to the Business of Franco-Nevada

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

The revenue derived by Franco-Nevada from its asset portfolio will be significantly affected by changes in the market price of the commodities underlying the royalties, streams, working interests and investments. Franco-Nevada's revenue will be particularly sensitive to changes in the price of gold, silver, oil, natural gas, PGM and copper, as the revenue from these commodities represents substantially all of the cash flow derived from the asset 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 & 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, streams or working interests applicable to one or more relevant commodities. Moreover, despite Franco-Nevada's 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 adverse effect on Franco-Nevada's profitability, results of operations and financial condition.

Gold, silver, and/or PGM are produced or will be produced as a by-product metal at some of the assets including the Antapaccay project, Antamina project, Candelaria project, Cobre Panama project, Guadalupe-Palmarejo project, Sudbury project and MWS project; therefore, production decisions and the economic cut-off applied to the reporting of gold, silver and PGM reserves and resources, as applicable, will be influenced by changes in the commodity prices of other metals at the mines. To some extent risks related to this will be mitigated by Franco-Nevada in respect of each of Antapaccay and Cobre Panama as gold and silver deliveries under the stream are initially tied to the production of copper, the primary product to be produced at such projects and the Candelaria project as gold and silver deliveries under the stream are subject to recovery collars.

For Mineral Assets that are subject to stream agreements where there is a fixed price payable per ounce, in the event that the price of gold and/or silver falls below the fixed price per ounce (subject to inflation adjustment), Franco-Nevada would not realize any profits.

The operation of the properties in which Franco-Nevada holds an interest is generally determined by third party property owners and operators, and Franco-Nevada has no or limited decision making power as to how these properties are operated, and the operators' failure to perform could affect the revenues generated by Franco-Nevada

Franco-Nevada is not directly involved in the operation of mines. The revenue derived from the asset portfolio is based on production by third party property owners and operators. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue 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. 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 usually 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 take a more cautious approach to development as they are at risk on the cost of development and operations. Likewise, it may be in the interest of property owners to invest in the development of and emphasize production from projects or areas of a project that are not subject to streaming, royalty or working interest obligations. The inability of Franco-Nevada to control the operations for the properties in which it has a royalty, stream or working interest may result in a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition. In addition, the owners or operators may take action contrary to Franco-Nevada's policies or objectives; be unable or unwilling to fulfill their obligations under their agreements with Franco-Nevada; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under arrangements with Franco-Nevada.

Franco-Nevada may not be entitled to any material compensation if any of the properties in which it holds a royalty, stream or other interest shuts down or discontinues their operations on a temporary or permanent basis. At any time, any of the operators of the properties in which it holds a royalty, stream or other interest or their successors may decide to suspend or discontinue operations.

The owners or operators of the projects in which Franco-Nevada holds an interest may from time to time announce transactions, including the sale or transfer of the projects or of the operator itself, over which Franco-Nevada has little or no control. If such transactions are completed it may result in a new operator controlling the project, who may or may not operate the project in a similar manner to the current operator which may positively or negatively impact Franco-Nevada. If any such transaction is announced, there is no certainty that such transaction will be completed, or completed as announced, and any consequences of such non-completion on Franco-Nevada may be difficult or impossible to predict.

Franco-Nevada has limited access to data and disclosure regarding the operation of properties, which will affect its ability to assess the royalty's/stream's performance

As a royalty/stream holder, Franco-Nevada has limited access to data on the operations or to the actual properties themselves. This could affect its ability to assess the performance of the royalty/stream. This could result in deviations in cash flow from that which is anticipated by Franco-Nevada based on the stage of development of the properties covered by the asset portfolio. In addition, some royalties/streams may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties/streams and, as such, Franco-Nevada may not be in a position to publicly disclose non-public information with respect to certain royalties/streams. The limited access to data and disclosure regarding the operations of the properties in which Franco-Nevada has an interest, may restrict Franco-Nevada's ability to enhance its performance which may result in a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition. Although when creating new royalty or stream agreements, we attempt to obtain these rights, there is no assurance that our efforts will be successful.

Franco-Nevada depends on its operators for the calculation of royalty/stream payments. It may not be able to detect errors and payment calculations may call for retroactive adjustments

Franco-Nevada's royalty/stream payments are calculated by the operators of the properties on which Franco-Nevada has royalties/streams based on the reported production. Each operator's calculation of our royalty/stream payments is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by an operator. Certain royalty/stream agreements require the operators to provide Franco-Nevada with production and operating information that may, depending on the completeness and accuracy of such information, enable Franco-Nevada to detect errors in the calculation of royalty/stream payments that it receives. Franco-Nevada does not, however, have the contractual right to receive production information for all of its royalty/stream interests. As a result, Franco-Nevada's ability to detect royalty/stream payment errors through its royalty/stream monitoring program and its associated internal controls and procedures is limited, and the possibility exists that Franco-Nevada will need to make retroactive royalty/stream revenue adjustments. Some of our royalty/stream contracts provide the right to audit the operational calculations and production data for the associated royalty/stream payments; however, such audits may occur many months following our recognition of the royalty/stream revenue and may require us to adjust our revenue in later periods.

The Antapaccay, Antamina, Candelaria and Cobre Panama project streams are significant to Franco-Nevada and other assets and properties may become significant to Franco-Nevada from time to time and any adverse development related to any such assets will affect the revenue derived from such assets

The streams on the Antapaccay, Antamina, Candelaria and Cobre Panama projects are currently significant to Franco-Nevada, although as new assets are acquired or move into production, the materiality of each of our assets will be reconsidered. Any adverse development affecting the operation of, production from or recoverability of mineral reserves from the Antapaccay, Antamina, Candelaria and Cobre Panama projects or any other significant property in the asset 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, or the inability to hire suitable personnel and engineering contractors or secure 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 revenue that Franco-Nevada receives and may have a material and adverse effect on Franco-Nevada's profitability, financial condition and results of operations. As mines on which Franco-Nevada has royalties/streams mature, it can expect overall declines in production over the years unless operators are able to replace reserves that are mined through mine expansion or successful new exploration.

Franco-Nevada is dependent on the payment of royalties/streams by the owners and operators of the relevant properties and any delay in or failure of such royalty/stream payments will affect the revenues generated by the asset portfolio

Franco-Nevada is dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the relevant royalty/stream properties. Payments from production generally flow 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, the ability or willingness of smelters and refiners to process mine 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/stream 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/streams must, in most cases, be enforced by contract without the protection of the ability to liquidate a property. This inhibits Franco-Nevada's ability to collect outstanding royalties/streams upon a default. Additionally, some agreements may provide limited recourse in particular circumstances which may further inhibit Franco-Nevada's ability to recover or obtain equitable relief in the event of a default under such agreements. In the event of a bankruptcy of an operator or owner, it is possible that an operator may claim that Franco-Nevada should be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue and a possibility that a creditor or the operator may claim that the royalty or stream agreement should be terminated in the insolvency proceeding. Failure to receive payments from the owners and operators of the relevant properties or termination of Franco-Nevada's rights may result in a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition.

Certain royalty/stream interests and working interests are subject to rights in favour of others or third parties that could adversely affect the revenues generated from the asset portfolio

Some royalty/stream interests and working interests are subject to: (i) buy-down right provisions pursuant to which an operator may buy-back all or a portion of the royalty/stream, (ii) pre-emptive rights pursuant to which parties to operating and royalty/stream agreements have the right of first refusal or first offer with respect to a proposed sale or assignment of a royalty/stream to Franco-Nevada, or (iii) claw back rights pursuant to which the seller of a royalty/stream to Franco-Nevada has the right to re-acquire the royalty/stream. Holders may exercise these rights such that certain royalty/stream interests and working interests would no longer be held by Franco-Nevada.

The asset 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 revenues generated by the asset portfolio

Franco-Nevada holds a number of net profit royalties, equity interests and working interests in its asset 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, fuel, electricity, environmental compliance, oil prices and numerous other capital, operating and production inputs. Such costs will fluctuate in ways that are unpredictable 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 revenue received by Franco-Nevada. This will affect overall revenue generated by the asset portfolio which may have a material and adverse effect on Franco-Nevada's profitability, financial condition, and results of operations.

Franco-Nevada may enter into acquisitions or other material royalty or streaming transactions at any time

Franco-Nevada is continuously reviewing opportunities to acquire existing royalties or streams, to create new royalty interests or streaming arrangements through the financing of mining projects, financing of new acquisitions or to acquire companies that hold royalties or streams. At any given time Franco-Nevada has various types of transactions and acquisition opportunities in various stages of active review, including submission of indications of interest and participation in discussions or negotiations in respect of such transactions. This process also involves the engagement of consultants and advisors to assist in analyzing particular opportunities. Any such acquisition or transaction could be material to Franco-Nevada and may involve the issuance of securities by Franco-Nevada or the incurring of indebtedness to fund any such acquisition. In addition, any such acquisition or other royalty or streaming transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project operators or the jurisdictions in which assets may be acquired.

Additionally, Franco-Nevada may consider opportunities to restructure its royalties or stream arrangements where it believes such a restructuring may provide a long-term benefit to Franco-Nevada, even if such restructuring may reduce near-term revenues or result in Franco-Nevada incurring transaction related costs.

Franco-Nevada may enter into one or more acquisitions, restructurings or other royalty and streaming transactions at any time.

Franco-Nevada may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business

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 key management could negatively affect business operations. From time to time, Franco-Nevada may 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/streams 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 retaining 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.

Increased competition for royalty/stream interests and resource investments could adversely affect Franco-Nevada's ability to acquire additional royalties, streams and other investments in mineral and oil & natural gas properties

Many companies are engaged in the search for and the acquisition of mineral and oil & natural gas interests, and there is a limited supply of desirable mineral and oil & natural gas interests. The mineral exploration and mining and oil & natural gas businesses are competitive in all phases. Many companies are engaged in the acquisition of mining and oil & natural 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 those interests, whether by way of royalty, stream or other form of investment, as competitors may have greater financial resources and technical staffs. 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/stream interests. In addition, Franco-Nevada may be unable to acquire royalties or streams at acceptable valuations which may result in a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition.

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

Royalty/stream and other interests in natural resource properties are largely contractual in nature. 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/stream 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 there is no guarantee of success. Any pending proceedings or actions or any decisions determined adversely to Franco-Nevada, may have a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

There may be unknown defects in the asset portfolio

A defect in a royalty, stream, working interest or equity interest and/or the underlying contract may arise to defeat or impair the claim of Franco-Nevada to such royalty, stream, working interest or equity interest. When Franco-Nevada acquired assets from Newmont, it was not provided with title representations and warranties relating to the royalties and various equity interests in the Newmont acquisition agreement. Newmont only represented that it would transfer the extent of its interest in the assets to Franco-Nevada. If there was a defect in Newmont's interest in the royalties, working interest or equity interest and/or the underlying contract, Franco-Nevada will not have any recourse against Newmont under the Newmont acquisition agreement. Unknown defects in the royalty, stream or other assets of Franco-Nevada may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Current global financial conditions continue to be challenging

Global financial conditions have been characterized by ongoing volatility. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults.

Any sudden or rapid destabilization of global economic conditions could negatively impact Franco-Nevada's ability, or the ability of the operators of the properties in which Franco-Nevada holds royalties, streams or other interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. Additionally, Franco-Nevada may be subject to counterparty risk and liquidity risk. Franco-Nevada is exposed to various counterparty risks including, but not limited to (i) through financial institutions that hold Franco-Nevada's cash, (ii) through companies that have payables to Franco-Nevada, (iii) through Franco-Nevada's insurance providers, and (iv) through Franco-Nevada's lenders. Franco-Nevada is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be

maintained or appropriate financing is unavailable. These factors may impact the ability of Franco-Nevada to obtain loans or other credit facilities or obtain equity financing in the future or to obtain them on terms favourable to Franco-Nevada. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, Franco-Nevada's operations could be adversely impacted and the trading price of Franco-Nevada securities could be adversely affected.

Franco-Nevada's revenue, earnings, the value of its treasury and the value it records for its assets are subject to variations in foreign exchange rates, which may adversely affect the revenue generated by the asset portfolio or cause adjustments to the recorded value of assets

Franco-Nevada's royalty/stream 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 operations 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 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 is within the discretion of Franco-Nevada's Board of Directors and will depend upon Franco-Nevada's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. Although Franco-Nevada currently pays a regular dividend, there can be no assurance that it will be in a position to declare dividends due to the occurrence of one or more of the risks described herein.

Changes in tax legislation or accounting rules could affect the profitability of Franco-Nevada

Changes to, or differing interpretation of, taxation laws or regulations in any of Canada, the United States, Mexico, Barbados, Australia, Chile, Peru or any of the countries in which Franco-Nevada's assets or relevant contracting parties are located could result in some or all of Franco-Nevada's profits being subject to additional taxation. No assurance can be given that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in Franco-Nevada's profits being subject to additional taxation or which could otherwise have a material adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities. In addition, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make royalties, streams or other investments by Franco-Nevada less attractive to counterparties. Such changes could adversely affect Franco-Nevada's ability to acquire new assets or make future investments.

The Canada Revenue Agency's ("CRA") recent focus on foreign income earned by Canadian companies may result in adverse tax consequences for Franco-Nevada

There has been a recent focus by the CRA on income earned by foreign subsidiaries of Canadian companies. The majority of Franco-Nevada's stream assets are owned by and the related revenue is received by its Barbados subsidiary. Franco-Nevada has not received any reassessment or proposal from the CRA in connection with income earned by its foreign subsidiaries. Although management believes that Franco-Nevada is in full compliance with Canadian tax law, there can be no assurance that Franco-Nevada's structure may not be challenged in future. In the event the CRA successfully challenges Franco-Nevada's structure, this could potentially result in additional federal and provincial taxes and penalties, which could have a material adverse effect on Franco-Nevada.

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

Certain of the directors and officers of Franco-Nevada also serve as directors or officers of, or have significant shareholdings in, other companies involved in natural resource exploration, development and production and, to the extent that such other companies may engage in transactions or participate in the same ventures in which Franco-Nevada participates, or in transactions or ventures in which Franco-Nevada may seek to participate, 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/streams, or mineral or oil & 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 operations, financial condition and the trading price of Franco-Nevada securities.

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 Franco-Nevada may have to raise additional capital through the issuance of additional equity, which could 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 impede Franco-Nevada's funding obligations, or result in delay or postponement of further business activities which may result in a material and adverse effect on Franco-Nevada's profitability, results of operations and financial condition. Franco-Nevada may require new capital to

continue to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that, at least to some extent, such additional capital will be raised through the issuance of additional equity, which could result in dilution to shareholders.

If Franco-Nevada expands its business beyond the acquisition of royalty/stream interests, Franco-Nevada may face new challenges and risks which could affect its profitability, results of operations and financial condition

Franco-Nevada's operations and expertise have been focused on the acquisition and management of royalty/stream interests. Franco-Nevada may pursue acquisitions outside this area, including acquiring and/or investing in and/or developing resource projects. Expansion of Franco-Nevada's activities into new areas would present challenges and risks that it has not faced in the past, including many of the risks described under "Risks Related to Mining Operations and Oil & Natural Gas Operations". The failure to manage these challenges and risks successfully may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

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

Potential litigation may arise on a property on which Franco-Nevada holds or has a royalty/stream interest (for example, litigation between joint venture partners or between operators and original property owners or neighbouring property owners). As a royalty/stream holder, Franco-Nevada will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) could have a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Information Systems and Cyber Security

Franco-Nevada's operations depend, in part, on its information technology (" **IT**") systems, networks, equipment and software and the security of these systems. The Company depends on various IT systems to estimate reserve and resource quantities, process and record financial data, analyze seismic information, administer its contracts with its counterparties and communicate with employees and third-parties. These IT systems, and those of its third-party service providers and vendors and the counterparties under its royalty/stream agreements may be vulnerable to an increasing number of continually evolving cyber security risks. Unauthorized third parties may be able to penetrate network security and misappropriate or compromise confidential information, create system disruptions or cause shutdowns. Any such breach or compromise may go undetected for an extended period of time.

Although to date Franco-Nevada has not experienced any material losses or business interruptions relating to cyber-attacks, information security breaches or system failures, any future significant breach of Franco-Nevada's IT systems or data security or misuse of data, particularly if such breach or misuse goes undetected for an extended period of time, could result in significant costs, loss of revenue, fines or lawsuits and damage to reputation. The costs to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malware and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful. The significance of any cyber-security breach is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to Mining Operations and Oil & Natural Gas Operations

Franco-Nevada is subject to the same risk factors as the owners and operators of properties in which it holds a royalty, stream or other interests

To the extent that they relate to the production of minerals or oil & natural gas from, or the continued operation of, the properties in which Franco-Nevada holds a royalty, stream or interest, Franco-Nevada will be subject to the risk factors applicable to the owners and operators of such mines or projects.

The inability to add additional reserves to its asset portfolio through either the development of existing resources or the acquisition of new mineral or oil & natural gas producing assets could adversely affect Franco-Nevada

The revenue generated by Franco-Nevada is principally based on the exploitation of mineral and oil & natural gas reserves on assets underlying the royalty/stream interests and on which Franco-Nevada has a royalty, stream or other interest. Reserves are continually being depleted through extraction and the long-term viability of Franco-Nevada's asset portfolio depends on the replacement of reserves through new producing assets and increases in reserves on existing producing assets. While Franco-Nevada may be able to maintain all or a portion of its interest in its reserve inventory through acquisitions, its business model relies on the successful development of the non-producing properties in its asset 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 underlying the asset portfolio. Even in those cases where a significant mineral or oil & 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 the asset 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. The inability to add additional reserves or to replace existing reserves through either the development of existing resources or the acquisition of new mineral or oil & natural gas producing assets may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Reserves and resources are estimates based on interpretation and assumptions and actual production may differ from amounts identified in such estimates

The mineral and oil & natural gas reserves and resources on properties underlying Franco-Nevada's royalty, stream or other interests 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 & 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.

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 underlying Franco-Nevada's royalty/stream interests 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 ore bodies 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. The economic viability of a mineral deposit may also be impacted by other attributes of a particular deposit, such as size, grade and proximity to infrastructure, governmental regulations and policy relating to price, taxes, royalties, land tenure, land use permitting, the import and export of minerals and environmental protection and by political and economic stability.

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. 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 underlying Franco-Nevada's royalty/stream interests constitute or will be converted into reserves.

Any of the foregoing factors may require operators to reduce their reserves and resources, which may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

The exploration and development of mining and resource properties is inherently dangerous and subject to risks beyond the control of Franco-Nevada

Companies engaged in mining and oil & 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, increases in the cost of labour, social unrest, changes in the regulatory environment, permitting and title risks, impact of non-compliance with laws and regulations, fires, explosions, 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, seismic activity, 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 (i) 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 & natural gas from the company's resources or expected reserves, (ii) result in a write down or write-off of the carrying value of one or more projects, (iii) cause delays or stoppage of mining or processing, (iv) result in the destruction of properties, processing facilities or third party facilities necessary to the company's operations, (v) cause personal injury or death and related legal liability, or (vi) result in the loss of insurance coverage. The occurrence of any of above mentioned risks or hazards could result in an interruption or suspension of operation of the properties in which Franco-Nevada holds a royalty/stream interest and have a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Title defects may result in a loss of entitlement to a property

A defect in the chain of title to any of the properties underlying the royalty, stream or other interests or necessary for the anticipated development or operation of a particular project to which a royalty, stream or other interest relates may arise to defeat or impair the claim of the operator to a property. In addition, claims by third parties or 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, stream or other interests. To the extent an owner or operator does not have title to the property, it may be required to cease operations or transfer operational control to another party. Many royalties, streams or other interests are contractual, rather than an interest in land, with the risk that an assignment or bankruptcy or insolvency proceedings by an owner will result in the loss of any effective royalty, stream or other interest in a particular property. Further, even in those jurisdictions where there is a right to record or register royalties, streams or other interests held by Franco-Nevada in land registries or mining recorders offices, such registrations may not necessarily provide any protection to the holder of such interests. Accordingly, the holder of such interests 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, stream or other interest and may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

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

Exploration, development and operation of mining and oil & 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. Franco-Nevada, in respect of its own assets and operations, as well as the owners and operators of the properties in which Franco-Nevada holds a royalty, stream or other interest, require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such laws and regulations or in such licenses and permits could have a material adverse impact on the revenue Franco-Nevada derives from the royalty/stream interests. 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. Such licenses and permits are subject to expiration, relinquishment and/or termination without notice to, control of or recourse by Franco-Nevada. There can be no guarantee that Franco-Nevada or the owners or operators of those properties in which Franco-Nevada holds a royalty, stream or other 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 & 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 have a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Franco-Nevada is exposed to risks related to the permitting, construction, development and/or expansion in relation to the projects and properties in which it holds a royalty, stream or other interest

Many of the projects or properties in which Franco-Nevada holds an interest in are in the permitting, construction, development and/or expansion stage and such projects are subject to numerous risks, including, but not limited to delays in obtaining equipment, materials and services essential to the construction and development of such projects in a timely manner, delays or inability to obtain required permits, changes in environmental or other regulations, currency exchange rates, labour shortages, cost escalations and fluctuations in metal prices. There can be no assurance that the owners or operators of such projects will have the financial, technical and operational resources to complete permitting, construction, development and/or expansion of such projects in accordance with current expectations or at all.

The operations in which Franco-Nevada holds an interest are subject to environmental and endangered species laws and regulations that may increase the costs of doing business and may restrict the operations

All phases of the mining and the oil & natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of government laws and regulations, including laws and regulations relating to the protection of endangered and threatened species. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, which may be material. In addition, such laws and regulations can constrain or prohibit the exploration and development of new projects or the development or expansion of existing projects. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, increases in land use restrictions, larger fines and liability and potentially increased capital expenditures and operating costs.

Any breach of environmental legislation by Franco-Nevada, as an owner or operator of a property, or by owners or operators of properties underlying the asset portfolio could have a material impact on the viability of the relevant property and impair the revenue derived from the owned property or applicable royalty/stream, which could have a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Additional costs may be incurred as a result of international climate change initiatives and may affect the availability of resources and cause business disruptions

Franco-Nevada acknowledges climate change as an international and community concern. Franco-Nevada supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. In addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, Franco-Nevada expects this may result in increased costs at some of the operations underlying its royalty/stream interests.

Risks relating to foreign jurisdictions

Many of the Corporation's royalty and stream interests relate to properties outside of the United States and Canada, including in Latin America and, to a lesser extent, Africa. In addition, future investments may expose the Corporation to new jurisdictions. The ownership, development and operation of these properties and the mines and projects thereupon by their owners and operators are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, nationalization and expropriation, social unrest and political instability, less developed legal and regulatory systems, uncertainties in perfecting mineral titles, trade barriers, exchange controls and material changes in taxation. These risks may, among other things, limit or disrupt the ownership, development or operation of properties, mines or projects in respect of which the Corporation holds royalty and stream interests, restrict the movement of funds, or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

The Corporation applies various methods, where practicable, to identify, assess and, where possible, mitigate these risks prior to entering into stream and royalty agreements. Such methods generally include: conducting due diligence on the political, social, legal and regulatory systems and on the ownership, title and regulatory compliance of the properties subject to the royalty or stream interest; engaging experienced local counsel and other advisors in the applicable jurisdiction; negotiating where possible so that the applicable royalty or stream agreement contains appropriate protections, representations, warranties and, in each case as the Corporation deems necessary or appropriate in the circumstances, all applied on a risk-adjusted basis. There can be no assurance, however, that the Corporation will be able to identify or mitigate all risks relating to holding royalty and stream interests in respect of properties, mines and projects located in foreign jurisdictions, and the occurrence of any of the factors and uncertainties described above could have a material adverse effect on the Corporation's business, results of operations, cash flows 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 royalty, stream or other interests

The properties on which Franco-Nevada holds or will hold a royalty, stream or other interest 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, may not be renewed as anticipated or may otherwise be adversely impacted by changes in direction by the government in question. It is possible that changes in applicable laws, regulations, or in their enforcement or regulatory interpretation could result in adverse changes to mineral or oil & 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, licensing fees, taxation, royalties, price controls, exchange rates, export controls, environmental protection, labour relations, foreign investment, nationalization, expropriation, repatriation of income and return of capital, which may affect both the ability to undertake exploration and development on, or production from, the properties in which Franco-Nevada holds a royalty, stream or other interest. In certain areas where Franco-Nevada holds a royalty, stream or other 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 the owners and operators of the properties in which Franco-Nevada has an interest and such changes may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Additionally, Franco-Nevada is indirectly exposed to the risks faced by the owners and operators of the properties in which Franco-Nevada holds or will hold royalties, streams or other interests in foreign jurisdictions. These include risks related to political and economic instability, under-developed legal systems, inconsistencies in the application of local laws and other

legal uncertainty, terrorism, military repression, political violence, crime, corruption, infectious diseases, unsophisticated infrastructure and inaccessibility.

Changes to provincial and state royalty frameworks may have an adverse effect on the revenue generated by Oil & Gas Assets

In addition to federal regulation, each Canadian province and U.S. state has legislation and regulations that govern royalties, production rates and other matters. The royalty regime in a given province or state is a significant factor in the profitability of crude oil, natural gas liquids, sulfur and natural gas production. Royalties payable on production from lands other than Crown or U.S. federal government lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain taxes and royalties. Royalties from production on Crown or U.S. federal government lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays, or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

Any increased royalty burden may affect the operations of the owners or operators of properties underlying Franco-Nevada's Oil & Gas Assets which may materially and adversely affect its profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Proposed changes to U.S. federal mining and public land law could impose, among other things, royalties and fees paid to the U.S. government by mining companies and royalty holders

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 the disposition of metallic minerals on lands owned by the federal government. Some of the production covered by Franco-Nevada's royalties occurs on unpatented mining claims located on U.S. federal lands. The Obama administration's proposed budget for fiscal year 2017 included a proposal to amend the U.S. mining law to impose a royalty on the production of select hardrock minerals, such as silver, gold and copper, from U.S. federal lands, and a reclamation fee on production from federal and other lands. Such proposal, if enacted by the U.S. Congress, could substantially increase the cost of holding mining claims and could reduce the revenue Franco-Nevada receives from royalties on unpatented mining claims, and to a lesser extent, on other lands in the United States. Moreover, such legislation could significantly impair the ability of owners of properties subject to Franco-Nevada's royalties to develop mineral resources on unpatented mining claims. Although it is impossible at this time to predict what royalties and fees may be imposed in the future, the imposition of such royalties and fees could adversely affect the potential for development of such mining claims and the economics of existing operating mines on federal lands. Passage of such legislation may result in a material and adverse effect on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada securities.

Adequate infrastructure may not be available to develop the properties in which Franco-Nevada has an interest

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations in which Franco-Nevada has a royalty/stream interest.

North American crude oil price differentials are expected to continue to be volatile throughout 2017 which will have an impact on crude oil prices for Canadian producers. Overall, supply in excess of current pipeline and refining capacity is expected to exist. Material structural changes are required to reduce these bottlenecks and the resulting price discounts. There are numerous projects proposed to alleviate pipeline bottlenecks in Canada and the United States, expand refinery capacity and expand or build new pipelines in Canada and the United States to source new markets, some of which are in the regulatory application phase. There can be no assurance that such regulatory approvals will be secured on a timely basis or at all.

Production is dependent on operators' employees

Production from the properties in which Franco-Nevada holds an interest depends on the efforts of operators' employees. There is competition for geologists and persons with mining and oil & gas expertise. The ability of the owners and operators of such properties to hire and retain geologists and persons with mining expertise is key to those operations. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise

in the relationships of the owners and operators of such properties with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on such operations, results of operations and financial condition of Franco-Nevada. If these factors cause the owners and operators of such properties to decide to cease production at one or more of the properties, such decision could have a material adverse effect on the business and financial condition of Franco-Nevada.

Franco-Nevada is subject to risks related to certain operations in Africa

Certain operators are subject to risks normally associated with the conduct of business in Africa. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, Black Economic Empowerment participation requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

Franco-Nevada is subject to risks related to indigenous people

Various international and national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties, and other principles and considerations relate to the rights of indigenous peoples. Franco-Nevada holds royalty/stream interests on operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these materials impose obligations on government to respect the rights of indigenous people. Some mandate consultation with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to indigenous people continue to evolve and be defined. Franco-Nevada's current and future operations are subject to a risk that one or more groups of indigenous people may oppose continued operation, further development, or new development of those projects or operations on which Franco-Nevada holds a royalty, stream or other interest. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against Franco-Nevada or the operators' activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of Franco-Nevada's royalty/stream assets.

Risks Related to Franco-Nevada's securities

Franco-Nevada's securities are subject to 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 or asset classes. There can be no assurance that continued fluctuations in mineral and oil & natural gas prices will not occur. As a result of any of these factors, the market price of Franco-Nevada's securities at any given 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 them. 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

A substantial portion of the assets of Franco-Nevada are located outside of Canada. As a result, it may not be possible for investors in Franco-Nevada's securities to collect from Franco-Nevada 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 Franco-Nevada's securities to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

Additional issuance of securities by Franco-Nevada may dilute existing securityholders, reduce some or all of Franco-Nevada's financial measures on a per share basis, reduce the trading price of the Common Shares or other Franco-Nevada securities or impede Franco-Nevada's ability to raise future capital

Franco-Nevada may issue additional securities in the future in connection with acquisitions, strategic transactions, financings or for other purposes. To the extent additional securities are issued, Franco-Nevada's existing securityholders could be diluted and some or all of Franco-Nevada's financial measures could be reduced on a per share basis. Additionally, Franco-Nevada securities issued in connection with a transaction may not be subject to resale restrictions and, as such, the market price of

Franco-Nevada's securities may decline if certain large holders of Franco-Nevada securities or recipients of Franco-Nevada securities in connection with an acquisition, sell all or a significant portion of such securities or are perceived by the market as intending to sell such securities. In addition, such issuances of securities may impede Franco-Nevada's ability to raise capital through the sale of additional equity securities in the future.

Franco-Nevada may be, or may become, a "passive foreign investment company," which may result in adverse tax consequences for United States investors

If Franco-Nevada were to constitute a PFIC for any year during a U.S. holder's holding period, then certain potentially adverse U.S. federal income tax rules would affect the U.S. federal income tax consequences to such U.S. holder resulting from the acquisition, ownership and disposition of Common Shares.

The U.S. Treasury Department has not issued specific guidance on how the income and assets of a non-U.S. corporation such as Franco-Nevada will be treated under the PFIC rules. Franco-Nevada believes, on a more-likely-than-not basis, that it was not a PFIC for its tax year ended December 31, 2016, and, based on its current and anticipated business activities and financial expectations, Franco-Nevada expects, on a more-likely-than-not basis, that it will not be a PFIC for its current tax year and for the foreseeable future. However, Franco-Nevada believes that it was a PFIC for its tax year ended December 31, 2011, and prior tax years.

The determination as to whether a corporation is, or will be, a PFIC for a particular tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations and uncertainty. In addition, there is limited authority on the application of the relevant PFIC rules to entities such as Franco-Nevada. Accordingly, there can be no assurance that the Internal Revenue Service will not challenge the views of Franco-Nevada concerning its PFIC status. In addition, whether any corporation will be a PFIC for any tax year depends on its assets and income over the course of such tax year, and, as a result, Franco-Nevada's PFIC status for its current tax year and any future tax year cannot be predicted with certainty. Each U.S. holder should consult its own tax adviser regarding the PFIC status of Franco-Nevada.

This risk factor is qualified in its entirety by the discussion set forth under the heading, "United States Federal Income Tax Considerations" contained in Franco-Nevada's Annual Report on Form 40-F which has been filed with the SEC and can be found at the SEC's website www.sec.gov.

Franco-Nevada's business is subject to evolving corporate governance and public disclosure regulations that have increased both Franco-Nevada's compliance costs and the risk of noncompliance, which could have an adverse effect on the price of Franco-Nevada's securities

Franco-Nevada is subject to changing rules and regulations promulgated by a number of United States and Canadian governmental and self-regulated organizations, including the SEC, the Canadian Securities Administrators, the NYSE, the TSX, and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. For example, new rules have been proposed and enacted that will require Franco-Nevada to disclose on an annual basis certain payments made by Franco-Nevada, its subsidiaries or entities controlled by it, to domestic and foreign governments, including sub-national governments. Further, Franco-Nevada's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Franco-Nevada may fail to maintain the adequacy of internal control over financial reporting as per the requirements of the Sarbanes-Oxley Act

Section 404 of the *Sarbanes-Oxley Act of 2002* ("**SOX**") requires an annual assessment by management of the effectiveness of Franco-Nevada's internal control over financial reporting and an attestation report by Franco-Nevada's independent auditors addressing this assessment. While Franco-Nevada's internal controls over financial reporting for the year ended December 31, 2016 were effective, Franco-Nevada may in the future fail to achieve and maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, and Franco-Nevada may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of SOX. Franco-Nevada's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm Franco-Nevada's business and negatively impact the trading price of its Common Shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Franco-Nevada's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies may provide Franco-Nevada with challenges in implementing the required processes, procedures and controls in its acquired operations. Acquired companies may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to Franco-Nevada.

No evaluation can provide complete assurance that Franco-Nevada's internal control over financial reporting will detect or uncover all failures of persons within Franco-Nevada to disclose material information otherwise required to be reported. The

effectiveness of Franco-Nevada's controls and procedures could also be limited by simple errors or faulty judgments. In addition, should Franco-Nevada expand in the future, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that Franco-Nevada continue to improve its internal control over financial reporting. Although Franco-Nevada intends to devote substantial time and incur substantial costs, as necessary, to ensure compliance, Franco-Nevada cannot be certain that it will be successful in complying with Section 404 on an ongoing basis.

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 the issued 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 and adverse effect on Franco-Nevada's ability to manage its business and/or its results of operations and financial condition.

DIVIDENDS

Franco-Nevada declares its dividends in U.S. dollars. The following tables set forth the dividends paid by Franco-Nevada for each of the three most recently completed financial years in U.S. dollars and the Canadian dollar equivalent.

Dividends Paid in US$ (in millions)	2016	2015	2014
Per Common Share (in dollars)	$ 0.87	$ 0.83	$ 0.78
Cash payments	$ 118.1	$ 94.1	$ 90.7
DRIP payments[1]	$ 38.7	$ 34.9	$ 27.3
In aggregate[1]	$ 156.8	$ 129.0	$ 118.0

(1) For 2016, 2015 and 2014, includes DRIP payments which were satisfied by the issuance of 588,182, 750,111, and 534,104 Common Shares respectively.

Dividends Paid in C$ (in millions)	2016	2015	2014
Per Common Share (in dollars)([1]	$ 1.11	$ 0.87	$ 0.87
Cash payments[1]	$ 149.9	$ 122.4	$ 101.3
DRIP payments[1][2]	$ 50.8	$ 45.5	$ 30.4
In aggregate[1][2]	$ 200.6	$ 167.9	$ 131.7

(1) The exchange rate used to convert the dividends to C$ is the noon rate posted by the Bank of Canada on the day before the dividend declaration date.
(2) For 2016, 2015 and 2014, includes DRIP payments which were satisfied by the issuance of 588,182, 750,111 and 534,104 Common Shares respectively.

Franco-Nevada has adopted a dividend policy to pay an adequate sustainable dividend as determined by its Board of Directors to qualify its Common Shares for large generalist institutional funds. In July 2010, Franco-Nevada began to declare and pay monthly dividends and, effective Q2 2014, the Board of Directors began to pay dividends on a quarterly basis. 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. It is expected that the Board of Directors will conduct periodic reviews of Franco-Nevada's dividend policy.

On July 9, 2013, Franco-Nevada adopted a DRIP to provide, among other things, eligible holders of Franco-Nevada's Common Shares with a means to reinvest dividends declared and payable to them as shareholders (less any withholding tax) in additional Common Shares of Franco-Nevada. Currently, such Common Shares are issued from treasury at a 3% discount to the market price. The discount may be adjusted in future but cannot exceed 5%. Shareholders were able to participate in the DRIP starting with the October 2013 dividend payment.

CAPITAL STRUCTURE

The authorized share capital of Franco-Nevada consists of an unlimited number of Common Shares and an unlimited number of preferred shares of which, as of March 21, 2017, 178,483,895 Common Shares and no preferred shares were outstanding.

Common Shares

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.

Preferred Shares

The preferred shares may be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by resolution of the Board of Directors. The directors shall determine before the issue thereof the designations, rights, privileges, restrictions and conditions attaching to the preferred shares of each series including the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption and/or purchase prices and terms and conditions of redemption and/or purchase, any voting rights, any conversion rights and any sinking fund or other provisions.

The preferred shares of each series will, with respect to payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and over any other shares ranking junior to the preferred shares. The preferred shares of any series may also be given such other preferences over the Common Shares and over any other shares ranking junior to the preferred shares as may be fixed by the directors.

Warrants

Franco-Nevada has outstanding certain warrants to purchase Common Shares, of which the following class is listed and posted for trading.

2017 Warrants

The Corporation has outstanding as of the date hereof 6,508,524 warrants, each warrant entitling the holder to purchase one Common Share upon payment of C$75.00 until June 16, 2017 (the "**2017 Warrants**"). In addition, the Corporation has issued one special warrant which is exchangeable into 2,000,000 2017 Warrants upon the holder achieving certain permitting, development and financing criteria. The 2017 Warrants are listed and posted for trading on the TSX under the symbol "FNV.WT.A".

MARKET FOR SECURITIES

The Common Shares of Franco-Nevada are listed and posted for trading on the TSX and the New York Stock Exchange ("**NYSE**") in each case under the symbol "FNV".

The 2017 Warrants are listed and posted for trading on the TSX under the symbol "FNV.WT.A".

Trading Price and Volume

The following table sets forth the high and low prices and volumes for the Common Shares traded on the TSX and on the NYSE for the most recently completed financial year.

	Common Shares TSX			Common Shares NYSE		
	High C$	**Low C$**	**Volume**	**High $**	**Low $**	**Volume**
2016						
January	70.12	58.67	14,013,027	49.68	41.47	20,153,978
February	85.86	60.90	26,993,580	62.09	43.33	36,711,925
March	88.89	74.50	23,212,624	68.40	55.55	28,368,539
April	90.25	77.63	14,885,185	71.48	59.52	19,872,318
May	91.61	79.82	13,400,574	71.24	60.77	19,320,160
June	98.94	82.78	13,978,108	76.38	63.19	22,617,677
July	104.19	94.30	9,584,599	80.22	71.27	11,976,237
August	105.69	90.25	9,480,402	81.16	68.68	13,540,176
September	99.53	90.38	10,192,592	76.79	68.75	14,690,314
October	92.11	81.90	10,848,097	70.18	61.76	14,270,560
November	92.84	73.16	16,737,166	69.36	53.87	20,984,536
December	84.24	71.44	16,794,138	62.64	53.31	21,607,630
2017						
January	86.28	79.71	11,453,168	65.71	59.30	14,173,909
February	90.46	83.31	10,783,261	69.06	63.59	11,354,992
March (1-21)	88.65	81.01	9,284,895	66.56	60.10	12,547,531

The following table sets forth the high and low prices and volumes for the 2017 Warrants traded on the TSX for the most recently completed financial year.

	2017 Warrants		
	High C$	**Low C$**	**Volume**
2016			
January	10.80	7.35	296,395
February	18.33	7.90	1,108,201
March	20.48	12.00	427,710
April	21.60	13.50	376,067
May	22.51	14.80	275,673
June	28.50	16.60	247,364
July	32.77	25.00	177,895
August	33.01	21.90	249,401
September	28.95	21.76	139,610
October	22.35	18.18	62,137
November	22.50	10.87	48,609
December	14.95	8.11	140,295
2017			
January	14.20	11.08	407,220
February	16.80	11.14	175,527
March (1-21)	14.25	8.88	175,053

DIRECTORS AND OFFICERS

The following table sets forth, as at the date hereof, the name, province or state and country of residence, position held with Franco-Nevada and principal occupation of each director and executive officer of Franco-Nevada:

Name and Municipality of Residence	Position with Franco-Nevada[1]	Principal Occupation
Pierre Lassonde Toronto, Ontario, Canada	Director and Chairman	Chair, Franco-Nevada
David Harquail Toronto, Ontario, Canada	Director, President & Chief Executive Officer	President and Chief Executive Officer, Franco-Nevada
Tom Albanese(3) Hillsborough, New Jersey, U.S.A.	Director	Chief Executive Officer, Vedanta Resources plc
Derek W. Evans(3) Calgary, Alberta, Canada	Director	President and CEO, Pengrowth Energy Corporation
Graham Farquharson(2) Toronto, Ontario, Canada	Director	President, Strathcona Mineral Services Limited
Catharine Farrow Sudbury, Ontario, Canada	Director	Chief Executive Officer, TMAC Resources Inc.
Louis Gignac(2) Brossard, Quebec, Canada	Director	President, G Mining Services Inc.
Randall Oliphant(3) Toronto, Ontario, Canada	Director	Corporate Director
Hon. David R. Peterson(2) Toronto, Ontario, Canada	Director	Chairman, Cassels Brock & Blackwell LLP
Sandip Rana Brampton, Ontario, Canada	Chief Financial Officer	Chief Financial Officer, Franco-Nevada
Paul Brink Toronto, Ontario, Canada	Senior Vice President, Business Development	Senior Vice President, Business Development, Franco-Nevada
Lloyd Hong Toronto, Ontario, Canada	Chief Legal Officer & Corporate Secretary	Chief Legal Officer & Corporate Secretary, Franco-Nevada

(1) All of the directors have served since November 2007 with the exception of Derek Evans, Tom Albanese and Catharine Farrow who were appointed in August 2008, August 2013 and May 2015 respectively.

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

(3) Member of the Audit and Risk Committee.

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

As of the date hereof, the directors and executive officers of Franco-Nevada, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 3,966,131 Common Shares, representing approximately 2.2% of the Common Shares outstanding.

Biographical information regarding the directors and executive officers of Franco-Nevada is provided as follows:

Pierre Lassonde, Director and Chair — Pierre Lassonde is the independent Chair of the Board. Mr. Lassonde formerly served as President of Newmont from 2002 to 2006 and as a director and Vice-Chair of Newmont until November 30, 2007. Previously, Mr. Lassonde served as a director and President (1982 to 2002) and Co-CEO (1999 to 2002) of Old Franco-Nevada. Mr. Lassonde also served as President and CEO of Euro-Nevada Mining Corporation Limited from 1985 to 1999, prior to its amalgamation with Old Franco-Nevada. Mr. Lassonde served as a director of Normandy from 2001 to 2002 and of New Gold Inc. from 2008 to 2016. Mr. Lassonde is past Chair and a past director of the World Gold Council, past Chair of the Quebec National Art Museum and a director of Enghouse Systems Limited. Mr. Lassonde received his Chartered Financial Analyst designation from the CFA Institute in 1984, a P. Eng (Association of Professional Engineers of Ontario) in 1976, a Master of Business Administration from the University of Utah in 1973, a B.Sc. (Electrical Engineering) from Ecole Polytechnique in 1971

and a B.A. from Seminaire de St. Hyacinthe/Université de Montréal in 1967. Mr. Lassonde was appointed a Member of the Order of Canada in 2002, was inducted into the Canadian Mining Hall of Fame in 2013 and was appointed Chair of the Canadian Council for the Arts in July 2015.

David Harquail, President, Chief Executive Officer and Director — David Harquail is President & CEO and is a director of Franco-Nevada. He served as Executive Vice President of Newmont (2006 to 2007) and previously served as President and Managing Director of Newmont Capital, the merchant banking division of Newmont (2002 to 2006). Prior to the acquisition by Newmont of Old Franco-Nevada in 2002, Mr. Harquail was with Old Franco-Nevada for a period of 15 years with the final position of Senior Vice President responsible for the metals royalty division and corporate development. He is on the board of the World Gold Council and has also held roles as President and CEO 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 B.A.Sc. in Geological Engineering from the University of Toronto, an MBA from McGill University and is a registered Professional Engineer in Ontario. He is also a major benefactor of the School of Earth Sciences and its Mineral Exploration Research Centre (MERC) at Laurentian University in Sudbury.

Tom Albanese, Director — Tom Albanese is CEO and a director of Vedanta Resources plc and is a director of Franco-Nevada. Mr. Albanese is also CEO and a director of Vedanta Limited (formerly known as SesaSterlite Ltd.), a subsidiary of Vedanta Resources plc. From 2007 to January 2013, Mr. Albanese was CEO of Rio Tinto plc. Mr. Albanese previously served on the boards of Ivanhoe Mines Limited, Palabora Mining Company and Turquoise Hill Resources Limited. Mr. Albanese holds a Master's of Science degree in Mining Engineering and a Bachelor of Science degree in Mineral Economics both from the University of Alaska Fairbanks.

Derek W. Evans, Director — Derek Evans is President and CEO of Pengrowth Energy Corporation (an oil and natural gas company), and is a director of Franco-Nevada. From May to September 2009, Mr. Evans was President and Chief Operating Officer of Pengrowth Energy Trust. Mr. Evans served as President and CEO of Focus Energy Trust from May 2002 until March 2008. Mr. Evans has over 30 years of experience in a variety of operational and senior management positions in the oil and gas business in Western Canada. Mr. Evans holds a Bachelor of Science degree in Mining Engineering from Queen's University and is a registered Professional Engineer in Alberta. Mr. Evans is also a member of the Institute of Corporate Directors.

Graham Farquharson, Director — Graham Farquharson is President of Strathcona Mineral Services Limited (a mining consulting firm) and is a director of Franco-Nevada. Mr. Farquharson previously served on the boards of Placer Dome Inc., Cambior Inc., St Andrew Goldfields Ltd. and several other mining companies. In addition, Mr. Farquharson is the Chair of the Canadian Mineral Industry Education 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. Mr. Farquharson was inducted into the Canadian Mining Hall of Fame in 2010.

Dr. Catharine Farrow, Director — Dr. Catharine Farrow is CEO and a director of TMAC Resources Inc. (a gold exploration and mining company) and President of FarExGeoMine Ltd. (a private consultancy) and is a director of Franco-Nevada. In addition, Dr. Farrow is also an advisory board member of the Laurentian University Goodman School of Mines. Dr. Farrow previously served as Chief Operating Officer of KGHM International Ltd. (formerly Quadra FNX Mining Company Inc.). Dr. Farrow is a member of the Association of Professional Geoscientists of Ontario and the Canadian Institute of Mining, Metallurgy & Petroleum, a fellow member of the Society of Economic Geologists and is an Adjunct Professor at Laurentian University. She holds a Doctorate in Earth Sciences from Carleton University, a Master's degree in Geology from Acadia University, and a Bachelor of Science degree in Geology from Mount Allison University.

Louis Gignac, Director — Louis Gignac is Chair of G Mining Services Inc. (a private consultancy) and is a director of Franco-Nevada. Mr. Gignac previously served as President, CEO and a 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 and has served as a director of several companies including St Andrew Goldfields Ltd., Marengo Mining Limited and Gaz Métro Inc. Mr. Gignac also served as a professor in mining engineering at Laval University from 1979 to 1981. Mr. Gignac serves as a director of Domtar Corporation but will not be standing for re-election to the Domtar board and will cease to be a director as of May 3, 2017. Mr. Gignac is a member of the Ordre des ingénieurs du Québec. Mr. Gignac holds a Doctorate of Engineering in Mining Engineering from the University of Missouri Rolla, a Master's degree in Mineral Engineering from the University of Minnesota, and a Bachelor of Science degree in Mining Engineering from Laval University. Mr. Gignac was inducted into the Canadian Mining Hall of Fame in 2016.

Randall Oliphant, Director — Randall Oliphant is a director of Franco-Nevada. Mr. Oliphant serves as a director of New Gold Inc., WesternZagros Resources Ltd. and is also a member of the advisory board of Metalmark Capital LLC. Mr. Oliphant is the current Chairman of the World Gold Council and has also served on the boards and advisory boards of a number of companies and not-for-profit organizations. Mr. Oliphant held positions with Barrick Gold Corporation from 1987 to 2003 and served as Barrick's President and CEO from 1999 to 2003. He served as New Gold's Executive Chairman from 2009 to 2017. Mr. Oliphant received his Bachelor of Commerce degree in 1984 from the University of Toronto and his Chartered Professional

Accountant, CA designation in 1986. Mr. Oliphant received the FCPA, FCA designation in 2016, the accounting profession's highest distinction in recognition of his significant career achievements and contributions to the community.

Hon. David R. Peterson, Director — David Peterson is Senior Counsel at the law firm Cassels Brock & Blackwell LLP and is a director of Franco-Nevada. He was the Premier of the Province of Ontario from 1985 to 1990. He was the founding Chair of the Toronto Raptors of the National Basketball Association and was the Chair of the successful Toronto Bid for the 2015 Pan Am Games and was the Chair of the 2015 Pan American and Parapan American Games Organizing Committee. Mr. Peterson also serves as a director of Rogers Communications Inc. and VersaPay Corporation. Mr. Peterson is Chancellor Emeritus of the University of Toronto and a director of St. Michael's Hospital Foundation. Mr. Peterson holds an 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.

Sandip Rana, Chief Financial Officer — Sandip Rana rejoined Franco-Nevada in April 2010. He previously served in treasurer and controller roles at the original Franco-Nevada until 2002 and then acted as an international controller for Newmont Mining Corporation. From 2003 to April 2010, Mr. Rana held financial roles at Four Seasons Hotels Limited where he most recently served as Vice-President Corporate Finance. Mr. Rana holds a Bachelor of Business Administration degree from the Schulich School of Business and is a Chartered Professional Accountant, CA.

Paul Brink, Senior Vice President, Business Development — Paul Brink, Senior Vice President, Business Development has been with Franco-Nevada since its inception. He previously held the position of Director of Corporate Development at Newmont Capital and has additional experience in mining investment banking and in project financing. 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.

Lloyd Hong, Chief Legal Officer & Corporate Secretary — Lloyd Hong, Chief Legal Officer & Corporate Secretary, joined Franco-Nevada in December 2012. He previously was the Senior Vice-President, Legal Counsel and Assistant Secretary of Uranium One Inc. Prior to that, he was a partner with the Canadian law firm of Davis LLP (now DLA Piper (Canada) LLP) with a practice focused on corporate finance and mergers and acquisitions. Mr. Hong holds a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from Queen's University. Mr. Hong is a member of The Law Society of Upper Canada and The Law Society of British Columbia.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, no director or executive officer of Franco-Nevada (or where applicable, personal holding company of a director or executive officer):

(a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

  (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

  (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or

(c) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or executive officer; or

(d) has been subject to:

  (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

  (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Derek Evans was a director (until his resignation in January 2016) of a private oil and gas company that sought protection under the *Companies' Creditors Arrangement Act* (Canada) in May 2016.

For the purposes of the above, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, and, with respect to each, was in effect more than 30 consecutive days.

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 or other insiders of Franco-Nevada, other than as described in the following paragraph. Various officers, directors or other insiders of the Corporation may hold senior positions with other entities, including entities involved in the resource industry or may otherwise be involved in transactions within the resource industry and may develop other interests outside the Corporation. In the event that any such conflict of interest arises (or could potentially arise) for a director, such director will be required to disclose the conflict to a meeting of the directors of the Corporation and abstain from voting for or against the approval of such participation or such terms. In the event that any such conflict of interest arises (or could potentially arise) for an officer or other insider of the Corporation, such person will be required to disclose the conflict to the Chief Legal Officer and abstain from participating in any discussions related to such matter and the Board will be apprised of such conflict. In appropriate cases, the Corporation 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 the Corporation will be required to be made in accordance with their duties and obligations to deal honestly and in good faith with a view to the best interests of the Corporation and its shareholders.

Randall Oliphant is a director of New Gold Inc., a payor of two of Franco-Nevada's royalty interests. Conflicts of interest of this director could arise from time to time in his capacity as a director of this third party.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no outstanding material legal proceedings to which Franco-Nevada or any of its subsidiaries is a party or was a party to during fiscal 2016 or that any of its properties or assets is subject or was subject to, during fiscal 2016, and no proceedings are known to be contemplated against Franco-Nevada, any of its subsidiaries or any of their property or assets.

There have been no penalties or sanctions imposed against Franco-Nevada by a court relating to securities legislation or by a securities regulatory authority during fiscal 2016 and there have been no other penalties or sanctions imposed by a court or regulatory body against Franco-Nevada that would likely be considered important to a reasonable investor in making an investment decision. Franco-Nevada has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during fiscal 2016.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of Franco-Nevada, any other insider of Franco-Nevada or any associate or affiliate of any of such individuals or companies has any material interest, directly or indirectly, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected Franco-Nevada or is reasonably expected to materially affect Franco-Nevada.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario and Computershare Investor Services at its principal office in Golden, Colorado.

The warrant agent for the 2017 Warrants is Computershare Trust Company of Canada Limited at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the material contracts entered into by Franco-Nevada since October 17, 2007 (date of incorporation) and still in effect or entered into since the beginning of Franco-Nevada's most recently completed financial year, other than material contracts entered into in the ordinary course of business (unless otherwise required to be disclosed):

1. a warrant indenture dated June 16, 2009 and supplemented June 15, 2010 between Franco-Nevada and Computershare Trust Company of Canada, as warrant agent, pursuant to which the 2017 Warrants were created and issued and by which they are governed;
2. the 2014 Underwriting Agreement relating to the public offering in August 2014 described under "General Development of Franco-Nevada's Business — 2014 — Equity Financing"; and
3. the 2016 Underwriting Agreement relating to the public offering in February 2016 described under "General Development of Franco-Nevada's Business — 2016 — Equity Financing.

A copy of each material contract is available on SEDAR under Franco-Nevada's profile at www.sedar.com.

EXPERTS

Certain technical and scientific information contained in this AIF, including in respect of the Antapaccay project, the Antamina project, the Candelaria project and the Cobre Panama project was reviewed and approved in accordance with NI 43-101 by Phil Wilson, C.Eng., Vice President, Technical of the Corporation and a "Qualified Person" as defined in NI 43-101.

In addition, disclosure in this AIF for the reserves assessment and evaluation of the oil & gas reserves including the Weyburn Unit, Midale Unit and Edson Properties dated March 9, 2017, with an effective date of December 31, 2016, was prepared by GLJ for Franco-Nevada in accordance with NI 51-101.

To the knowledge of Franco-Nevada, each of these experts held less than 1% of the outstanding securities of the Corporation or of any associate or affiliate thereof as of the date hereof, when they prepared the technical information contained in this AIF or following the preparation of such technical information. None of the aforementioned firms or persons received, or will receive, any direct or indirect interest in any securities of the Corporation or of any associate or affiliate thereof in connection with the preparation of such technical information. Other than Phil Wilson, Vice President, Technical of the Corporation, none of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently, or are expected to be elected, appointed or employed as, a director, officer or employee of the Corporation, or of any associate or affiliate of the Corporation.

Franco-Nevada's auditors are PricewaterhouseCoopers LLP. They have advised Franco-Nevada that they are independent with respect to Franco-Nevada within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario and Public Company Accounting Oversight Board Rule 3520 Auditor Independence.

ADDITIONAL INFORMATION

Additional information relating to Franco-Nevada is available electronically on SEDAR at www.sedar.com and on the website of the SEC at www.sec.gov and on its website at www.franco-nevada.com. The metric conversion table, listing of certain oil & gas terms, glossary of non-technical terms and glossary of technical terms are generally available on Franco-Nevada's website.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Franco-Nevada's securities and securities authorized for issuance under equity compensation plans, will be contained in Franco-Nevada's management information circular for its annual and special meeting of shareholders scheduled to be held on May 9, 2017. For information relating to compensation and corporate governance related matters, please see "Statement of Executive Compensation" and "Statement of Governance Practices", respectively, in such circular.

Additional financial information is provided in Franco-Nevada's financial statements and MD&A for its most recently completed financial year.

AUDIT AND RISK COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 — *Audit Committees* ("**NI 52-110**").

Audit and Risk Committee Charter

The Audit and Risk Committee Charter (the "**Charter**") is attached as Appendix C to this AIF. The Charter was last updated effective March 24, 2011 with minor revisions.

With respect to risk management, the Charter provides that the Audit and Risk Committee (the " **ARC**") will generally review with management the Company's significant risks and exposures and the steps management has taken to manage, monitor and control such risks and exposures. The ARC will also more specifically review the Company's principal business, political, financial, litigation and control risks and exposures with a view to ensuring that such risks and exposures are being effectively managed, monitored or controlled. For more information regarding the ARC's responsibilities relating to risk management, please see Appendix C to this AIF.

Composition of the Audit and Risk Committee

As of December 31, 2016, the ARC was composed of the following three directors: Derek Evans, Tom Albanese and Randall Oliphant, Chair. Each director was and is considered "independent" and "financially literate" (as such terms are defined in NI 52-110, the rules of the NYSE and Rule 10A-3 of the *U.S. Securities Exchange Act of 1934*).

Relevant Education and Experience

Each member of the ARC is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the ARC has the education and experience to fulfill the responsibilities outlined in the Charter, including those relating to risk

management. The education and current and past experience of each ARC member that is relevant to the performance of his responsibilities as an ARC member is summarized below:

	Education and Experience (Past and Present)
Tom Albanese	CEO of Vedanta Resources plc and Vedanta Limited (formerly known as SesaSterlite Ltd.) (April 1, 2014-present) Currently serving as Chair of Vedanta Limited's Risk Management Committee Previous Chief Executive Officer of Rio Tinto plc Previous Chair of Rio Tinto plc Risk Committee
Derek Evans	President, CEO and Director, Pengrowth Energy Corporation (2009-present) President, CEO and Director of Focus Energy Trust (2002-2008) Senior Executive of Renaissance Energy (16 years) Member, Institute of Corporate Directors
Randall Oliphant	Director of New Gold Inc. (2009-present) Former Executive Chair of New Gold Inc. (2009-2017) Chief Financial Officer of Barrick Gold Corporation (1994-1999) Currently serving on the audit committee of WesternZagros Resources Ltd. FCPA, FCA (2016) Chartered Professional Accountant, CA (1986) Bachelor of Commerce (with honours), University of Toronto, 1984

Pre-Approval Policies and Procedures

The Board of Directors, upon the recommendation of the ARC, has adopted policies and procedures regarding services provided by external auditors (collectively, the "**Auditor Independence Policy**"). Under the Auditor Independence Policy, specific proposals for audit services and permitted non-audit services must be pre-approved by the ARC. The ARC may delegate to any one or more of its members pre-approval authority (other than pre-approval of the annual audit service engagement). Any approvals granted under this delegated authority must be presented to the ARC at its next meeting. The Auditor Independence Policy also provides that the ARC may pre-approve services (other than the annual audit service engagement) without the requirement for a specific proposal where the scope and parameters of such services and their attendant fees are clearly defined. The ARC must be informed in writing at its next scheduled meeting of any engagement of the external auditor to provide services in such circumstances. The Auditor Independence Policy deems *de minimus* non-audit services to have been pre-approved by the ARC in limited circumstances and subject to certain conditions being met.

The Auditor Independence Policy prohibits the external auditors from providing any of the following types of non-audit services:

bookkeeping or other services related to the accounting records or financial statements;

financial information systems design and implementation;

appraisal or valuation services, fairness opinion, or contribution-in-kind reports;

actuarial services;

internal audit outsourcing services;

management functions or human resources services;

corporate finance or other services;

broker-dealer, investment advisor or investment banking services;

legal services; and

any other service that under applicable law and generally accepted auditing standards cannot be provided by an external auditor.

The Auditor Independence Policy provides that the external auditor should not be precluded from providing tax or advisory services that do not fall within any the categories described above, unless the provision of those services would reasonably be expected to compromise the independence of the external auditor.

Reliance on Certain Exemptions

At no time since the commencement of Franco-Nevada's most recently completed financial year has Franco-Nevada relied on any exemption from NI 52-110.

Audit Committee Oversight

At no time since the commencement of Franco-Nevada's most recently completed financial year was a recommendation of the ARC to nominate or compensate an external auditor not adopted by the Board of Directors of Franco-Nevada.

Fees

For the years ended December 31, 2016 and 2015, PricewaterhouseCoopers LLP was paid fees from the Corporation as detailed below:

	December 31, 2016		December 31, 2015	
Audit Fees	C$	470,845	C$	634,212
Audit-Related Fees	C$	243,000	C$	57,000
Tax Fees	C$	NIL	C$	NIL
Other Fees	C$	NIL	C$	NIL
Total Fees	C$	713,845	C$	691,212

For the year ended December 31, 2016, "Audit-Related Fees" noted above included C$175,000 and C$68,000 for services related to: (i) the Corporation's shelf prospectus and equity issue, and (ii) the French translation of documents, respectively. For the year ended December 31, 2015, "Audit-Related Fees" noted above included C$57,000 for services related to the French translation of documents.

APPENDIX A
FORM 51-101F2

Reports on Reserves Data
by
Independent Qualified Reserves Evaluator or Auditor

FORM 51-101F2
REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Franco-Nevada Corporation (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net present Value of Future Net Revenue (before income taxes, 10% discount rate –M$)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	December 31, 2016	Canada	—	469,980	—	**469,980**

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our reports.
8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 9, 2017

"Originally Signed by "
Tim R. Freeborn, P. Eng.
Vice President

GLJ PETROLEUM CONSULTANTS

APPENDIX B
FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Franco-Nevada Corporation ("Franco-Nevada") is responsible for the preparation and disclosure of information with respect to Franco-Nevada's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated Franco-Nevada's reserves data. The report of the independent qualified reserves evaluator is presented in Appendix A of this Annual Information Form.

The Audit and Risk Committee of the Board of Directors of Franco-Nevada has:

(a) reviewed Franco-Nevada's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and independent qualified reserves evaluator.

The Audit and Risk Committee of the Board of Directors of Franco-Nevada has reviewed the procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors on the recommendation of the Audit and Risk Committee has approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

DATED as of this 22nd day of March, 2017.

(signed) "David Harquail"	(signed) "Jason O'Connell"
David Harquail President, Chief Executive Officer and Director	Jason O'Connell Vice President, Oil & Gas
(signed) "Randall Oliphant"	(signed) "Derek Evans"
Randall Oliphant Director	Derek Evans Director

APPENDIX C
FRANCO-NEVADA CORPORATION
AUDIT AND RISK COMMITTEE CHARTER

PURPOSE

The Audit and Risk Committee is appointed by the Board of Directors of Franco-Nevada Corporation (the " **Company**") to assist the Board of Directors in its oversight and evaluation of:

- the quality and integrity of the financial statements of the Company,
- the compliance by the Company with legal and regulatory requirements in respect of financial disclosure,
- the qualification, independence and performance of the Company's independent auditors,
- the performance of the Company's Chief Financial Officer,
- risk management oversight,
- the compliance by the Company with legal and regulatory requirements in respect of its oil and gas disclosure, and
- the qualification, independence and performance of the Company's qualified oil and gas reserves evaluator or auditor.

In addition, the Audit and Risk Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board of Directors concerning accounting and auditing matters.

The Audit and Risk Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Company.

The Audit and Risk Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Company's financial statements or that those financial statements are in accordance with applicable accounting principles or standards, or
- guaranteeing the report of the Company's independent auditor.

The fundamental responsibility for the Company's financial statements and disclosure rests with management. It is not the duty of the Audit and Risk Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

REPORTS

The Audit and Risk Committee shall report to the Board of Directors of the Company on a regular basis and, in any event, before the public disclosure by the Company of its quarterly and annual financial results. The reports of the Audit and Risk Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements in respect of financial matters and disclosure, and the performance and independence of the Company's independent auditor.

The Committee shall also prepare, as required by applicable law, any committee report required for inclusion in the Company's publicly filed documents.

COMPOSITION

The members of the Audit and Risk Committee shall be three or more individuals who are appointed (and may be replaced) by the Board of Directors of the Company on the recommendation of the Company's Compensation and Corporate Governance Committee. Each of the members of the Audit and Risk Committee shall be "independent" and "financially literate" within the meaning of National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") and any other securities legislation and stock exchange rules applicable to the Company, and as confirmed by the Board of Directors using its business judgment. In addition, at least one member of the Audit and Risk Committee shall be a "financial expert" as determined by the Board of Directors in its business judgment. No member of the Audit and Risk Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries or affiliates (collectively, the "**Franco-Nevada Group**") (other than remuneration for acting in his or her capacity as a director) or be an "affiliated entity" within the meaning of NI 52-110.

RESPONSIBILITIES

Independent Auditors

The Audit and Risk Committee shall:

- Recommend to the Board of Directors the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and the compensation of the independent auditor;
- Recommend to the Board of Directors any change of the independent auditor, and oversee any such change to ensure compliance with the provisions of the Canada Business Corporations Act and applicable securities legislation;
- Require and obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit and Risk Committee and the Board of Directors of the Company;
- Oversee the work of the independent auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- Pre-approve all audit and permitted non-audit services provided to the Company and its subsidiary entities by the independent auditor, including adopting policies and procedures for the pre-approval of the retention thereof (subject to any restrictions on such services imposed by applicable securities legislation) and including procedures for the delegation of authority to provide such approval to one or more members of the Audit and Risk Committee; and
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Audit and Risk Committee should, among other things, undertake the measures set forth in Schedule "A".

The Financial Statements, Audit Process and Related Disclosure

The Audit and Risk Committee shall:

- As may be delegated by the Board of Directors, review, approve and authorize the issuance of the Company's interim financial statements, MD&A and interim earnings press releases before the Company publicly discloses this information;
- Review and recommend to the Board of Directors for approval the Company's annual financial statements, MD&A and press releases before the Company publicly discloses the information; and
- Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.

The Audit and Risk Committee shall also, as it determines to be appropriate:

- Review with management and the independent auditor,
  - the planning and staffing of the audit by the independent auditor,
  - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance,
  - any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the selection or application of accounting principles or standards, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements, as raised by the independent auditor, and review management's response thereto,
  - all critical accounting policies and practices used,
  - all alternative treatments of financial information by applicable accounting principles or standards that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor,

- the use of “pro forma” or “adjusted” information that is not consistent with applicable accounting principles or standards,
- the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Company’s financial statements,
- any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit and Risk Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for forms filed with applicable securities regulators, and
- the adequacy of the Franco-Nevada Group’s internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies.

- Review with the independent auditor,
  - the quality as well as the acceptability of the accounting principles or standards that have been applied,
  - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Company’s response to that letter or communication, and
  - any changes to the Company’s significant auditing and accounting principles, standards and practices suggested by the independent auditor to members of management.

Risk Management Oversight

The Audit and Risk Committee shall:

- Generally review with management the Franco-Nevada Group’s significant risks and exposures and the steps management has taken to manage, monitor and control such risks and exposures.
- More specifically review the Company’s principal business, political, financial, litigation and control risks and exposures with a view to ensuring that such risks and exposures are being effectively managed, monitored or controlled by:
  - reviewing the Company’s risk philosophy as set forth by management and the Board of Directors,
  - reviewing management’s assessment of the significant risks and exposures facing the Company,
  - reviewing management’s policies, plans, processes and programs to manage and control significant risks and exposures, including the Company’s loss prevention policies, disaster response and recovery programs, corporate liability protection programs for directors and officer and any other insurance programs, as applicable,
  - receiving regular reports from management regarding the development and implementation of its policies, plans, processes and programs to manage, monitor and control significant risks and exposures, and
  - if the Audit and Risk Committee deems it appropriate, requesting the independent auditor’s opinion of management’s assessment of significant risks facing the Company and how effectively they are managed, monitored and controlled.

Oil and Gas Reserves

The Audit and Risk Committee shall:

- Recommend to the Board of Directors the appointment of the qualified oil and gas reserves evaluators or auditors, who must be independent of the Company and who will report to the Board of Directors and the Committee on the Company’s oil and gas reserves data.

- Review, with reasonable frequency, the Company's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with applicable disclosure requirements and restrictions.
- Review each appointment of the Company's qualified oil and gas reserves evaluators or auditors, and in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the appointed qualified oil and gas reserves evaluator or auditor and management of the Company.
- Review, with reasonable frequency, the Company's procedures for providing information to the qualified oil and gas reserves evaluators or auditors who report on oil and gas reserves data.
- Prior to approving the filing of oil and gas reserves data and the report of the qualified oil and gas reserves evaluators or auditors meet with management and each qualified oil and gas reserves evaluator or auditor to:
  - determine whether any restrictions affect the ability of the qualified oil and gas reserves evaluator or auditor to report on the oil and gas reserves data without reservation; and
  - review the oil and gas reserves data and the report of the qualified oil and gas reserves evaluator or auditor thereon.
- Recommend to the Board of Directors whether to approve:
  - the content and filing of the statement of oil and gas reserves data and other required information,
  - the filing of the report of the independent qualified oil and gas reserves evaluator or auditor, and
  - the content and filing of the required report of management and the directors.

Compliance

The Audit and Risk Committee shall:

- Establish procedures for:
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
  - the confidential, anonymous submission by employees of the Franco-Nevada Group of concerns regarding questionable accounting or auditing matters.
- Review and approve clear policies for the hiring by the Franco-Nevada Group of partners, employees or former partners or employees of the present and former independent auditor of the Company.

The Audit and Risk Committee shall also, as it determines appropriate:

- Obtain reports from the Chief Financial Officer, other members of management and the independent auditor that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics, including disclosures of insider and affiliated party transactions.
- Review with the Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- Advise the Board of Directors of the Company with respect to the Franco-Nevada Group's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
- Review with the Chief Financial Officer legal matters that may have a material impact on the financial statements, the Franco-Nevada Group's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Periodically review with management the need for an internal audit function.

Delegation

To avoid any confusion, the Audit and Risk Committee responsibilities identified above are the sole responsibility of the Audit and Risk Committee and may not be delegated to a different committee.

MEETINGS

The Audit and Risk Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Audit and Risk Committee should strive to be at all meetings. The Audit and Risk Committee shall meet separately, periodically, with management and the independent auditors and may request any officer or employee of the Franco-Nevada Group or the Franco-Nevada Group's outside counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Audit and Risk Committee also may meet with the investment bankers, financial analysts and rating agencies that provide services to, or follow, the Franco-Nevada Group.

The Audit and Risk Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the Audit and Risk Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Audit and Risk Committee determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

At least annually, the Audit and Risk Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Audit and Risk Committee with this Charter.
- Review and assess the adequacy of its Charter and recommend to the Board of Directors any improvements to this Charter that the Committee determines to be appropriate.

SCHEDULE "A"

Qualifications, Performance and Independence of Independent Auditor

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board of Directors of the Company take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.

Updated: March 24, 2011

www.franco-nevada.com

TSX/NYSE FNV



Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of Franco-Nevada Corporation ("Franco-Nevada", the "Company", "we" or "our") has been prepared based upon information available to Franco-Nevada as at March 22, 2017 and should be read in conjunction with Franco-Nevada's audited consolidated financial statements and related notes as at and for the year ended December 31, 2016 and 2015. The audited consolidated financial statements and MD&A are presented in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult Franco-Nevada's audited consolidated financial statements for the years ended December 31, 2016 and 2015 and the corresponding notes to the financial statements which are available on our website at www.franco-nevada.com, on SEDAR at www.sedar.com and in our most recent Form 40-F filed with the Securities and Exchange Commission on EDGAR at www.sec.gov.

Additional information related to Franco-Nevada, including our Annual Information Form, is available on SEDAR at www.sedar.com, and our Form 40-F is available on EDGAR at www.sec.gov. *These documents contain descriptions of certain of Franco-Nevada's producing and advanced royalty and stream assets, as well as a description of risk factors affecting the Company. For additional information, our website can be found at www.franco-nevada.com.*

TABLE OF CONTENTS

BUSINESS OVERVIEW AND STRATEGY	3
HIGHLIGHTS	4
GUIDANCE	7
MARKET OVERVIEW	8
SELECTED FINANCIAL INFORMATION	9
REVENUE BY ASSET	10
OVERVIEW OF FINANCIAL PERFORMANCE – Q4/2016 TO Q4/2015	13
OVERVIEW OF FINANCIAL PERFORMANCE – 2016 TO 2015	21
SUMMARY OF QUARTERLY INFORMATION	42
BALANCE SHEET REVIEW	42
LIQUIDITY AND CAPITAL RESOURCES	30
CRITICAL ACCOUNTING ESTIMATES	33
OUTSTANDING SHARE DATA	35
INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES	35
NON-IFRS FINANCIAL MEASURES	37
CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION	42

Abbreviations used in this report

The following abbreviations may be used throughout this MD&A:

Abbreviated Definitions

Periods under review

"Q4/2016"	The three-month period ended December 31, 2016
"Q3/2016"	The three-month period ended September 30, 2016
"Q2/2016"	The three-month period ended June 30, 2016
"Q1/2016"	The three-month period ended March 31, 2016
"Q4/2015"	The three-month period ended December 31, 2015

Places and currencies

"U.S."	United States
"$" or "USD"	United States dollars
"C$" or "CAD"	Canadian dollars

Interest types

"NSR"	Net smelter return royalty
"GR"	Gross royalty
"ORR"	Overriding royalty
"GORR"	Gross overriding royalty
"FH"	Freehold or lessor royalty
"NPI"	Net profits interest
"NRI"	Net royalty interest
"WI"	Working interest

Measurement

"GEO"	Gold equivalent ounces
"oz"	Ounce
"oz Au"	Ounce of gold
"oz Ag"	Ounce of silver
"oz Pt"	Ounce of platinum
"oz Pd"	Ounce of palladium
"LBMA"	London Bullion Market Association
"bbl"	Barrel
"boe"	Barrels of oil equivalent
"WTI"	West Texas Intermediate

BUSINESS OVERVIEW AND STRATEGY

Franco-Nevada is the leading gold-focused royalty and stream company by both gold revenue and number of gold assets. The Company has the largest and most diversified portfolio of royalties and streams by commodity, geography, revenue type and stage of project. The portfolio is actively managed with the aim to maintain over 80% of revenue from precious metals (gold, silver & PGM).

Franco-Nevada Asset Count at March 22, 2017

	Precious Metals	Other Minerals	Oil & Gas	TOTAL
Producing	41	5	61[1]	**107**
Advanced	34	7	—	**41**
Exploration	135	37	19	**191**
TOTAL	**210**	**49**	**80**	**339**

(1) Includes acquisition of Midland Basin royalties expected to close in Q2/2017.

The Company does not operate mines, develop projects or conduct exploration. Franco-Nevada's business model is focused on managing and growing its portfolio of royalties and streams. The advantages of this business model are:

- Exposure to precious metals price optionality;
- A perpetual discovery option over large areas of geologically prospective lands with no additional cost other than the initial investment;
- Limited exposure to many of the risks associated with operating companies;
- A free cash-flow business with limited cash calls;
- A high-margin business that can generate cash through the entire commodity cycle;
- A scalable and diversified business in which a large number of assets can be managed with a small stable overhead; and
- A forward-looking business in which management focuses on growth opportunities rather than operational or development issues.

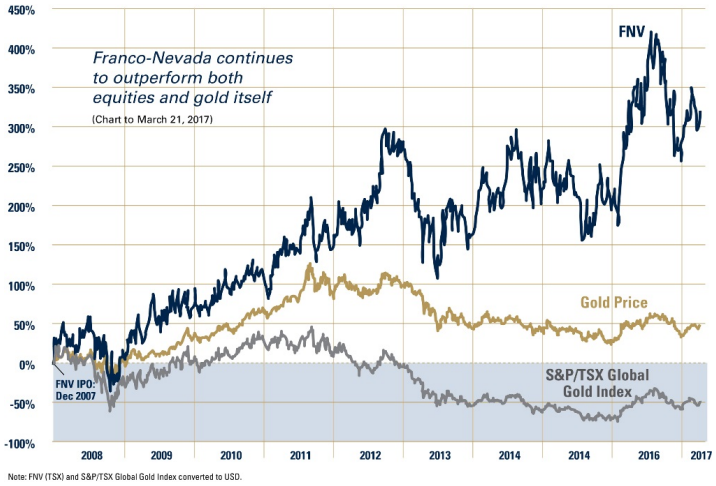
Franco-Nevada's financial results in the short-term are primarily tied to the price of commodities and the amount of production from its portfolio of producing assets. Financial results have also been supplemented by acquisitions of new producing assets. Over the longer-term, results are impacted by the availability of exploration and development capital applied by other companies to expand or extend Franco-Nevada's producing assets or to advance Franco-Nevada's advanced and exploration assets into production.

Franco-Nevada has a long-term investment outlook and recognizes the cyclical nature of the industry. Franco-Nevada has historically operated by maintaining a strong balance sheet so that it can make investments during commodity cycle downturns.

Franco-Nevada's shares are listed on the Toronto and New York stock exchanges under the symbol FNV. An investment in Franco-Nevada's shares is expected to provide investors with yield and exposure to gold price and exploration optionality while limiting exposure to many of the risks of operating companies. Since its Initial Public Offering ("IPO") nine years ago, Franco-Nevada has increased its dividend annually and its share price has outperformed the gold price and all relevant gold equity benchmarks.

Franco-Nevada's revenue is generated from various forms of agreements, ranging from net smelter return royalties, streams, net profits interests, net royalty interests, working interests and other. *For definitions of the various types of agreements, please refer to our most recent Annual Information Form filed on SEDAR at www.sedar.com or our Form 40-F filed on EDGAR at www.sec.gov*.

Franco-Nevada's Relative Share Price Performance



HIGHLIGHTS

Financial Update – Q4/2016

- **129,036 GEOs**[1] **delivered** in Q4/2016, an increase of 21.4% compared to 106,312 GEOs in Q4/2015.
- **121,910 GEOs recognized in revenue** in Q4/2016, an increase of 14.7% from 106,312 GEOs in Q4/2015;
- **$155.3 million in revenue**, an increase of 28.0% from revenue of $121.3 million in Q4/2015;
- **$122.2 million, or $0.69 per share, of Adjusted EBITDA**[2,3] in Q4/2016, an increase of 29.7% from $94.2 million or $0.60 per share, in Q4/2015;
- **78.7% in Margin**[2,3], compared to 77.7% in Q4/2015;
- **$4.5 million, or $0.03 per share, in net loss** for Q4/2016, compared to a loss of $31.4 million, or $0.20 per share, in Q4/2015. The Q4/2016 net loss includes an impairment of $67.4 million on the Company's Cooke 4 stream;
- **$42.9 million, or $0.24 per share, in Adjusted Net Income**[2,3] in Q4/2016, an increase of 81.0% compared to $23.7 million, or $0.15 per share, in Q4/2015;
- **$121.9 million in net cash provided by operating activities**[3] in Q4/2016, an increase of 43.5% compared to $84.9 million in Q4/2015;
- **$39.7 million in dividends paid** in Q4/2016, of which $30.7 million was paid in cash and $9.0 million was paid in common shares issued under the Company's Dividend Reinvestment Plan ("DRIP"), compared to $32.3 million in dividends paid in Q4/2015; and

1 GEOs include our gold, silver, platinum, palladium and other mineral assets, and do not include Oil & Gas assets. GEOs are estimated on a gross basis for NSR royalties and, in the case of stream ounces, before the payment of the per ounce contractual price paid by the Company. For NPI royalties, GEOs are calculated taking into account the NPI economics. Silver, platinum, palladium and other minerals are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The gold price used in the computation of GEOs earned from a particular asset varies depending on the royalty or stream agreement, which may make reference to the market price realized by the operator, or the average for the month, quarter, or year in which the mineral was produced or sold. For illustrative purposes, please refer to average commodity price tables on pages 13 and 21 of this MD&A for indicative prices which may be used in the calculation of GEOs.

2 Adjusted Net Income, Adjusted EBITDA and Margin are non-IFRS financial measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see pages 37-40 of this MD&A.

3 In Q3/2016, the Company adopted a retrospective change in accounting policy with respect to its classification of proceeds from sales of gold bullion in its statement of cash flows and statement of income and comprehensive income (loss). For further information, refer to Note 2(b) of the consolidated financial statements for the year ended December 31, 2016. The Company's non-IFRS measures, as defined in pages 37-40 of this MD&A, were also adjusted accordingly to reflect gains/losses on sales of such gold bullion as an operating activity that is part of the Company's underlying operating business. Comparative information has been adjusted to conform to current presentation.

- **$1.4 billion in available capital** at December 31, 2016, comprising of $323.6 million of working capital, $114.6 million in marketable equity securities, and $1 billion available under the Company's credit facility. Of this, $110.0 million will be used to fund the Company's acquisition of the Midland Basin oil royalty interest which is expected to close in the second quarter of 2017.

Financial Update – 2016

- **471,509 GEOs delivered** in 2016, an increase of 30.9% from 360,070 GEOs delivered in 2015;
- **464,383 GEOs** recognized in revenue in 2016, an increase of 29.0% from 360,070 GEOs in 2015;
- **$610.2 million in revenue** in 2016, an increase of 37.6% from revenue of $443.6 million in 2015;
- **$489.1 million, or $2.79 per share, in Adjusted EBITDA** in 2016, an increase of 45.1% from $337.1 million, or $2.16 per share, in 2015;
- **80.2% in Margin** in 2016, compared to 76.0% in 2015;
- **$122.2 million, or $0.70 per share, in net income** in 2016, an increase of 396.7% compared to net income of $24.6 million, or $0.16 per share, in 2015;
- **$164.4 million, or $0.94 per share, in Adjusted Net Income** in 2016, an increase of 84.9% compared to $88.9 million, or $0.57 per share, in 2015;
- **$471.0 million in net cash provided by operating activities in 2016**, compared to $314.3 million in 2015; and
- **$156.8 million in dividends paid** in 2016, which included cash dividends of $118.1 million and $38.7 million in issued common shares under the Company's DRIP, compared to $129.0 million in dividends paid in 2015.

Corporate Development

Acquisition of U.S. Oil & Gas Royalties – Midland Basin

On March 13, 2017, Franco-Nevada, through its wholly-owned U.S. subsidiary, agreed to purchase a package of royalty rights in the Midland Basin of West Texas for a price of $110.0 million. The Midland Basin forms the eastern portion of the broader Permian Basin and represents one of the most active and profitable oil plays in North America. The royalties consist of approximately 97% mineral title rights, along with some GORRs, which apply to approximately 908 acres (net after royalties) that, with pooling, provides exposure to an estimated gross acreage of 675,000 acres (a significant portion of the overall Midland Basin) at an estimated average royalty rate of 0.14%. The royalties are subject to a diverse operator base, which is anchored by Pioneer Natural Resources. Royalty revenue is expected to grow in future years as horizontal drilling activity in the area continues to ramp up. The transaction is expected to close in the second quarter of 2017.

Acquisition of U.S. Oil & Gas Royalties – STACK

On December 19, 2016, Franco-Nevada, through its wholly-owned U.S. subsidiary, acquired a package of royalty rights in the Sooner Trend, Anadarko Basin, Canadian and Kingfisher counties ("STACK") shale play in Oklahoma's Anadarko Basin for a price of $100.0 million. The two primary operators of the lands are Newfield Exploration Company and Devon Energy Corporation. Both companies have stated that STACK is a major focus of their capital spending, a portion of which is expected to be on the royalty lands. Full-field development is expected to begin in 2017 and is expected to grow royalty revenue in future years. The royalties consist of mineral title rights and GORRs which apply to approximately 1,200 acres (net after royalties) that, with pooling, provides exposure to an estimated gross acreage of 74,880 acres with an estimated average royalty rate of 1.61%.

Buy-Back of Kirkland Lake Gold Royalty

In October 2016, Kirkland Lake Gold ("Kirkland Lake") exercised its option to buy back 1% of an overlying 2.5% NSR for aggregate cash consideration of $30.3 million ($36.0 million less royalty proceeds previously received attributable to the buy-back portion of the NSR). The Company recognized a gain on disposal of $14.1 million in the consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016.

Impairment of Cooke 4

On October 27, 2016, Sibanye Gold Limited ("Sibanye") announced that it had ceased production at the Cooke 4 underground operation. Management assessed the cessation of operations as an indicator of impairment, and accordingly, performed an impairment assessment. The Company recorded an impairment charge of $67.4 million in its statement of income and comprehensive income (loss) for the year ended December 31, 2016.

Termination of Palmarejo Gold Stream and Commencement of Guadalupe Gold Stream

In October 2014, Franco-Nevada agreed with Coeur Mining Inc. ("Coeur") to terminate the Palmarejo gold stream agreement following the completion of the 400,000 ounce minimum obligation in exchange for a cash payment of $2.0 million. In July 2016, Coeur met the minimum ounce obligation and the Palmarejo agreement was terminated. Deliveries of gold ounces from the Palmarejo project will start under a new agreement with Coeur, the Guadalupe gold stream agreement, pursuant to which Coeur will deliver 50% of its gold production from the Palmarejo project at an ongoing cost of $800 per ounce (no inflation adjustment). As part of the Guadalupe agreement, Franco-Nevada provided an upfront deposit of $22.0 million to partially fund the development of the Guadalupe underground mine.

Funding of Cobre Panama

The Company funded an additional $46.6 million towards the Cobre Panama precious metals stream in Q4/2016, for a total of $124.3 million in 2016. As at December 31, 2016, the Company has funded $462.2 million of its $1 billion commitment. First Quantum Minerals Ltd. ("First Quantum") expects total capital expenditures of $1,060 million in 2017. According to First Quantum, the project was 46% complete as of year-end, total expected capital expenditure for the project is unchanged at $5.48 billion and development remains on track for a phased commissioning in late 2018 and continued ramp-up in 2019.

Acquisition of Antapaccay Precious Metals Stream

On February 26, 2016, Franco-Nevada completed the acquisition of a $500.0 million precious metals stream from Glencore plc with reference to production from the Antapaccay mine located in Peru. Under the stream agreement, gold and silver deliveries are initially referenced to copper in concentrate shipped. The Company will receive 300 ounces of gold and 4,700 ounces of silver for each 1,000 tonnes of copper in concentrate shipped, until 630,000 ounces of gold and 10.0 million ounces of silver have been delivered. Thereafter, the Company will receive 30% of the gold and silver in concentrate shipped. The Company will pay an on-going price of 20% of the spot price of gold and silver until 750,000 ounces of refined gold and 12.8 million ounces of refined silver have been delivered. Thereafter, the on-going price will increase to 30% of the spot price of gold and silver.

Financing

On March 22, 2017, the Company extended the maturity term of its existing $1 billion credit facility, from November 12, 2020 to March 22, 2022.

On March 20, 2017, Franco-Nevada's subsidiary, Franco-Nevada (Barbados) Corporation, entered into an unsecured revolving credit facility (the "FNBC Credit Facility"). The FNBC Credit Facility provides for the availability over a one-year period of up to $100.0 million in borrowings. Refer to "Liquidity and Capital Resources" for details. In addition, on

On February 19, 2016, the Company completed a bought-deal financing with a syndicate of underwriters for 19.2 million common shares at $47.85 per common share. The net proceeds to the Company were $883.5 million after deducting share issue costs and expenses of $36.6 million.

GUIDANCE

The following contains forward-looking statements. Reference should be made to the "Cautionary Statement on Forward-Looking Information" section at the end of this MD&A. For a description of material factors that could cause our actual results to differ materially from the forward-looking statements below, please see the Cautionary Statement and the "Risk Factors" section of our most recent Annual Information Form filed with the Canadian securities regulatory authorities on www.sedar.com and our most recent Form 40-F filed with the Securities and Exchange Commission on www.sec.gov. 2017 guidance is based on assumptions including the forecasted state of operations from our assets based on the public statements and other disclosures by the third-party owners and operators of the underlying properties (subject to our assessment thereof).

For 2017, the Company is pleased to provide the following guidance:

	2017 Guidance	2016 Actual	2015 Actual
Mineral assets - GEO production[1, 2]	470,000 - 500,000 GEOs	464,383 GEOs	360,070 GEOs
Oil & Gas assets - Revenue[3]	$35.0 million - $45.0 million	$30.1 million	$28.0 million

1 Of the 470,000 to 500,000 GEOs, Franco-Nevada expects to receive 335,000 to 345,000 GEOs under its various stream agreements, compared to 321,093 GEOs in 2016.
2 In forecasting GEOs for 2017, gold, silver, platinum and palladium metals have been converted to GEOs using commodity prices of $1,200/oz Au, $17.50/oz Ag, $950/oz Pt and $750/oz Pd.
3 In forecasting revenue from Oil & Gas assets for 2017, the WTI oil price is assumed to average $50 per barrel with a $3.50 per barrel price differential between the Edmonton Light and realized prices for Canadian oil.

More specifically, we expect the following with respect to our key asset categories for 2017:

- **Precious Metals – U.S.**: GEOs from U.S. gold assets are expected to be slightly higher in 2017 compared to 2016. Higher production is expected at the Bald Mountain mine due to mine sequencing and a lag from ore previously placed on heap leach pads. This will be partly offset by lower production from South Arturo, as a result of a planned wind down of the Phase 2 pit.
- **Precious Metals – Canada:** GEOs earned from Canadian assets in 2017 are expected to decrease, reflecting the Holloway mine being placed on care and maintenance in late 2016, as well as a reduction in our attributable ounces from Kirkland Lake following the 1% NSR buy-back in October 2016.
- **Precious Metals – Latin America:** GEOs from Latin America are expected to increase, reflecting increased production from Candelaria due to an optimization of the open pit life-of-mine plan and inclusion of additional volumes of higher grade underground ore. This increase is expected to be partly offset by lower silver production from Antamina, which had exceptionally high production levels in 2016.
- **Precious Metals – Rest of World:** GEOs from Rest of World assets are forecasted to increase compared to 2016, reflecting the first full-year of fixed ounce deliveries from Karma, and a full year of production at the Vivien and Wiluna mines. These increases will be partly offset by the cessation of production from the Cooke 4 operations.
- **Other Minerals:** GEOs from other minerals are expected to be relatively similar to 2016.
- **Oil & Gas:** Oil & gas revenues are expected to increase in 2017 compared to 2016, as a result of the additions of the STACK assets in Q4/2016 and Midland assets in 2017.

We expect to fund approximately $200.0 million to $220.0 million towards the Cobre Panama precious metals stream in 2017. In 2016, the Company funded a total of $124.3 million, for a total of $462.2 million of its $1 billion commitment.

In addition, the Company estimates depletion and depreciation expense to be $265.0 million to $295.0 million for 2017.

Franco-Nevada strives to generate 80% of revenue from precious metals over a long-term horizon which includes gold, PGM and silver. In the short-term, we may diverge from the long-term target based on opportunities available. With 93.7% of revenue earned from precious metals in 2016, the Company has the

flexibility to consider diversification opportunities outside of the precious metals space and increase its exposure to other commodities.

MARKET OVERVIEW

The prices of precious metals are the largest factors in determining profitability and cash-flow from operations for Franco-Nevada. Historically, the price of gold has been subject to volatile price movements and is affected by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on the gold price include macroeconomic factors such as the level of interest rates, inflation expectations, currency exchange rate fluctuations including the relative strength of the U.S. dollar, and the supply of and demand for gold.

The gold price exhibited a positive rally in the first half of 2016 due to continuously low interest rates and uncertainty following the Brexit vote in June 2016, reaching a peak of $1,366/oz. However, these gains were somewhat reversed in the fourth quarter of 2016, following the U.S. Presidential election in November 2016 and an increase in interest rates by the U.S. Federal Reserve in December 2016. Volatility is expected to continue into 2017, as the implementation of economic policies by the new U.S. administration shifts international trade relations, further interest rate hikes are potentially enacted by the U.S. Federal Reserve, and a number of elections take place in Europe, adding to instability in the Eurozone.

Overall, the gold price ended the year 2016 at $1,146/oz approximately 8% higher than at the end of 2015. During Q4/2016, average gold prices traded between $1,126/oz and $1,313/oz with an average price of $1,218/oz. This compares to an average gold price of $1,104/oz for Q4/2015, an increase of 10.3%, and $1,335/oz for Q3/2016.

Silver prices averaged $17.18/oz in Q4/2016, compared to $14.76/oz in Q4/2015, an increase of 16.4%. Platinum and palladium prices averaged $944/oz and $684/oz, respectively, compared to $908/oz and $606/oz, respectively, for Q4/2015, increases of 4.0% and 12.9% year-over-year, respectively.

For the year 2016, average gold prices traded between $1,077/oz and $1,366/oz with an average price of $1,248/oz. This compares to an average gold price of $1,160/oz for the year ended December 31, 2015, an increase of 7.6%. Silver prices averaged $17.20/oz in 2016, compared to $15.68 in 2015, an increase of 9.7%. Platinum and palladium prices averaged $987/oz and $613/oz, respectively, compared to $1,054/oz and $691/oz, respectively, for 2015, decreases of 6.4% and 11.3% year-over-year, respectively.

Commodity price volatility also impacts the number of GEOs contributed by non-gold mineral assets when converting silver, platinum, palladium and other minerals to GEOs. Silver, platinum, palladium and other minerals are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The gold price used in the computation of GEOs earned from a particular asset varies depending on the royalty or stream agreement, which may make reference to the market price realized by the operator, or the average for the month, quarter, or year in which the mineral was produced or sold.

Despite the volatile commodity prices, the Company continued to deliver strong results and significant increases in GEOs compared to 2015, reflecting the performance of our mineral asset portfolio as well as accretion from recent acquisitions such as the Antamina and Antapaccay streams. One of the strengths of the Franco-Nevada business model is that our business is not impacted when producer costs increase as long as the producer continues to operate. Royalty and stream payments/deliveries are based on production levels of the underlying operations with no adjustments for the operator's operating costs, with the exception of NPI and NRI royalties, which are based on the profit of the underlying mining operation. Profit-based royalties accounted for approximately 10.8% of total revenues in Q4/2016, and 7.5% for full year 2016.

SELECTED FINANCIAL INFORMATION

(in millions, except Average Gold Price, GEOs, Margin and per share amounts)	For the Three Months Ended December 31, 2016	2015	For the Year Ended December 31, 2016	2015
Statistical Measures				
Average Gold Price	**$ 1,218**	$ 1,104	**$ 1,248**	$ 1,160
GEOs[1]	**121,910**	106,312	**464,383**	360,070
Statement of Income and Other Comprehensive Income (Loss)				
Revenue	**$ 155.3**	$ 121.3	**$ 610.2**	$ 443.6
Depletion and depreciation	**67.2**	65.8	**273.8**	216.3
Impairment charges	**67.5**	62.9	**67.5**	64.9
Operating income (loss)[2]	**0.4**	(36.1)	**155.4**	51.3
Net (loss) income	**(4.5)**	(31.4)	**122.2**	24.6
Basic (loss) earnings per share	**$ (0.03)**	$ (0.20)	**$ 0.70**	$ 0.16
Diluted (loss) earnings per share	**$ (0.03)**	$ (0.20)	**$ 0.69**	$ 0.16
Dividends declared per share	**$ 0.22**	$ 0.21	**$ 0.87**	$ 0.83
Dividends declared (including DRIP)	**$ 39.7**	$ 32.3	**$ 156.8**	$ 129.0
Weighted average shares outstanding	**178.3**	156.8	**175.2**	156.9
Non-IFRS Measures				
Adjusted EBITDA[2,3]	**$ 122.2**	$ 94.2	**$ 489.1**	$ 337.1
Adjusted EBITDA[2,3] per share	**$ 0.69**	$ 0.60	**$ 2.79**	$ 2.16
Margin[2,3]	**78.7 %**	77.7 %	**80.2 %**	76.0 %
Adjusted Net Income[2,3]	**$ 42.9**	$ 23.7	**$ 164.4**	$ 88.9
Adjusted Net Income[2,3] per share	**$ 0.24**	$ 0.15	**$ 0.94**	$ 0.57
Statement of Cash Flows				
Net cash provided by operating activities[2]	**$ 121.9**	$ 84.9	**$ 471.0**	$ 314.3
Net cash used in investing activities[2]	**$ (113.3)**	$ (987.7)	**$ (689.8)**	$ (1,106.1)
Net cash (used in) provided by financing activities	**$ (30.5)**	$ 445.2	**$ 321.7**	$ 374.1

	As at December 31, 2016	As at December 31, 2015
Statement of Financial Position		
Cash and cash equivalents	**$ 253.0**	$ 149.2
Short-term investments	**—**	18.8
Total assets	**4,221.6**	3,674.3
Debt	**—**	457.3
Deferred income tax liabilities	**37.5**	33.2
Total shareholders' equity	**4,146.5**	3,163.0
Working capital	**323.6**	253.9

1 Refer to Note 1 at the bottom of page 4 of this MD&A for the methodology for calculating GEOs, and, for illustrative purposes, to the average commodity price table on pages 13 and 21 of this MD&A for indicative prices which may be used in the calculations of GEOs.

2 In Q3/2016, the Company adopted a retrospective change in accounting policy with respect to its classification of proceeds from sales of gold bullion in its statement of cash flows and statement of income and comprehensive income (loss). For further information, refer to Note 2(b) of the consolidated financial statements for the year ended December 31, 2016. The Company's non-IFRS measures, as defined in pages 37-40 of this MD&A, were also adjusted accordingly to reflect gains/losses on sales of such gold bullion as an operating activity that is part of the Company's underlying business. Comparative information has been adjusted to conform to current presentation.

3 Adjusted EBITDA, Margin and Adjusted Net Income are non-IFRS financial measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see pages 37-40 of this MD&A.

REVENUE BY ASSET

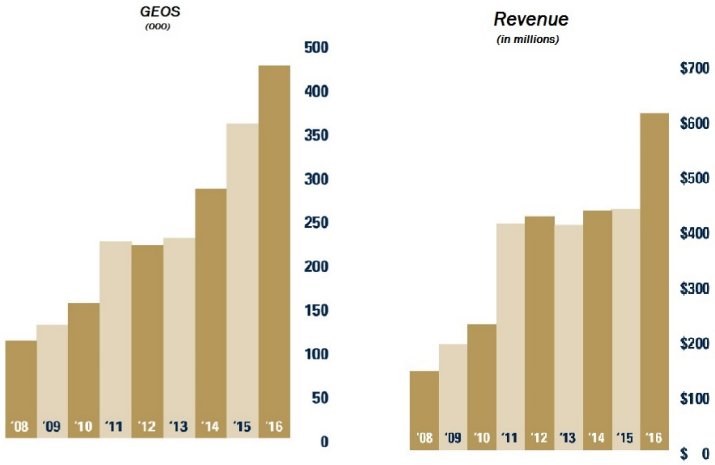
Our portfolio is well-diversified with GEOs and revenue being earned from 46 mineral assets and 60 oil & gas interests in various jurisdictions. The following table details revenue earned from our various royalty, stream and working interests for the three months and year ended December 31, 2016 and 2015:

(expressed in millions)		*For the three months ended December 31,*		*For the year ended December 31,*	
Property	**Interest**	***2016***	*2015*	***2016***	*2015*
PRECIOUS METALS					
United States					
Goldstrike	NSR 2-4%, NPI 2.4-6%	**$ 3.1**	$ 9.5	**$ 22.9**	$ 23.4
Stillwater	NSR 5%	**3.8**	3.2	**14.6**	15.6
Gold Quarry	NSR 7.29%	**3.6**	2.4	**14.0**	13.1
Marigold	NSR 1.75-5%, GR 0.5-4%	**3.1**	2.3	**10.1**	6.0
Fire Creek/Midas	Fixed to 2018 / NSR 2.5%	**1.5**	2.1	**9.2**	8.7
Bald Mountain	NSR/GR 0.875-5%	**1.3**	1.8	**3.9**	8.2
South Arturo	GR 4-9%	**10.7**	—	**13.8**	0.2
Other		**0.7**	0.8	**2.5**	2.3
Canada					
Sudbury	Stream 50%	**$ 6.0**	6.4	**30.4**	$ 23.2
Detour Lake	NSR 2%	**3.8**	3.3	**13.3**	11.7
Golden Highway	NSR 2-15%	**2.7**	2.2	**10.7**	10.1
Musselwhite	NPI 5%	**2.0**	3.1	**5.1**	5.4
Hemlo	NSR 3%, NPI 50%	**7.2**	3.3	**12.7**	5.0
Kirkland Lake[1]	NSR 1.5-5.5%, NPI 20%	**1.0**	1.1	**5.2**	4.6
Timmins West	NSR 2.25%	**0.9**	0.8	**3.2**	3.7
Canadian Malartic	GR 1.5%	**0.3**	0.5	**2.1**	1.6
Other		**0.1**	—	**0.2**	0.1
Latin America					
Antapaccay	Stream (indexed)	**$ 27.2**	$ —	**$ 92.5**	$ —
Antamina	Stream 22.5%	**12.2**	14.4	**75.0**	14.4
Candelaria	Stream 68%	**23.7**	24.3	**88.5**	101.6
Guadalupe-Palmarejo[2]	Stream 50%	**8.3**	13.8	**44.6**	59.6
Other		**0.7**	1.0	**3.1**	4.1
Rest of World					
MWS	Stream 25%	**$ 5.5**	$ 6.5	**$ 27.1**	$ 26.2
Sabodala	Stream 6%, Fixed to 2019	**4.6**	6.1	**26.0**	28.3
Subika	NSR 2%	**1.4**	0.9	**4.8**	4.3
Tasiast	NSR 2%	**1.6**	1.1	**4.4**	5.0
Karma	Stream 4.875%, Fixed to 75koz	**3.0**	—	**14.4**	—
Duketon	NSR 2%	**1.8**	1.6	**7.2**	6.7
Edikan	NSR 1.5%	**0.6**	0.9	**3.1**	3.7
Other		**0.3**	1.4	**6.9**	8.7
		$ 142.7	$ 114.8	**$ 571.5**	$ 405.5
Other Minerals		**$ 2.2**	$ 2.1	**$ 8.6**	$ 10.1
Oil & Gas					
Weyburn	NRI 11.71%, ORR 0.44%, WI 2.56%	**$ 7.9**	$ 3.5	**$ 23.6**	$ 21.1
Midale	ORR 1.14%, WI 1.59%	**0.4**	0.3	**1.4**	1.8
Edson	ORR 15%	**0.4**	0.4	**1.2**	1.7
STACK	ORR & Mineral Title 7.15%	**0.9**	—	**0.9**	—
Other		**0.8**	0.2	**3.0**	3.4
		$ 10.4	$ 4.4	**$ 30.1**	$ 28.0
Revenue		**$ 155.3**	$ 121.3	**$ 610.2**	$ 443.6

1 In October 2016, the overlying NSR on the Kirkland Lake Gold properties was reduced from 2.5% to 1.5% pursuant to Kirkland Lake's buy-back of 1% of the NSR.

2 In July 2016, Coeur met its obligation to deliver 400,000 ounces under the Palmarejo agreement. Deliveries under the new Guadalupe agreement commenced in Q4/2016.

Franco-Nevada realized record growth from its mineral assets in 2016, both in revenue and GEOs, reflecting the performance of our mineral asset portfolio as well as accretion from recent acquisitions.



Significant Mineral Interests

The most significant mineral assets which contributed to our 2016 performance included the following:

Antapaccay

The Company owns a gold and silver stream with reference to production from the Antapaccay mine, located in Peru. Under the stream agreement, gold and silver deliveries are initially referenced to copper in concentrate shipped. Franco-Nevada will receive 300 ounces of gold and 4,700 ounces of silver for each 1,000 tonnes of copper in concentrate shipped, until 630,000 ounces of gold and 10 million ounces of silver have been delivered. Thereafter, Franco-Nevada will receive 30% of the gold and silver in concentrate shipped. Franco-Nevada will initially pay an on-going price of 20% of the spot price of gold and silver until 750,000 ounces of refined gold and 12.8 million ounces of refined silver have been delivered. Thereafter, the on-going price will increase to 30% of the spot price of gold and silver. As at December 31, 2016, Antapaccay has delivered 60,470 ounces of gold, and 0.9 million ounces of silver since the stream was acquired in February 2016. These deliveries converted to 73,612 GEOs for 2016.

Candelaria

The Company owns a 68% gold and silver stream on Lundin Mining Corporation's Candelaria mine in Chile. The stream will reduce to 40% after 720,000 ounces of gold and 12 million ounces of silver have been delivered to Franco-Nevada. Franco-Nevada will pay an ongoing price equal to the lesser of $400 per ounce of gold and $4.00 per ounce of silver or the then prevailing spot price for gold and silver for each ounce delivered under the stream. This price will escalate by 1% per annum following the third anniversary of the closing. As at December 31, 2016, Candelaria has delivered 145,864 ounces of gold and 2.5 million ounces of silver since the stream was acquired in November 2014. Deliveries received in 2016 converted to 73,410 GEOs, of which 71,378 GEOs were sold in 2016.

Antamina

The Company owns a silver stream on Teck Resources Limited's 22.5% interest in the Antamina mine located in Peru, subject to a fixed silver payability of 90%. Franco-Nevada pays 5% of the spot silver price for each ounce of silver delivered under the stream. The stream will reduce by one-third after 86 million ounces have been delivered under the stream agreement. As at December 31, 2016, Antamina has delivered 5.4 million ounces of silver since the stream was acquired in October 2015. Deliveries in 2016 converted to 60,273 GEOs.

Palmarejo-Guadalupe

Until July 2016, the Company owned a 50% gold stream on the Palmarejo silver and gold project. The Palmarejo stream covered 50% of the gold production from the Palmarejo project, included a monthly minimum of 4,167 ounces and was capped at 400,000 ounces. The Company paid Coeur the lesser of $400 per ounce, subject to an annual 1% inflation adjustment commencing in January 2013, and the prevailing spot price, for each ounce of gold delivered under the stream agreement. In July 2016, the 400,000 minimum ounce obligation was met at which point the Palmarejo stream was terminated and the Guadalupe stream became effective. Franco-Nevada believes the new agreement improves mine economics for Coeur and extends the mine life of the entire Palmarejo operation. The $22.0 million deposit provided by Franco-Nevada was used to partially fund the development of the Guadalupe underground mine on the Palmarejo property. Ongoing payments will be equal to the lesser of $800 per ounce (no inflation adjustment) and the then prevailing spot price for gold for each ounce delivered under the new stream agreement. In 2016, the Company received a combined 36,386 ounces of gold from the Palmarejo-Guadalupe streams, of which 7,058 GEOs were delivered as part of the Guadalupe agreement.

Sudbury Basin

The Company has an agreement to purchase 50% of the gold equivalent ounces of the gold, platinum and palladium contained in ore mined and shipped from the KGHM International Ltd. operations in Sudbury, Ontario. The Company will pay for each gold equivalent ounce delivered, a cash payment of the lesser of $400 per ounce (subject to a 1% annual inflationary adjustment starting in July 2011) or the then prevailing market price per ounce of gold. In 2016, the Company received 23,539 GEOs from its Sudbury Basin assets.

Significant Mineral Interests – 2015

The most significant mineral assets which contributed to our 2015 performance were our Candelaria stream (86,824 GEOs), Palmarejo stream (51,420 GEOs), Sabodala 6% gold stream (fixed to 22,500 ounces annually until 2019) (24,375 GEOs) and Mine Waste Solutions 25% gold stream (22,616 GEOs).

Significant Oil & Gas Interests

The most significant Oil & Gas asset which contributed to our 2016 performance was the following:

Weyburn

The Weyburn Unit is located in Saskatchewan, Canada and is operated by Cenovus Energy Inc. The Company holds an 11.71% net royalty interest (“NRI”), a 0.44% royalty interest and a 2.56% working interest in the Weyburn Unit. The Company takes product-in-kind for the working interest and NRI portions of this production and markets it through a third-party. An NRI is a royalty interest that is paid net of operating and capital costs. In 2016, the Company recognized $23.6 million in revenue from its Weyburn interest.

Significant Oil & Gas Interests – 2015

In 2015, the Weyburn interest was also our most significant Oil & Gas asset, contributing $21.1 million in revenue.

Significant Projects Under Development

The Company’s most significant mineral asset under development is the Cobre Panama gold and silver stream. Under its agreement with First Quantum, which owns 80% of the project, Franco-Nevada will provide a maximum of $1 billion in deposit pro-rata on a 1:3 ratio of First Quantum’s share of the capital costs. According to First Quantum, the project was 46% complete as of year-end, has an estimated capital cost of $5.48 billion, and is scheduled for a phased commissioning in late 2018 and continued ramp-up in 2019. At December 31, 2016, the Company has funded a total of $462.2 million of its $1 billion commitment.

Cash flows from the Company’s interest in the STACK shale play in Oklahoma’s Anadarko basin, which closed in Q4/2016, are expected to grow substantially as the top two operators of the lands, Newfield Exploration and Devon Energy, have announced the STACK assets would be a major focus of their capital spending.

OVERVIEW OF FINANCIAL PERFORMANCE –Q4/2016 TO Q4/2015

The prices of precious metals, oil and gas and the actual production from mineral and oil & gas assets are the largest factors in determining profitability and cash flow from operations for Franco-Nevada. The following table summarizes average commodity prices and average exchange rate during the periods presented.

Quarterly average prices and rates		Q4/2016	Q3/2016	Q4/2015	QOQ (Q4/16-Q3/16)	YOY (Q4/16-Q4/15)
Gold[1]	($/oz)	**$ 1,218**	**$ 1,335**	$ 1,104	(8.8)%	10.3 %
Silver[2]	($/oz)	**17.18**	**19.62**	14.76	(12.4)%	16.4 %
Platinum[3]	($/oz)	**944**	**1,084**	908	(12.9)%	4.0 %
Palladium[3]	($/oz)	**684**	**676**	606	1.2 %	12.9 %
Edmonton Light	(C$/bbl)	**60.70**	**54.41**	52.46	11.6 %	15.7 %
Quality Differential	(C$/bbl)	**(5.83)**	**(3.80)**	(8.14)	53.4 %	28.4 %
Realized oil price	(C$/bbl)	**54.87**	**50.61**	44.32	8.4 %	23.8 %
CAD/USD exchange rate[4]		**0.7496**	**0.7663**	0.7492	(2.2)%	0.1 %

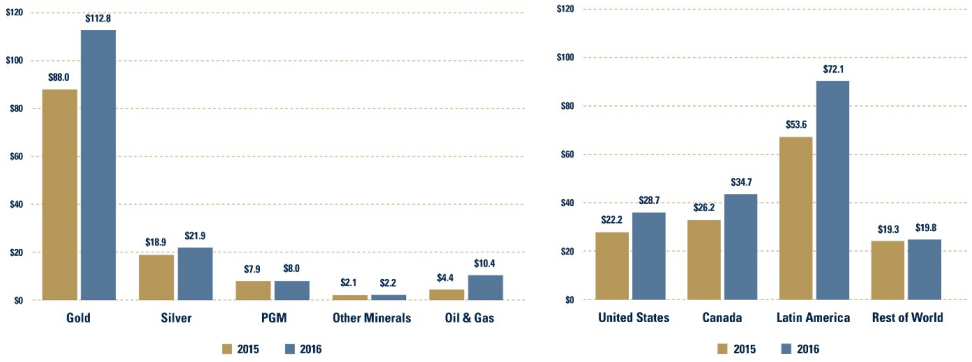
1 Based on LBMA Gold Price PM Fix.
2 Based on LBMA Silver Price.
3 Based on London PM Fix.
4 Based on Bank of Canada noon rates.

Revenue and Gold Equivalent Ounces

Revenue for Q4/2016 was $155.3 million compared with $121.3 million for Q4/2015, an increase of 28.0%. The increase year-over-year is due to the increase of GEOs sold of 121,910 GEOs Q4/2016, an increase of 14.7% from 106,312 GEOs in Q4/2015, coupled with higher average precious metals prices. Of this $155.3 million in revenue, precious metals revenue comprised 91.9%, compared to 94.6% in Q4/2015, while revenue from the Americas was 87.2%, compared to 84.1% in Q4/2015.

Quarterly Revenue by Commodity and Geography

(expressed in millions)



The following table outlines GEOs and revenue attributable to Franco-Nevada for the three months ended December 31, 2016 and 2015 by commodity, geographical location and type of interest:

	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the three months ended December 31,	**2016**	2015	Variance	**2016**	2015	Variance
Commodity						
Precious Metals						
Gold	**93,775**	79,800	13,975	**$ 112.8**	$ 88.0	$ 24.8
Silver	**18,650**	17,112	1,538	**21.9**	18.9	3.0
PGM	**7,611**	7,523	88	**8.0**	7.9	0.1
Precious Metals - Total	**120,036**	104,435	15,601	**142.7**	114.8	27.9
Other Minerals	**1,874**	1,877	(3)	**2.2**	2.1	0.1
Oil & Gas	-	-	-	**10.4**	4.4	6.0
	121,910	106,312	15,598	**$ 155.3**	$ 121.3	$ 34.0
Geography						
United States	**23,052**	20,141	2,911	**$ 28.7**	$ 22.2	$ 6.5
Canada	**21,818**	20,215	1,603	**34.7**	26.2	8.5
Latin America	**60,808**	48,243	12,565	**72.1**	53.6	18.5
Rest of World	**16,232**	17,713	(1,481)	**19.8**	19.3	0.5
	121,910	106,312	15,598	**$ 155.3**	$ 121.3	$ 34.0
Type						
Revenue-based	**23,387**	26,213	(2,826)	**$ 31.0**	$ 29.7	$ 1.3
Streams	**77,197**	65,822	11,375	**90.7**	72.2	18.5
Profit-based	**9,628**	10,705	(1,077)	**16.8**	13.0	3.8
Other	**11,698**	3,572	8,126	**16.8**	6.4	10.4
	121,910	106,312	15,598	**$ 155.3**	$ 121.3	$ 34.0

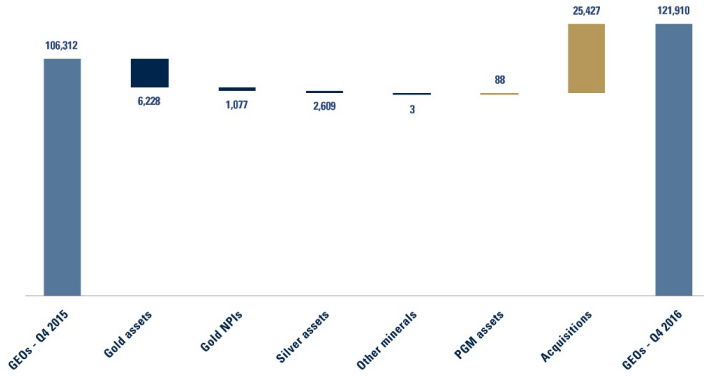
4 Refer to Note 1 at the bottom of page 4 of this MD&A for the methodology for calculating GEOs, and, for illustrative purposes, to the average commodity price table on page 13 of this MD&A for indicative prices which may be used in the calculations of GEOs.

GEOs and revenue from precious metals were earned from the following geographical locations:

	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the three months ended December 31,	**2016**	2015	Variance	**2016**	2015	Variance
Geography for Precious Metals						
Precious Metals						
United States	**22,971**	20,064	2,907	**$ 27.8**	$ 22.1	$ 5.7
Canada	**20,849**	19,196	1,653	**24.0**	20.7	3.3
Latin America	**60,808**	48,243	12,565	**72.1**	53.6	18.5
Rest of World	**15,408**	16,932	(1,524)	**18.8**	18.4	0.4
Precious Metals - Total	**120,036**	104,435	15,601	**$ 142.7**	$ 114.8	$ 27.9
Other Minerals	**1,874**	1,877	(3)	**2.2**	2.1	0.1
Oil & Gas	-	-	-	**10.4**	4.4	6.0
	121,910	106,312	15,598	**$ 155.3**	$ 121.3	$ 34.0

5 Refer to Note 1 at the bottom of page 4 of this MD&A for the methodology for calculating GEOs, and, for illustrative purposes, to the average commodity price table on page 13 of this MD&A for indicative prices which may be used in the calculations of GEOs.

GEO Reconciliation –Q4/2015 to Q4/2016



Revenue from precious metals assets was $142.7 million in Q4/2016 compared to $114.8 million in Q4/2015, reflecting 120,036 GEOs from precious metals assets, an increase of 14.9% from 104,435 GEOs in Q4/2015. The largest component of these increases was contributed by our Latin American assets which realized an increase of 26.0% in GEOs, and 34.5% in revenue compared to the prior year.

GEOs and revenue increases for the quarter are attributable to the following:

- The Company received 22,927 GEO deliveries from Antapaccay, a stream added in the first quarter of 2016.
- The Company received its first full quarter delivery from South Arturo, totaling 8,808 GEOs, which poured its first gold in August 2016. South Arturo is a mine operated by a joint venture between Barrick and Premier Gold Mines Limited on which the Company owns a 4-9% gross royalty.
- The Company received 3,750 GEOs under its Karma stream, of which 2,500 were sold in Q4/2016, with 1,250 ounces remaining in inventory at December 31, 2016. Deliveries from Karma are fixed in the initial years at a rate of 1,250 ounces per month. Karma poured its first gold in April 2016 and is operated by Endeavour Mining Corporation.

The above significant increases in GEOs were partially offset by decreases in GEO deliveries compared to Q4/2015 from the following assets:

- Goldstrike (decrease of 6,145 GEOs) with fewer ounces received under both the NSR and NPI.
- Guadalupe (a decrease of 5,443 GEOs). The agreement for Palmarejo ended in July 2016 as Coeur met its obligation to deliver 400,000 ounces. Deliveries in Q4/2016 were under the new Guadalupe agreement.
- Antamina (decrease of 2,402 GEOs), as Q4/2016 deliveries were net of adjustments reflecting final settlements of provisional priced sales.

During Q4/2016, 1,310,124 ounces of silver were delivered from our Candelaria, Antapaccay, Antamina and Cerro San Pedro interests which were converted to 18,650 GEOs.

Other Minerals generated 1,874 GEOs and $2.2 million in revenue.

At December 31, 2016, there remains $2.7 million in inventory for 7,126 gold ounces which were delivered under our Candelaria, Sabodala, Karma, MWS and Klondex agreements that had not been sold at year-end.

Oil & Gas assets generated revenue of $10.4 million for the quarter (96% oil and 4% gas), compared to $4.4 million for the same period of 2015 (96% oil and 4% gas), an increase of 136.4%. Production for the quarter was 12.2% higher than in Q4/2015; coupled with higher oil prices and lower operating costs from the operators. The actual realized price was 24% higher in Q4/2016, at C$54.87/boe compared to C$44.32/boe for Q4/2015.

Revenue from the Weyburn Unit for the quarter increased to $7.9 million (2015 - $3.5 million) with $5.1 million earned from the NRI (2015 - $1.1 million), $2.4 million earned from the working interest (2015 -

$2.0 million) and $0.4 million earned from the overriding royalties (2015 - $0.4 million). Revenue from the Weyburn NRI was higher due to the lower operating costs. Operating and capital expenses were 21% and 48% lower in Q4/2016 compared to Q4/2015, respectively. The actual realized price from the NRI was 22% higher in Q4/2016, at C$55.57/boe compared to C$45.68/boe for Q4/2015.

Oil & Gas revenue also included $0.9 million from the STACK acquisition.

Operating Costs and Expenses

The following table provides a list of operating costs and expenses incurred in the periods presented:

	Three months ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Costs of sales	**$ 25.7**	$ 24.3	$ 1.4
Depletion and depreciation	**67.2**	65.8	1.4
Corporate administration	**5.8**	2.9	2.9
Business development	**2.3**	(0.1)	2.4
Impairment charges	**67.5**	62.8	4.7
Gain on sale of royalty interest	**(14.1)**	—	(14.1)
(Gain) loss on sale of gold bullion	**0.5**	1.7	(1.2)
	$ 154.9	$ 157.4	$ (2.5)

Costs of Sales

The following table provides a breakdown of cost of sales incurred in the periods presented:

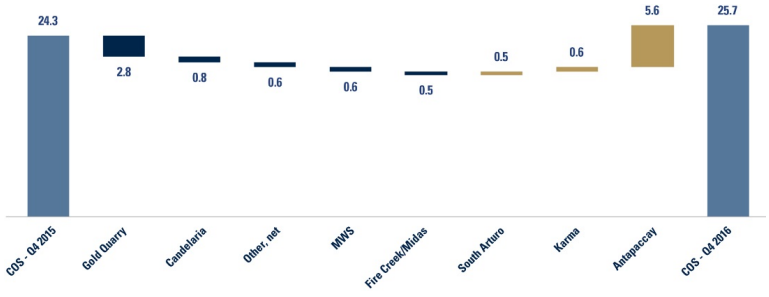
	Three months ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Cost of stream sales	**$ 25.4**	$ 20.8	$ 4.6
Cost of prepaid ounces	**1.2**	1.7	(0.5)
Mineral production taxes	**(1.8)**	0.8	(2.6)
Oil & Gas operating costs	**0.9**	1.0	(0.1)
	$ 25.7	$ 24.3	$ 1.4

The increase of $1.4 million is primarily attributable to more stream ounces delivered pursuant to the various stream agreements and sold in Q4/2016 when compared to Q4/2015. The ongoing stream cost per ounce are either a fixed amount per ounce delivered (adjusted for inflation each year) or an amount based as a percentage of spot price of gold or silver. Of the 83,656 GEOs delivered pursuant to its stream agreements, the Company sold 77,197 GEOs in Q4/2016 compared to 65,822 GEOs sold in Q4/2015. The cost of $2.1 million of the 6,459 GEOs that were not sold at year-end is presented as inventory in other current assets on the Company's statement of financial position as at December 31, 2016 (2015 – nil).

Offsetting the increase in cost of stream sales is a decrease in mineral production taxes, and the cost of prepaid ounces. Mineral production taxes decrease in Q4/2016 compared to Q4/2015 reflects a refund of withholding taxes from an operator as a result of changes in the Nevada net proceeds tax legislature. The decrease in the cost of prepaid ounces recognized in Q4/2016 compared to Q4/ 2015 is due to fewer ounces sold, of 1,333 GEOs compared to 1,875 GEOs. Although prepaid ounces received in Q4/2016 increased relative to the prior year period, fewer ounces were sold. Included in inventory at December 31, 2016 is the cost of the 667 prepaid ounces that remained unsold of $0.6 million (2015 – nil).

Costs of Sales Reconciliation –Q4/2015 to Q4/2016

(expressed in millions)

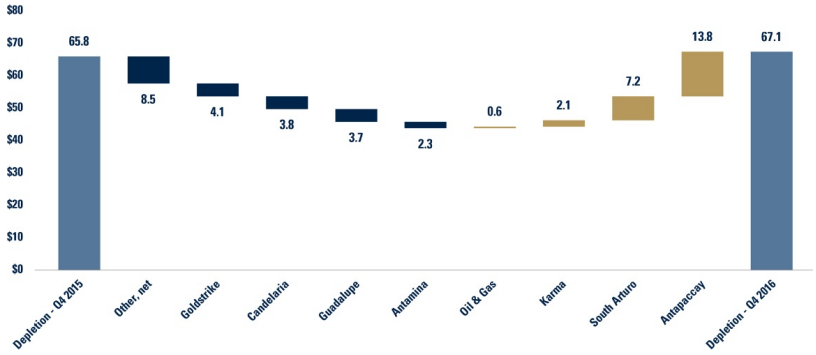


Depletion and Depreciation

Depletion and depreciation totaled $67.2 million for the quarter compared to $65.8 million in Q4/2015. The majority of the increase of $1.4 million is due to the depletion expense of $13.8 million associated with Antapaccay, a significant stream acquisition completed in February 2016, $7.2 million in relation to South Arturo, which commenced commercial production in August 2016, and $2.1 million for Karma for which deliveries started in the first quarter of 2016. These increases were partially offset by lower depletion on Goldstrike, Guadalupe and Antamina, reflecting lower production in Q4/2016 compared to Q4/2015.

Depletion Reconciliation –Q4/2015 to Q4/2016

(expressed in millions)



Corporate Administration

The following table provides a breakdown of corporate administration expenses incurred for the periods presented:

	Three months ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Salaries and benefits	**$ 3.4**	$ 1.2	$ 2.2
Professional fees	**0.3**	0.2	0.1
Office costs	**0.2**	0.2	—
Board of Directors cost	**(0.2)**	0.3	(0.5)
Share-based compensation	**1.3**	0.1	1.2
Other	**0.8**	0.9	(0.1)
	$ 5.8	$ 2.9	$ 2.9

Corporate administration expenses, representing 3.7% of revenue for Q4/2016, increased to $5.8 million from $2.9 million in the same period in 2015, primarily as a result of higher incentive compensation expense in recognition of the Company's performance. This was partly offset by a decrease in costs related to the Company's Board of Directors, which includes the mark-to-market of the value of deferred share units that are granted to directors of the Company. As the Company's share price decreased from September 30, 2016 to December 31, 2016, the Company recognized a decrease in the value of the deferred share unit liability.

Business Development Expenses

Business development expenses totaled $2.3 million compared to a recovery of $0.1 million in Q4/2015. Timing and amount of these costs typically vary depending upon the level of business development related activity, and the timing of completing transactions. Business development expenses related to completed transactions are capitalized to the relevant mineral interest asset following the closing of transactions.

Impairment Charges

Impairments of royalty, stream and working interests were $67.5 million for Q4/2016, compared to $62.8 million in Q4/2015.

Impairment charges in Q4/2016 related to the Cooke 4 underground mine, on which the Company holds a 7% gold stream. The impairment was a result of the announcement in October 2016 from Sibanye that it had ceased operations at Cooke 4 due to continued operational losses. The Company conducted an impairment analysis and estimated the net present value of the estimated future cash-flows expected to be generated by the mining of the Cooke 4 tailings. Key assumptions used in the impairment testing included timing of the expected future cash flows, long-term forecasted gold prices, which the Company estimated at $1,321/oz, and the discount rate of 8%. As a result of this analysis, the Company estimated the recoverable amount of its Cooke 4 asset to be $2.1 million.

Impairment charges in Q4/2015 included a charge on the Company's Weyburn and Midale oil interests of $41.3 million and $7.0 million, respectively, which were the result of a significant deterioration of oil prices in 2015 which impacted the Canadian oil industry and results of annual reserve assessments. The Red Lake (Phoenix) mineral asset, operated by Rubicon Minerals Corporation, was also impaired with a charge of $11.4 million, following a significant decrease in the project's mineral resources.

Gain on Disposal of Royalty Interest

In October 2016, Kirkland Lake exercised its option to buy back 1% of an overlying 2.5% NSR for aggregate cash consideration of $30.3 million ($36.0 million less royalty proceeds previously received attributable to the buy-back portion of the NSR). The Company recognized a gain on disposal of $14.1 million in the consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016.

Gain or Loss on Sale of Gold Bullion

The Company recognized a gain on the sale of gold bullion of $0.5 million in Q4/2016, compared to a loss of $1.7 million in Q4/2015. Gold bullion is physical ounces of gold which Company receives as settlement from certain of the Company's royalty interests, and is presented as other current assets on the statement of financial position.

Foreign Exchange and Other Income/Expenses

The following table provides a list of foreign exchange and other income/expenses incurred for the periods presented:

	Three months ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Foreign exchange loss	**$ (0.3)**	$ (0.6)	$ 0.3
Mark-to-market gain (loss) on warrants	**0.4**	(0.2)	0.6
Other	**0.5**	—	0.5
	$ 0.6	$ (0.8)	$ 1.4

Foreign exchange losses and other income/expenses were comprised of a foreign exchange loss of $0.3 million, compared to $0.6 million in Q4/2015, reflecting a slight weakening of the U.S. dollar relative to the Canadian dollar. Under IFRS, all foreign exchange gains or losses related to monetary assets and liabilities held in a currency other than the functional currency are recorded in net income as opposed to other comprehensive income. The parent company's functional currency is the Canadian dollar, while the functional currency of certain of the Company's subsidiaries is the U.S. dollar.

Other items included a mark-to-market gain of $0.4 million (2015 – loss of $0.2 million) on warrants on various publicly-listed companies.

Gain on Investments

Gain on investments in Q4/2016 include a gain on the sale of available-for-sale securities of $1.2 million (2015 – $nil), and $6.7 million of gain realized on the share exchange of one of the Company's available-for-sale securities. Under IFRS, share exchanges are considered a disposal at fair market value. Any unrealized gain or loss is deducted from comprehensive income (loss) and recognized in the statement of income (loss).

Finance Income and Finance Expenses

The following table provides a breakdown of finance income and expenses incurred for the periods presented:

	Three months ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Finance Income			
Interest	**$ 0.9**	$ 2.1	$ (1.2)
	$ 0.9	$ 2.1	$ (1.2)
Finance Expenses			
Standby Charges	**$ 0.6**	$ 0.3	$ 0.3
Interest	**—**	0.8	(0.8)
Amortization	**0.2**	0.3	(0.1)
	$ 0.8	$ 1.4	$ (0.6)

Finance income was $0.9 million (2015 - $2.1 million) for the quarter while finance expenses were $0.8 million (2015 - $1.4 million). Finance income is earned on our cash equivalents and/or short-term investments. Finance income also includes interest income in the amount of $0.5 million accrued on the Noront Resources Ltd. ("Noront") loan during Q4/2016. Finance expenses consist of the costs of standby charges, which represent the costs of maintaining our credit facility; and amortization of the costs incurred with respect to the initial set-up or subsequent amendments of the facility. In Q4/2016, the Company incurred no interest expense as it had not drawn on its credit facility.

Income Taxes

Franco-Nevada had an income tax expense of $13.4 million (2015 – recovery of $4.9 million) for the quarter comprised of a current income tax expense of $11.2 million (2015 - $5.3 million) and a deferred income tax expense of $2.2 million (2015 – recovery of $10.2 million). The income tax expense as a percentage of net income before tax for Q4/2016 increased year-over-year as a result of an impairment of streams and other one-time adjustments.

Net Income

Net loss for Q4/2016 was $4.5 million, or $0.03 per share, compared to $31.4 million, or $0.20 per share, for the same period in 2015. Adjusted Net Income was $42.9 million, or $0.24 per share, compared to $23.7 million, or $0.15 per share, earned in Q4/2015. The decrease in net loss and increase in Adjusted Net Income was driven primarily by higher revenue due to asset acquisitions completed in 2016, such as the Antapaccay mineral stream and the STACK oil interest, as well as mineral assets which commenced commercial production such as Karma and South Arturo. In both Q4/2016 and Q4/2015, impairment charges were recorded in the amounts of $67.5 million and $62.8 million, respectively. However, the net loss in Q4/2016 was partly reduced by the gain of $14.1 million realized on the Kirkland Lake buy-back.

OVERVIEW OF FINANCIAL PERFORMANCE – 2016 TO 2015

The prices of precious metals, oil and gas and the actual production from mineral and oil & gas assets are the largest factors in determining profitability and cash flow from operations for Franco-Nevada. The following table summarizes average commodity prices and average exchange rates during the periods presented.

Annual average prices and rates		2016	2015	Variance %
Gold[1]	($/oz)	**$ 1,248**	$ 1,160	7.6 %
Silver[2]	($/oz)	**17.20**	15.68	9.7 %
Platinum[3]	($/oz)	**987**	1,054	(6.4)%
Palladium[3]	($/oz)	**613**	691	(11.3)%
Edmonton Light	C$/bbl	**52.84**	57.47	(8.1)%
Quality Differential	C$/bbl	**(6.57)**	(7.54)	12.9 %
Realized oil price	C$/bbl	**46.27**	49.93	(7.3)%
CAD/USD exchange rate[4]		**0.7555**	0.7820	(3.4)%

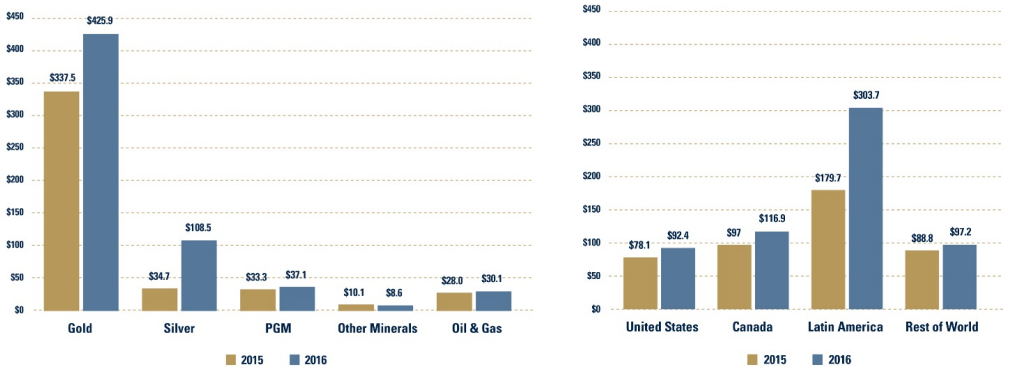
1 Based on LBMA Gold Price PM Fix
2 Based on LBMA Silver Price
3 Based on London PM Fix
4 Based on Bank of Canada noon rates

Gold Equivalent Ounces and Revenue

In 2016, Franco-Nevada generated revenue of $610.2 million compared with $443.6 million in 2015, an increase of 37.6%. The increase year-over-year is due to 464,383 GEOs sold, an increase of 29.0% over the 360,070 GEOs in 2015, coupled with stronger precious metals prices. For the year ended December 31, 2016, precious metals revenue accounted for 93.7% of total revenue compared to 91.4% in 2015, while revenue generated from the Americas represented 84.1% of revenue compared to 80.0% in 2015.

2016 Revenue by Commodity and Geography

(expressed in millions)



The following table outlines GEOs and revenue attributable to Franco-Nevada for the year ended December 31, 2016 and 2015 by commodity, geographical location and type of interest:

	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the year ended December 31,	**2016**	2015	Variance	**2016**	2015	Variance
Commodity						
Precious Metals						
Gold	**341,379**	291,521	49,858	**$ 425.9**	$ 337.5	$ 88.4
Silver	**87,137**	30,427	56,710	**108.5**	34.7	73.8
PGM	**28,958**	29,335	(377)	**37.1**	33.3	3.8
Precious Metals - Total	**457,474**	351,283	106,191	**571.5**	405.5	166.0
Other Minerals	**6,909**	8,787	(1,878)	**8.6**	10.1	(1.5)
Oil & Gas	-	-	-	**30.1**	28.0	2.1
	464,383	360,070	104,313	**$ 610.2**	$ 443.6	$ 166.6
Geography						
United States	**73,155**	67,806	5,349	**$ 92.4**	$ 78.1	$ 14.3
Canada	**69,654**	60,677	8,977	**116.9**	97.0	19.9
Latin America	**244,137**	154,805	89,332	**303.7**	179.7	124.0
Rest of World	**77,437**	76,782	655	**97.2**	88.8	8.4
	464,383	360,070	104,313	**$ 610.2**	$ 443.6	$ 166.6
Type						
Revenue-based	**94,072**	105,085	(11,013)	**$ 123.5**	$ 127.7	$ (4.2)
Streams	**321,093**	222,670	98,423	**401.6**	257.6	144.0
Profit-based	**25,074**	18,420	6,654	**45.8**	32.1	13.7
Other	**24,144**	13,895	10,249	**39.3**	26.2	13.1
	464,383	360,070	104,313	**$ 610.2**	$ 443.6	$ 166.6

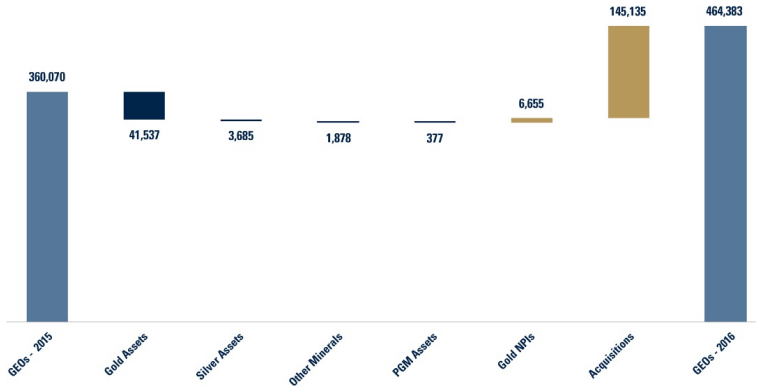
1 Refer to Note 1 at the bottom of page 4 of this MD&A for the methodology for calculating GEOs, and, for illustrative purposes, to the average commodity price table on page 21 of this MD&A for indicative prices which may be used in the calculations of GEOs.

GEOs and revenue from precious metals were earned from the following geographical locations:

	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the year ended December 31,	**2016**	2015	Variance	**2016**	2015	Variance
Geography for Precious Metals						
Precious Metals						
United States	**72,764**	67,292	5,472	**$ 91.0**	$ 77.5	$ 13.5
Canada	**65,769**	57,528	8,241	**82.9**	65.4	17.5
Latin America	**244,137**	154,805	89,332	**303.7**	179.7	124.0
Rest of World	**74,804**	71,658	3,146	**93.9**	82.9	11.0
Precious Metals - Total	**457,474**	351,283	106,191	**$ 571.5**	$ 405.5	$ 166.0
Other Minerals	**6,909**	8,787	(1,878)	**8.6**	10.1	(1.5)
Oil & Gas	-	-	-	**30.1**	28.0	2.1
	464,383	360,070	104,313	**$ 610.2**	$ 443.6	$ 166.6

2 Refer to Note 1 at the bottom of page 4 of this MD&A for the methodology for calculating GEOs, and, for illustrative purposes, to the average commodity price table on page 21 of this MD&A for indicative prices which may be used in the calculations of GEOs.

GEO Reconciliation – 2015 to 2016



Revenue from precious metals assets was $571.5 million in 2016 compared with $405.5 million in 2015. GEOs sold which were earned from precious metals assets increased by 30.2% to 457,474 GEOs in 2016 from 351,283 GEOs in 2015. The largest increase came from our Latin American assets.

GEOs and revenue increases for the year 2016 are attributable to the following:

- The Company received 73,612 GEO deliveries from Antapaccay. This includes 948,000 silver ounces delivered and sold by the Company. The asset was acquired in the first quarter of 2016.
- The Company received 60,273 GEO deliveries from Antamina in the first full year since acquiring the stream interest in Q4/2015, resulting in an increase of 47,252 GEOs compared to 2015.
- Karma, a stream asset which started deliveries of 1,250 fixed gold ounces per month in March 2016, delivered 12,500 GEOs during the year, of which 11,250 GEOs were sold in 2016.
- South Arturo, which commenced commercial production in August 2016, delivered 11,160 GEOs in 2016, compared to 171 GEOs in 2015.
- The Company also benefited from an increase in revenue from Hemlo, which contributed a total of 9,972 GEOs, an increase of 5,423 GEOs compared to 2015 deliveries, of which 3,180 are from the NPI, reflecting higher gold prices and stronger production in the year 2016.

The above increases were partly offset by the following:

- Candelaria delivered 73,410 GEOs in 2016, a decrease of 15,446 compared to 2015. The decrease compared to the prior year was due to 2015 being an exceptional strong year of production for Candelaria. Of the 73,410 GEOs delivered in 2016, 71,378 GEOs were sold in 2016.
- Deliveries from the Palmarejo agreement ended in July 2016 when Coeur reached the minimum cap of 400,000 ounces. Deliveries from the Palmarejo operations under the new Guadalupe agreement started in October 2016. Overall, Franco-Nevada received a combined 36,386 GEOs, compared to 51,420 GEOs in 2015, a reduction of 15,034 GEOs.

Other minerals generated 6,909 GEOs and $8.6 million in revenue.

At December 31, 2016, there remains $2.7 million in inventory for 7,126 gold ounces which were delivered under our Candelaria, Sabodala, Karma, MWS and Klondex agreements that had not been sold at year-end.

Oil & Gas assets generated revenue of $30.1 million in 2016 (97% oil and 3% gas), compared to $28.0 million for 2015 (95% oil and 5% gas), an increase of 7.5%. The increase is due to lower production costs and slightly higher production, which was 0.3% higher than in 2015.

Revenue from the Weyburn Unit for the period increased to $23.6 million (2015 - $ 21.1 million) with $14.5 million earned from the NRI (2015 - $11.4 million), $7.8 million earned from the working interest (2015 - $8.2 million) and $1.3 million earned from the overriding royalties (2015 - $1.5 million). Revenue from the Weyburn NRI was higher due to the lower production costs. Operating and capital expenditures decreased by

18% and 31% in 2016, respectively. Actual realized price from the NRI was C$46.91/boe for the period, down 6% from the realized price of C$50.06/boe for 2015.

Operating Costs and Expenses

The following table provides a list of operating costs and expenses incurred for the year ended December 31, 2016 and 2015.

	Year ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Costs of sales	**$ 105.8**	$ 93.1	$ 12.7
Depletion and depreciation	**273.8**	216.3	57.5
Corporate administration	**20.7**	15.1	5.6
Business development	**3.4**	2.7	0.7
Impairment charges	**67.5**	62.9	4.6
Gain on sale of royalty interest	**(14.1)**	—	(14.1)
(Gain) loss on sale of gold bullion	**(2.3)**	2.2	(4.5)
	$ 454.8	$ 392.3	$ 62.5

Costs of Sales

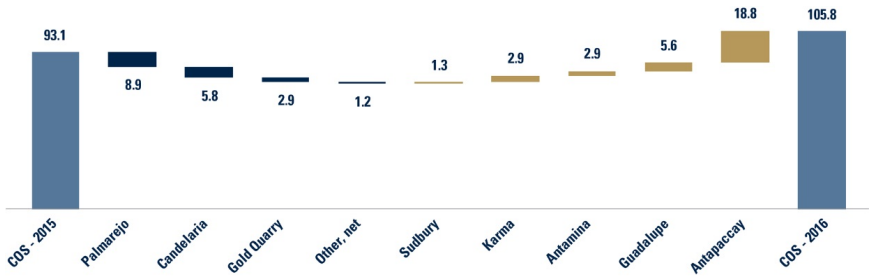
The following table provides a breakdown of cost of sales incurred for 2016 and 2015.

	Year ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Cost of stream sales	**$ 95.6**	$ 80.1	$ 15.5
Cost of prepaid ounces	**6.5**	6.6	(0.1)
Production taxes	**0.5**	2.6	(2.1)
Oil & Gas operating costs	**3.2**	3.8	(0.6)
	$ 105.8	$ 93.1	$ 12.7

The increase of $12.7 million reflects the increase in the number of stream ounces sold in 2016 compared to 2015. The Company was delivered 328,219 GEOs under its stream agreements in 2016. Of this, 321,093 GEOs were sold in 2016 compared to 222,670 GEOs in 2015. The year-over-year increase reflects deliveries under the Antamina and Antapaccay streams, which were acquired in October 2015 and February 2016, respectively, partly offset by a decrease from the Candelaria and Guadalupe streams which delivered fewer GEOs in 2016 compared to 2015. Oil & Gas operating costs were lower due to production and cost efficiencies implemented by the operators.

Costs of Sales Reconciliation –2015 to 2016

(expressed in millions)



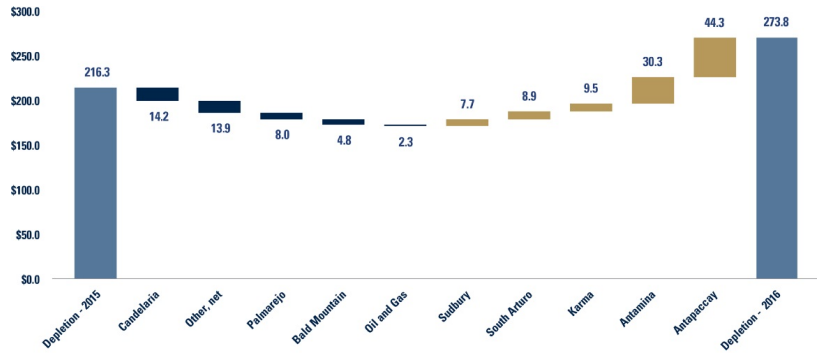
Depletion and Depreciation

Depletion and depreciation totaled $273.8 million for 2016 compared to $216.3 million in 2015. The increase of $57.5 million is largely due to the Antapaccay stream agreement, for which the Company

recognized $44.3 million in depletion expense in 2016, and the Antamina acquisition for which depletion expense increased $30.3 million compared to 2015. Depletion expense also increased for the South Arturo and Karma mines, which commenced commercial production in 2016. These increases were partially offset by lower depletion on Candelaria and Guadalupe, where deliveries of GEOs were lower in 2016 than in 2015.

Depletion Reconciliation – 2015 to 2016

(expressed in millions)



Corporate Administration

	Year ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Salaries and benefits	**$ 7.3**	$ 4.6	$ 2.7
Professional fees	**1.3**	0.6	0.7
Office costs	**0.8**	0.8	—
Board of Directors costs	**2.1**	0.6	1.5
Share-based compensation	**5.0**	4.2	0.8
Other	**4.2**	4.3	(0.1)
	$ 20.7	$ 15.1	$ 5.6

Corporate administration expenses increased to $20.7 million in 2016, from $15.1 million in 2015. The increase is primarily due to higher incentive compensation expense in 2016 than in 2015. Board of Directors costs also increased compared to 2015 as these include the mark-to-market of the value of deferred share units that are granted to directors of the Company. As the Company's share price increased from December 31, 2015 to December 31, 2016, the Company recognized a higher deferred share unit liability.

Business Development Expenses

Business development expenses for 2016 were $3.4 million, compared to $2.7 million in the same period in 2015. Timing and amount of these costs typically vary based on the business development related activities and the timing of completing transactions.

Impairment Charges

Impairments of royalty, stream and working interests were $67.5 million for 2016, compared to $62.9 million in 2015. Impairment charges in 2016 related to the Cooke 4 underground mine, while 2015 included charges related to the Weyburn and Midale oil interests, and the Red Lake (Phoenix) mineral asset.

Gain on Disposal of Royalty Interest

In October 2016, Kirkland Lake exercised its option to buy back 1% of an overlying 2.5% NSR for aggregate cash consideration of $30.3 million. The Company recognized a gain on disposal of $14.1 million in the

consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016.

Gain or Loss on Sale of Gold Bullion

The Company recognized a gain on the sale of gold bullion of $2.3 million in 2016, compared to a loss of $2.2 million in 2015. Gold bullion is physical ounces of gold received as settlement from certain of the Company's royalty interests.

Foreign Exchange and Other Income/Expenses

The following table provides a breakdown of items included in foreign exchange income/losses and other expenses for the year ended December 31, 2016 and 2015.

	Year ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Foreign exchange loss	**$ (0.6)**	$ (3.6)	$ 3.0
Mark-to-market gain (loss) on warrants	**0.4**	(0.5)	0.9
Other	**0.5**	—	0.5
	$ 0.3	$ (4.1)	$ 4.4

Foreign exchange gains and losses include foreign exchange movements related to cash and cash equivalents and investments in debt securities, such as treasury bills and intercompany loans, held in a denomination that differs from the functional currency of the entity in which those balances are held. The parent company's functional currency is the Canadian dollar, while the functional currency of certain of the Company's subsidiaries is the U.S. dollar. Under IFRS, all foreign exchange changes related to monetary assets denominated in a currency other than the functional currency are recorded in net income as opposed to other comprehensive income.

Gain on Investments

Gain on investments in 2016 include a gain on sale of available-for-sale securities of $5.7 million (2015 – $0.9), and $6.7 million of gain realized on the share exchange of one of the Company's available-for-sale securities. Under IFRS, share exchanges are considered a disposal at fair market value. Any unrealized gain or loss is deducted from comprehensive income (loss) and recognized in the statement of income (loss).

Finance Income and Finance Expenses

The following table provides a breakdown of finance income and expenses recognized in 2016 and 2015:

	Year ended December 31,		
(expressed in millions)	**2016**	2015	Variance
Finance Income			
Interest	**$ 3.5**	$ 5.3	$ (1.8)
	$ 3.5	$ 5.3	$ (1.8)
Finance Expenses			
Standby Charges	**$ 2.2**	$ 1.5	$ 0.7
Interest	**0.8**	0.8	—
Amortization	**0.6**	0.6	—
	$ 3.6	$ 2.9	$ 0.7

Finance income includes interest earned on our cash equivalents and/or short-term investments, as well as interest accrued on the Noront loan receivable. Interest on the Noront loan for 2016 was $1.7 million (2015 - $1.2 million).

Finance expenses increased due to higher standby charges, as a result of the increase in the amount available under the Company's credit facility, which was increased from $500 million to $1 billion in 2015. Interest expense incurred during the year was in relation to the amount the Company drew down in Q4/2015 of $460.0 million, which was repaid in March 2016. In addition to the $0.8 million interest expensed, $0.7 million was capitalized to the Cobre Panama stream.

Income Taxes

Franco-Nevada had an income tax expense of $45.7 million (2015 – $23.9 million) for the year ended December 31, 2016 comprised of a current income tax expense of $40.9 million (2015 - $26.1 million) and a deferred income tax expense of $4.8 million (2015 – recovery of $2.2 million). The income tax expense as a percentage of net income before tax for 2016 decreased year-over-year as a result of fluctuations in foreign exchange rates, changes in unrealized losses on marketable securities, and other one-time adjustments.

Net Income

Net income in 2016 was $122.2 million, or $0.70 per share, compared to $24.6 million, or $0.16 per share, in 2015. Adjusted Net Income was $164.4 million, or $0.94 per share, compared to $88.9 million, or $0.57 per share, for 2015. The increase in net income and Adjusted Net Income was driven primarily by higher revenue due to asset acquisitions completed in Q4/2015 and Q1/2016, which was partly offset by a corresponding increase in cost of sales and depletion expense.

SUMMARY OF QUARTERLY INFORMATION

Selected quarterly financial and statistical information for the previous eight quarters[1] is set out below:

(in millions, except per share and ounce amounts)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenue	$ 155.3	$ 172.0	$ 150.9	$ 132.0	$ 121.3	$ 103.7	$ 109.4	$ 109.2
Costs and expenses[2, 3]	62.0	104.5	100.5	94.9	157.6	77.6	78.6	78.8
Operating income (loss)[3]	0.4	67.5	50.4	37.1	(36.3)	26.1	30.8	30.4
Other income (expenses)[3]	8.4	—	3.2	1.0	—	(2.4)	2.1	(2.2)
Income tax expense (recovery)	13.4	12.9	11.3	8.1	(4.9)	8.5	11.3	9.0
Net income (loss)	(4.5)	54.4	42.3	30.0	(31.4)	15.2	21.6	19.2
Basic earnings (loss) per share	$ (0.03)	$ 0.31	$ 0.24	$ 0.18	$ (0.20)	$ 0.10	$ 0.14	$ 0.12
Diluted earnings (loss) per share	$ (0.03)	$ 0.30	$ 0.24	$ 0.18	$ (0.20)	$ 0.10	$ 0.14	$ 0.12
Net cash provided by operating actvities[3]	$ 121.9	$ 121.6	$ 103.5	$ 124.0	$ 84.9	$ 73.0	$ 72.8	$ 83.6
Net cash used in investing activities[3]	(113.3)	(41.5)	(28.1)	(506.9)	(987.7)	(44.6)	(38.5)	(35.3)
Net cash provided by (used in) financing activities	(30.5)	(29.4)	(23.8)	405.4	445.2	(23.2)	(24.3)	(23.6)
Average Gold Price[4]	$ 1,218	$ 1,335	$ 1,259	$ 1,181	$ 1,104	$ 1,124	$ 1,193	$ 1,219
GEOs[5]	121,910	123,065	112,787	106,621	106,312	85,637	83,040	85,081
Adjusted EBITDA[3,6]	$ 122.2	$ 142.2	$ 120.3	$ 104.4	$ 94.2	$ 77.5	$ 82.1	$ 83.3
Adjusted EBITDA[3,6] per share	$ 0.69	$ 0.80	$ 0.68	$ 0.63	$ 0.60	$ 0.49	$ 0.52	$ 0.53
Margin[3,6]	78.7 %	82.7 %	79.7 %	79.1 %	77.7 %	74.7 %	75.1 %	76.3 %
Adjusted Net Income[3,6]	$ 42.9	$ 53.5	$ 40.0	$ 28.0	$ 23.7	$ 19.4	$ 22.9	$ 22.9
Adjusted Net Income[3,6] per share	$ 0.24	$ 0.30	$ 0.22	$ 0.17	$ 0.15	$ 0.12	$ 0.15	$ 0.15

1 Sum of the quarters may not add up to yearly total due to rounding.

2 Includes impairment charges on royalty, stream and working interests.

3 In Q3/2016, the Company adopted a retrospective change in accounting policy with respect to its classification of proceeds from sales of gold bullion in its statement of cash flows and statement of income and comprehensive income (loss). For further information, refer to Note 2(b) of the consolidated financial statements for the year ended December 31, 2016. The Company's non-IFRS measures, as defined in pages 37-40 of this MD&A, were also adjusted accordingly to reflect gains/losses on sales of such gold bullion as an operating activity that is part of the Company's underlying operating business. Comparative information presented above has been adjusted to conform to current presentation.

4 Based on LBMA Gold Price PM Fix.

5 GEOs include our gold, silver, platinum, palladium and other mineral assets, and do not include Oil & Gas assets. GEOs are estimated on a gross basis for NSR royalties and, in the case of stream ounces, before the payment of the per ounce contractual price paid by the Company. For NPI royalties, GEOs are calculated taking into account the NPI economics. Silver, platinum, palladium and other minerals are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The gold price used in the computation of GEOs earned from a particular asset varies depending on the royalty or stream agreement, which may make reference to the market price realized by the operator, or the average for the month, quarter, or year in which the mineral was produced or sold. For illustrative purposes, please refer to average commodity price tables on pages 13 and 21 of this MD&A for indicative prices which may be used in the calculation of GEOs.

6 Adjusted EBITDA, Margin and Adjusted Net Income are non-IFRS measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please refer to pages 37-40 of this MD&A.

BALANCE SHEET REVIEW

Summary Balance Sheet and Key Financial Metrics

(expressed in millions, except debt to equity ratio)	December 31, 2016	December 31, 2015
Total cash and cash equivalents	**$ 253.0**	$ 149.2
Current assets	**361.2**	274.7
Non-current assets	**3,860.4**	3,399.6
Total assets	**$ 4,221.6**	$ 3,674.3
Current liabilities	**37.6**	20.8
Non-current liabilities	**37.5**	490.5
Total liabilities	**$ 75.1**	$ 511.3
Total shareholders' equity	**$ 4,146.5**	$ 3,163.0
Dividends declared (including DRIP)	**$ 156.8**	$ 129.0
Debt	**$ —**	$ 457.3
Total common shares outstanding	**178.5**	156.9
Key Financial Ratios		
Working Capital	**$ 323.6**	$ 253.9
Debt to equity	**—**	0.14:1

Assets

Total assets were $4,221.6 million at December 31, 2016 compared to $3,674.3 million at December 31, 2015. Our asset base is primarily comprised of non-current assets such as our royalty, stream and working interests, and current assets of cash and cash equivalents. This reflects our business strategy of growing a diversified portfolio and ensuring cash is available for future acquisitions and dividends. The increase of $547.3 million in total assets as at December 31, 2016 compared to December 31, 2015 reflects the equity financing which completed in Q1/2016, which was used to fund the additions of the Antapaccay stream and STACK royalty agreements of $500.0 million and $100.0 million, respectively, as well as to fund the Company's capital contribution of $124.3 million towards the Cobre Panama project. These capital expenditures were partly offset by the depletion of royalty, stream and working interests.

Liabilities

Total liabilities at December 31, 2016 were $75.1 million including current and deferred income tax liabilities, a decrease of $436.2 million compared to December 31, 2015, reflecting the repayment of amounts the Company had borrowed under its credit facility in 2015 using proceeds from the equity financing completed in Q1/2016.

Shareholders' Equity

Shareholders' equity increased by $983.5 million as at December 31, 2016 compared to December 31, 2015 reflecting an equity offering completed in February 2016 for gross proceeds of $920.1 million, and net income of $122.2 million for the year ended December 31, 2016. The increase in shareholders' equity was partly offset by declared dividends of $156.8 million, of which $38.7 million were settled through the issuance of common shares pursuant to the Company's DRIP.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated for the year ended December 31, 2016 and 2015 was as follows:

	For the three months ended December 31,		For the year ended December 31,	
(expressed in millions)	**2016**	2015	**2016**	2015
Cash provided by operating activities[1]	**$ 121.9**	$ 84.9	**$ 471.0**	$ 314.3
Cash used in investing activities[1]	**(113.3)**	(987.7)	**(689.8)**	(1,106.1)
Cash provided by (used in) financing activities	**(30.5)**	445.2	**321.7**	374.1
Effect of exchange rate changes on cash and cash equivalents	**(2.7)**	1.4	**0.9**	(25.6)
Change in cash and cash equivalents	**$ (24.6)**	$ (456.2)	**$ 103.8**	$ (443.3)

1. In Q3/2016, the Company adopted a retrospective change in accounting policy with respect to its classification of proceeds from sales of gold bullion in its statement of cash flows. Comparative information, including information presented in Quarterly Financial Information on page 28 of this MD&A, has been adjusted to conform to current presentation. For further information, refer to Note 2(b) of the consolidated financial statements for the year ended December 31, 2016.

Operating Cash Flow

Cash generated by operating activities was $121.9 million and $84.9 million for Q4/2016 and Q4/2015, respectively. Cash generated by operating activities was $471.0 million and $314.3 million for the year ended December 31, 2016 and 2015, respectively. The increases are primarily attributable to higher revenues generated since the Antamina and Antapaccay stream acquisitions.

In Q3/2016, the Company adopted a retrospective change in accounting policy with respect to its classification of proceeds from sales of gold bullion in its statement of cash flows. Pursuant to certain of its royalty agreements, the Company receives gold bullion as settlement for amounts which it is due. In prior periods, management had classified proceeds from the sale of such gold bullion as an investing activity based on its intention with respect to the holding period of the gold bullion. As the magnitude and frequency of trading increased over time, management determined the acquisition and subsequent sale of the gold bullion to be an operating activity. As a result, the Company has reclassified the cash proceeds from the sale of such gold bullion, and any related gain or loss arising during the holding period, to be a component of operating income and operating cash flows. Comparative information, including information presented in the "*Quarterly Financial Information*" section on page 28 of this MD&A, has been adjusted to conform to current presentation. For further information, refer to Note 2(b) of the consolidated financial statements for the year ended December 31, 2016.

Investing Activities

Cash used in investing activities was $113.3 million for Q4/2016 compared to $987.7 million in Q4/2015. Investing activities in Q4/2016 primarily relate to the acquisition of the STACK royalties, and also included the funding of the Cobre Panama stream of $46.6 million. At December 31, 2016, the Company has funded $124.3 million in 2016, for a total of $462.2 million of its total $1 billion commitment to the construction of Cobre Panama. These capital expenditures were partly offset by proceeds from Kirkland Lake's exercise of its royalty buy-back option.

Cash used in investing activities was $689.8 million for the year ended December 31, 2016 compared to $1,106.1 million in 2015. In addition to the above noted capital expenditures, 2016 capital expenditures also included the Antapaccay acquisition of $500.0 million in February 2016. Funding for the Cobre Panama project totaled $124.3 million in 2016.

Financing Activities

Net cash used in financing activities was $30.5 million for Q4/2016 reflecting payments of cash dividends in Q4/2016. This compares to net cash generated by financing activities of $445.2 million for Q4/2015, which included net drawdowns under the Company's credit facility of $460.0 million, partly offset by the payment of dividends.

Net cash provided by financing activities was $321.7 million for 2016 compared to $374.1 million for 2015. The net cash provided by financing activities in 2016 is attributable to the funds raised from the equity issuance of 19.2 million common shares resulting in $883.5 million net proceeds to the Company. The inflow from the equity offering was partially used to repay the $460.0 million drawn on the credit facility at December 31, 2015. Comparatively, financing cash inflow for 2015 was provided through the use of the Company's credit facility of $480.0 million. The Company also paid $118.1 million in cash dividends in 2016, compared to $94.1 million in 2015.

Capital Resources

As at December 31, 2016, our cash, cash equivalents and short-term investments totaled $253.0 million (December 31, 2015 - $168.0 million). In addition, we held investments at December 31, 2016 with a combined value of $147.4 million (December 31, 2015 - $94.8 million), of which $114.6 million was held in publicly traded equity instruments (December 31, 2015 - $64.5 million).

Further, an amount of $1.0 billion, or its Canadian dollar equivalent, is available under our unsecured credit facility. Advances under the facility bear interest depending upon the currency of the advance and the Company's leverage ratio. As at March 22, 2017, the full amount of $1 billion is available as the Company has not drawn on the Credit Facility. U.S. and Canadian dollar advances would bear interest at a rate of 4.20% and 2.90%, respectively, with a maturity term of March 22, 2022. Funds can also be drawn using LIBOR 30-day rates plus 120 basis points.

In addition, on March 20, 2017, the Company's wholly-owned subsidiary, Franco-Nevada (Barbados) Corporation, entered into an unsecured revolving credit facility (the "FNBC Credit Facility"). The FNBC Credit Facility provides for the availability over a one-year period of up to $100.0 million in borrowings. The FNBC Credit Facility has a maturity date of March 20, 2018. The Company has the option of requesting, during a period of time surrounding each anniversary date, up to two additional one-year extensions of the maturity term.

Advances under the FNBC Credit Facility can be drawn as base rate advances with interest payable monthly at the Canadian Imperial Bank of Commerce ("CIBC") base rate, plus 0.35% per annum; or as LIBOR loans for periods of 1, 2, 3 or 6 months with interest payable at a rate of LIBOR plus 1.35% per annum.

The Credit Facility is subject to a standby fee of 0.27% per annum.

As at December 31, 2016, there were 6,510,280 warrants outstanding with an exercise price of C$75.00 per warrant and an expiry date of June 16, 2017. Should the entirety of these warrants be exercised prior to their expiry, the Company would receive proceeds of C$488.3 million. The Company's share price on the Toronto Stock Exchange closed at C$80.28 on December 31, 2016, and at C$87.56 on March 21, 2017.

Management's objectives when managing capital are to:

(a) ensure the preservation and availability of capital not being used for long-term investments by investing in low risk investments with high liquidity; and

(b) ensure that adequate levels of capital are maintained to meet the Company's operating requirements and other current liabilities.

As at December 31, 2016, the majority of funds were held in cash deposits with several financial institutions. Franco-Nevada invests its excess funds in term deposits. Certain investments with terms to maturity upon acquisition of three months, or 92 days or less, and were classified as term deposits.

Our performance is impacted by foreign currency fluctuations of the Canadian dollar and Australian dollar relative to the U.S. dollar. The largest exposure is with respect to the Canadian/U.S. dollar exchange rate as we hold a significant amount of our assets in Canada and report our results in U.S. dollars. The effect of volatility in these currencies against the U.S. dollar impacts our corporate administration, business development expenses and depletion on mineral and oil & gas interests incurred in our Canadian and Australian entities due to their respective functional currencies. During the year, the Canadian dollar traded in a range of $0.6854 to $0.7972, closing the year at $0.7448, and the Australian dollar traded between $0.6869 and $0.7803, closing the year at $0.7207.

Our near-term cash requirements include funding of the acquisition of the U.S. oil & gas royalties in the Midland Basin, commitments under the Cobre Panama stream agreement, corporate administration costs, certain costs of operations, payment of dividends and income taxes directly related to the recognition of royalty and stream revenues. As a royalty/stream company, there are limited requirements for capital expenditures other than for the acquisition of additional royalties/streams and working interests' capital commitments. Such acquisitions are entirely discretionary and will be consummated through the use of cash, as available, or through the issuance of common shares or other equity or debt securities or use of our credit facility. We believe that our current cash resources, our available credit facility and future cash flows will be sufficient to cover the cost of our commitments under the various stream agreements, administrative expenses, costs of operations and dividend payments for the foreseeable future.

Purchase Commitments

The following table summarizes Franco-Nevada's commitments to pay for gold, silver and PGM pursuant to the associated precious metals agreements:

	Attributable Payable Production to be Purchased			Per Ounce Cash Payment [1,2]				
Interest	Gold	Silver	PGM	Gold	Silver	PGM	Term of Agreement[3]	Date of Contract
Antamina	0 %	22.5 %[4]	0 %	n/a	5 %[5]	n/a	40 years	7-Oct-15
Antapaccay	— %[6]	— %[7]	0 %	20 %[8]	20 %[9]	n/a	40 years	10-Feb-16
Candelaria	68 %[10]	68 %[10]	0 %	$ 400	$ 4.00	n/a	40 years	6-Oct-14
Cobre Panama	— %[11]	— %[12]	0 %	$ 406	$ 6.09	n/a	45 years	2-Nov-15
Karma	4.875 %[13]	0 %	0 %	20 %[14]	n/a	n/a	40 years	11-Aug-14
Guadalupe	50 %	0 %	0 %	$ 800	n/a	n/a	40 years	2-Oct-14
Sabodala	6 %[15]	0 %	0 %	20 %[16]	n/a	n/a	40 years	12-Dec-13
MWS	25 %	0 %	0 %	$ 400	n/a	n/a	40 years [17]	2-Mar-12
Cooke 4	7 %	0 %	0 %	$ 400	n/a	n/a	40 years	5-Nov-09
Sudbury[18]	50 %	0 %	50 %	$ 400	n/a	$ 400	40 years	15-Jul-08

1 Subject to an annual inflationary adjustment except for Antamina, Antapaccay, Karma, Guadalupe, and Sabodala.

2 Should the prevailing market price for gold be lower than this amount, the per ounce cash payment will be reduced to the prevailing market price, with the exception of Palmarejo.

3 Subject to successive extensions.

4 Subject to a fixed payability of 90%. Percentage decreases to 15% after 86 million ounces of silver has been delivered under the agreement.

5 Purchase price is 5% of the average silver price at the time of delivery.

6 Gold deliveries are referenced to copper in concentrate shipped with 300 ounces of gold delivered for each 1,000 tonnes of copper in concentrate shipped, until 630,000 ounces of gold has been delivered. Thereafter, percentage is 30% of gold shipped.

7 Silver deliveries are referenced to copper in concentrate shipped with 4,700 ounces of silver delivered for each 1,000 tonnes of copper in concentrate shipped, until 10.0 million ounces of silver has been delivered. Thereafter, percentage is 30% of silver shipped.

8 Purchase price is 20% of the spot price of gold until 750,000 ounces of gold have been delivered, thereafter the purchase price is 30% of the spot price of gold.

9 Purchase price is 20% of the spot price of silver until 12.8 million ounces of silver have been delivered, thereafter the purchase price is 30% of the spot price of silver.

10 Percentage decreases to 40% after 720,000 ounces of gold and 12.0 million ounces of silver have been delivered under the agreement.

11 Gold deliveries are indexed to copper in concentrate produced from the project. 120 ounces of gold per every 1 million pounds of copper produced until 808,000 ounces of gold delivered. Thereafter 81 ounces of gold per 1 million pounds of copper produced to 1,716,188 ounces of gold delivered, thereafter 63.4% of the gold in concentrate.

12 Silver deliveries are indexed to copper in concentrate produced from the project. 1,376 ounces of silver per every 1 million pounds of copper produced until 9,842,000 ounces of silver delivered. Thereafter 1,776 ounces of silver per 1 million pounds of copper produced to 29,731,000 ounces of silver delivered, thereafter 62.1% of the silver

13 Gold deliveries are fixed at 15,000 ounces per annum until February 28, 2021. Thereafter, percentage is 4.875%.

14 Purchase price is 20% of the average gold price at the time of delivery.

15 Gold deliveries are fixed at 1,875 ounces per month until December 31, 2019. Thereafter, percentage is 6% of gold produced.

16 Purchase price is 20% of prevailing market price at the time of delivery.

17 Agreement is capped at 312,500 ounces of gold.

18 The Company is committed to purchase 50% of the precious metals contained in ore from the properties. Cash payment is based on gold equivalent ounces.

Cobre Panama Stream Agreement

The Company has funding commitments under the Cobre Panama stream agreement as described in the Guidance section above.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the consolidated financial statements.

In particular, the areas which require management to make significant judgments, estimates and assumptions are the following:

Reserves and Resources

Royalty, stream and working interests comprise a large component of the Company's assets and as such, the reserves and resources of the properties to which the interests relate have a significant effect on the Company's financial statements. These estimates are applied in determining the depletion of and assessing the recoverability of the carrying value of royalty, stream and working interests. For mineral royalty and stream interests, the public disclosures of reserves and resources that are released by the operators of the interests involve assessments of geological and geophysical studies and economic data and the reliance on a number of assumptions, including commodity prices and production costs. For oil & gas interests, the estimated reserves in the annual reserve reports prepared by an independent petroleum consultant engaged by the Company reflect similar assessments of geological and geophysical studies and economic data and reliance on assumptions. These assumptions are, by their very nature, subject to interpretation and uncertainty.

The estimates of reserves and resources may change based on additional knowledge gained subsequent to the initial assessment. Changes in the estimates of reserves and resources may materially affect the recorded amounts of depletion and the assessed recoverability of the carrying value of royalty, stream and working interests.

Impairment of Royalty, Stream and Working Interests

Assessment of impairment of royalty, stream, working interests and oil & gas well equipment requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test on the Company's royalty, stream and working interests, investments measured at cost and/or oil & gas equipment. The assessment of fair values requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications. In addition, the Company may use other approaches in determining fair value which may include judgment and estimates related to (i) dollar value per ounce or pound of reserve/resource; (ii) cash-flow multiples; and (iii) market capitalization of comparable assets. Changes in any of the assumptions and estimates used in determining the fair value of the royalty, stream or working interests, investments measured at cost, or oil & gas well equipment could impact the impairment analysis.

Asset Acquisition

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty, stream or working interests generally requires a high degree of judgment, and include estimates of mineral reserves and resources acquired, future metal prices, discount rates and reserve/resource conversion. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities.

Income Taxes

The interpretation and application of existing tax laws, regulations or rules in Canada, Barbados, the United States, Australia or any of the countries in which the mining operations are located or to which shipments of silver or gold are made requires the use of judgment. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on facts and circumstances of the relevant tax position considering all available evidence. Differing interpretation of these laws, regulations or rules could result in an increase in the Company's taxes, or other governmental charges, duties or impositions.

In assessing the probability of realizing deferred income tax assets, the Company makes estimates related to expectations of future taxable income and expected timing of reversals of existing temporary differences. Such estimates are based on forecasted cash flows from operations which require the use of estimates and assumptions such as long-term commodity prices and recoverable ounces. Therefore, the amount of deferred income tax assets recognized on the balance sheet could be reduced if the actual results differ significantly from forecast. The Company reassesses its deferred income tax assets at the end of each reporting period.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

New Accounting Standards Issued But Not Yet Effective

IFRS 9 Financial Instruments

On July 24, 2014, the IASB published the final version IFRS 9 *Financial Instruments* which brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets by adding a new fair value through comprehensive income category for certain debt instruments and provides additional guidance on how to apply the business model and contractual cash flow characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. Based ono its assessment to date, the Company is currently assessing the impact of IFRS 9 on the consolidated financial statements. Based on its assessment to date, the following summarizes the expected impact of IFRS 9 upon adoption:

- The Company will have the option to designate equity securities as financial assets at fair value through other comprehensive income, where they will be recorded initially at fair value with changes in fair value recognized in other comprehensive income which will not be subsequently transferred into earnings (loss). If the Company does not make this election, changes in fair value of the equity securities will be recognized in earnings (loss).
- The Company will be required to evaluate its financial assets for impairment based on an expected credit loss model, rather than an incurred loss model currently being applied under IAS 39. The Company's financial assets which are currently subject to credit risk include cash and cash equivalents, short-term investments, receivables and loan receivables.
- Under IAS 39, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured can currently be measured at cost. This cost exemption is not included in IFRS 9. However, IFRS 9 contains guidance on when cost may be the best estimate of fair value and also when it might not be representative of fair value. The Company holds one equity investment at cost, with a carrying value of $3.8 million at December 31, 2016.
- The reformed approach to hedge accounting is not expected to have a significant impact on the Company.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15 on the consolidated financial statements. While the Company does not anticipate significant changes in the gross amounts of revenue recognized, the timing of when revenue is recognized may differ under the new standard if the timing of transfer of control to customers is different from the current "transfer of risk and rewards" model and/or if there are additional performance obligations identified under IFRS 15.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company has not yet assessed the impact of adopting this new standard, but plans to commence an assessment of the requirements in 2017.

IAS 12 Income Taxes

IAS 12 *Income taxes* provides guidance on the recognition of deferred tax assets. In January 2016 the IASB issued amendments to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments to IAS 12 in its financial statements for the annual period beginning January 1, 2017. The adoption of the amendments does not have a material impact on the consolidated financial statements.

OUTSTANDING SHARE DATA

Franco-Nevada is authorized to issue an unlimited number of common and preferred shares. A detailed description of the rights, privileges, restrictions and conditions attached to each class of authorized shares is included in our Annual Information Form for the year ended December 31, 2016, a copy of which can be found on SEDAR at www.sedar.com and in our 40-F, a copy of which can be found on EDGAR at www.sec.gov.

As of March 21, 2017, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	**Number**
Outstanding	178,483,895
Issuable upon exercise of Franco-Nevada warrants [1]	6,508,524
Issuable upon exercise of Franco-Nevada options [2]	1,304,328
Issuable upon exercise of special warrant [3]	2,000,000
Issuable upon vesting of Franco-Nevada RSUs	138,614
Diluted common shares	188,435,361

1 The warrants have an exercise price of C$75.00 per share and an expiry date of June 16, 2017.

2 There were 1,304,328 stock options under our share compensation plan outstanding to directors, officers, employees and others with exercise prices ranging from C$15.20 to C$75.45 per share.

3 In connection with the transaction with Taseko Mines Limited, one special warrant was granted to Taseko which will be exchangeable into 2,000,000 purchase share warrants once Taseko's New Prosperity project gets fully permitted and financed. Each purchase share warrant will entitle Taseko to purchase one Franco-Nevada common share at a price of C$75.00 per share before June 16, 2017. New Prosperity's most recent permit application was denied in 2014.

Franco-Nevada has not issued any preferred shares.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining Franco-Nevada's internal control over financial reporting and other financial disclosure and our disclosure controls and procedures.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Franco-Nevada's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Franco-Nevada; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of Franco-Nevada are being made only in accordance with authorizations of management and directors of Franco-Nevada; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Franco-Nevada's assets that could have a material effect on Franco-Nevada's financial statements. Internal control over other financial disclosure is a process designed to ensure that other financial information included in this MD&A, fairly represents in all material respects the financial condition, results of operations and cash flows of Franco-Nevada for the periods presented in this MD&A.

Franco-Nevada's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to Franco-Nevada, including its consolidated subsidiaries, is made known to management by others within those entities, particularly during the period in which this report is prepared and that information required to be disclosed by Franco-Nevada in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Due to its inherent limitations, internal control over financial reporting and other financial disclosure may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

An evaluation was carried out under the supervision of the CEO and CFO and with the participation of management, of the effectiveness of the design and operation of Franco-Nevada's internal control over financial reporting as of the end of the period covered by this report based on the framework and criteria established in Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on that evaluation, the CEO and CFO have concluded that Franco-Nevada's internal control over financial reporting was effective as of December 31, 2016.

An evaluation was also carried out under the supervision of the CEO and CFO and with the participation of management, of the effectiveness of the design and operation of Franco-Nevada's disclosure controls and procedures (as defined under applicable Canadian securities laws and in Rule 13a – 15(e) and Rule 15d – 15(e) under the U.S. Securities Exchange Act of 1934), and based on that evaluation the CEO and the CFO have concluded that as of December 31, 2016, Franco-Nevada's disclosure controls and procedures were effective.

For the year ended December 31, 2016, there has been no change in Franco-Nevada's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, Franco-Nevada's internal control over financial reporting.

Franco-Nevada's report of management's assessment regarding internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the U.S. Securities Exchange Act of 1934) is included in the

Management's Report on Internal Control over Financial Reporting that accompanies Franco-Nevada's Annual Consolidated Financial Statements for the fiscal year ended December 31, 2016.

NON-IFRS FINANCIAL MEASURES

Adjusted EBITDA and Adjusted EBITDA per share

Adjusted EBITDA and Adjusted EBITDA per share are non-IFRS financial measures, which exclude the following from net income and earnings per share ("EPS"):

- Income tax expense/recovery;
- Finance expenses;
- Finance income;
- Depletion and depreciation;
- Non-cash costs of sales;
- Impairment charges related to royalty, stream and working interests;
- Impairment of investments;
- Gains/losses on sale of royalty, stream and working interests;
- Gains/losses on investments;
- Foreign exchange gains/losses and other income/expenses; and
- Unusual non-recurring items.

Management uses Adjusted EBITDA and Adjusted EBITDA per share to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented, to assist with the planning and forecasting of future operating results, and to supplement information in its financial statements. The Company also uses Margin, which is defined as Adjusted EBITDA divided by revenue, in its annual incentive compensation process to evaluate management's performance in increasing revenue and containing costs. Management believes that in addition to measures prepared in accordance with IFRS such as Net Income and Earnings per Share, our investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the results of the underlying business of the Company, particularly since the excluded items are typically not included in our guidance, with the exception of depletion and depreciation expense. While the adjustments to net income and EPS in these measures include items that are both recurring and non-recurring, management believes that Adjusted EBITDA and Adjusted EBITDA per share are useful measures of the Company's performance because they adjust for items which may not relate to or have a disproportionate effect on the period in which they are recognized, impact the comparability of our core operating results from period to period, are not always reflective of the underlying operating performance of our business and/or are not necessarily indicative of future operating results. Adjusted EBITDA and Adjusted EBITDA per share are only intended to provide additional information to investors and analysts, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other issuers.

Reconciliation of Net Income to Adjusted EBITDA:

(expressed in millions, except per share amounts)	Three months ended December 31, **2016**	2015	Year ended December 31, **2016**	2015
Net Income (Loss)	$ **(4.5)**	$ (31.4)	$ **122.2**	$ 24.6
Income tax expense (recovery)	**13.4**	(4.9)	**45.7**	23.9
Finance expenses	**0.8**	1.4	**3.6**	2.9
Finance income	**(0.9)**	(2.1)	**(3.5)**	(5.3)
Depletion and depreciation	**67.2**	65.8	**273.8**	216.3
Non-cash costs of sales	**1.2**	1.7	**6.5**	6.6
Impairment charges	**67.5**	62.8	**67.5**	62.9
Impairment of investments	**—**	0.1	**—**	2.0
Gain on sale of royalty interest	**(14.1)**	—	**(14.1)**	—
Gain on investments	**(7.9)**	—	**(12.4)**	(0.9)
Foreign exchange (gains)/losses and other (income)/expenses	**(0.5)**	0.8	**(0.2)**	4.1
Adjusted EBITDA	$ **122.2**	$ 94.2	$ **489.1**	$ 337.1
Basic Weighted Average Shares Outstanding	**178.3**	156.8	**175.2**	156.9
Basic EPS	$ **(0.03)**	$ (0.20)	$ **0.70**	$ 0.16
Income tax expense (recovery)	**0.08**	(0.03)	**0.26**	0.15
Finance expenses	**—**	0.01	**0.02**	0.02
Finance income	**(0.01)**	(0.01)	**(0.02)**	(0.03)
Depletion and depreciation	**0.38**	0.42	**1.55**	1.38
Non-cash costs of sales	**0.01**	0.01	**0.04**	0.04
Impairment charges	**0.38**	0.40	**0.39**	0.40
Impairment of investments	**—**	—	**—**	0.01
Gain on sale of royalty interest	**(0.08)**	—	**(0.08)**	—
Gain on investments	**(0.04)**	—	**(0.07)**	—
Foreign exchange (gains)/losses and other (income)/expenses	**—**	—	**—**	0.03
Adjusted EBITDA per share	$ **0.69**	$ 0.60	$ **2.79**	$ 2.16

Margin

Margin is a non-IFRS financial measure which is defined by the Company as Adjusted EBITDA divided by revenue. The Company uses Margin in its annual incentive compensation process to evaluate management's performance in increasing revenue and containing costs. Margin is intended to provide additional information, does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for a measure of performance in accordance with IFRS.

Reconciliation of Net Income to Margin:

	Three months ended December 31,		Year ended December 31,	
(expressed in millions, except Margin)	**2016**	2015	**2016**	2015
Net Income (Loss)	$ **(4.5)**	$ (31.4)	$ **122.2**	24.6
Income tax expense (recovery)	**13.4**	(4.9)	**45.7**	23.9
Finance expenses	**0.8**	1.4	**3.6**	2.9
Finance income	**(0.9)**	(2.1)	**(3.5)**	(5.3)
Depletion and depreciation	**67.2**	65.8	**273.8**	216.3
Non-cash costs of sales	**1.2**	1.7	**6.5**	6.6
Impairment charges	**67.5**	**62.8**	**67.5**	62.9
Impairment of investments	**—**	0.1	**—**	2.0
Gain on sale of royalty interest	**(14.1)**	—	**(14.1)**	—
Gain on investments	**(7.9)**	**—**	**(12.4)**	(0.9)
Foreign exchange (gains)/losses and other (income)/expenses	**(0.5)**	0.8	**(0.2)**	4.1
Adjusted EBITDA	$ **122.2**	$ 94.2	$ **489.1**	$ 337.1
Revenue	**155.3**	121.3	**610.2**	443.6
Margin	**78.7 %**	77.7 %	**80.2 %**	76.0 %

Adjusted Net Income and Adjusted Net Income per share

Adjusted Net Income and Adjusted Net Income per share are non-IFRS financial measures, which exclude the following from net income and EPS:

- Foreign exchange gains/losses and other income/expenses;
- Impairment charges related to royalty, stream and working interests;
- Impairment of investments;
- Gains/losses on sale of royalty, stream and working interests;
- Gains/losses on investments;
- Unusual non-recurring items; and
- Impact of income taxes on these items.

Management uses Adjusted Net Income and Adjusted Net Income per share to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented, to assist with the planning and forecasting of future operating results, and to supplement information in its financial statements. Management believes that in addition to measures prepared in accordance with IFRS such as Net Income and Earnings per Share, our investors and analysts use Adjusted Net Income and Adjusted Net Income per share to evaluate the results of the underlying business of the Company, particularly since the excluded items are typically not included in our guidance. While the adjustments to net income and EPS in these measures include items that are both recurring and non-recurring, management believes that Adjusted Net Income and Adjusted Net Income per share are useful measures of the Company's performance because they adjust for items which may not relate to or have a disproportionate effect on the period in which they are recognized, impact the comparability of our core operating results from period to period, are not always reflective of the underlying operating performance of our business and/or are not necessarily indicative of future operating results. Adjusted Net Income and Adjusted Net Income per share are intended to provide additional information to investors and analysts and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not

have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other issuers.

Reconciliation of Net Income to Adjusted Net Income:

(expressed in millions, except per share amounts)	Three months ended December 31, **2016**	2015	Year ended December 31, **2016**	2015
Net Income (Loss)	$ **(4.5)**	$ (31.4)	$ **122.2**	$ 24.6
Foreign exchange (gains)/losses and other (income)/expenses	**(0.5)**	0.8	**(0.2)**	4.0
Impairment charges	**67.5**	62.8	**67.5**	62.9
Impairment of investments	**—**	0.1	**—**	2.0
Gain on sale of royalty interest	**(14.1)**	—	**(14.1)**	—
Gain on investments	**(7.9)**	—	**(12.4)**	(0.9)
Tax effect of adjustments	**4.3**	(11.9)	**4.7**	(9.6)
Other tax related adjustments:				
Indexation adjustment	**—**	—	**0.1**	(0.4)
Valuation allowance	**(2.5)**	—	**(4.4)**	0.9
Impact of change in depreciation rate	**—**	4.0	**—**	4.0
Impact of tax increases	**0.6**	(0.7)	**1.0**	1.4
Adjusted Net Income	$ **42.9**	$ 23.7	$ **164.4**	$ 88.9
Basic Weighted Average Shares Outstanding	**178.3**	156.8	**175.2**	156.9
Basic EPS	$ **(0.03)**	$ (0.20)	$ **0.70**	$ 0.16
Foreign exchange (gains)/losses and other (income)/expenses	**—**	0.01	**—**	0.03
Impairment charges	**0.38**	0.40	**0.38**	0.40
Impairment of investments	**—**	—	**—**	0.01
Gain on sale of royalty interest	**(0.08)**	—	**(0.08)**	—
Gain on investments	**(0.04)**	—	**(0.07)**	(0.01)
Tax effect of adjustments	**0.02**	(0.08)	**0.03**	(0.07)
Other tax related adjustments:				
Indexation adjustment	**—**	—	**—**	—
Valuation allowance	**(0.01)**	—	**(0.03)**	0.01
Impact of change in depreciation rate	**—**	0.03	**—**	0.03
Impact of tax increases	**—**	(0.01)	**0.01**	0.01
Adjusted Net Income per share	$ **0.24**	$ 0.15	$ **0.94**	$ 0.57

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995, respectively, 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, carrying value of assets, future dividends and requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such reserves and resources and GEOs 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”, “budgets”, “scheduled”, “estimates”, “forecasts”, “predicts”, “projects”, “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 any forward-looking statements, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty and stream revenue (gold, platinum group metals, copper, nickel, uranium, silver, iron-ore and oil & gas); fluctuations in the value of the Canadian, Australian dollar and Mexican Peso and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which Franco-Nevada holds a royalty, stream or other interest are located or through which they are held; risks related to the operators of the properties in which Franco-Nevada holds a royalty, stream or other interest, including changes in the ownership and control of such operators; influence of macroeconomic developments; business opportunities that become available to, or are pursued by Franco-Nevada; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; whether or not the Company is determined to have “passive foreign investment company” (“PFIC”) status as defined in Section 1297 of the United States Internal Revenue Code of 1986, as amended; potential changes in Canadian tax treatment of offshore streams; excessive cost escalation as well as development, permitting, infrastructure, operating or technical difficulties on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; actual mineral content may differ from the reserves and resources contained in technical reports; rate and timing of production differences from resource estimates, other technical reports and mine plans; risks and hazards associated with the business of development and mining on any of the properties in which Franco-Nevada holds a royalty, stream or other interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters, terrorism, civil unrest or an outbreak of contagious diseases; and the integration of acquired assets. The forward-looking statements contained in this MD&A are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which Franco-Nevada holds a royalty, stream or other interest 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 asset portfolio; the Company’s ongoing income and assets relating to determination of its PFIC status; no material changes to existing tax treatment; no adverse development in respect of any significant property in which Franco-Nevada holds a royalty, stream or other interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; integration of acquired assets; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. However, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could

differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance. Franco-Nevada cannot assure investors that actual results will be consistent with these forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. For additional information with respect to risks, uncertainties and assumptions, please refer to Franco-Nevada's most recent Annual Information Form filed with the Canadian securities regulatory authorities on www.sedar.com and Franco-Nevada's most recent Annual Report filed on Form 40-F filed with the SEC on www.sec.gov. The forward-looking statements herein are made as of the date of this MD&A only and Franco-Nevada does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law.

Exhibit 99.3

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Franco-Nevada's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in rules 13a-15(f) and 15d-15(f) under the United States *Securities Exchange Act of 1934*, as amended.

Franco-Nevada's management assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2016. Franco-Nevada's management conducted an evaluation of the Company's internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on Franco-Nevada's management's assessment, Franco-Nevada's internal control over financial reporting is effective as at December 31, 2016.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2016 has been audited by PricewaterhouseCoopers LLP, Independent Auditors, as stated in their report which is located on pages 42 and 43 of Franco-Nevada's Annual Report.

/s/ David Harquail	/s/ Sandip Rana
David Harquail	**Sandip Rana**
Chief Executive officer	Chief Financial officer

March 22, 2017

INDEPENDENT AUDITOR'S REPORT

March 22, 2017

To the Shareholders of Franco-Nevada Corporation
We have completed integrated audits of Franco-Nevada Corporation's and its subsidiaries' December 31, 2016 and December 31, 2015 consolidated financial statements and their internal control over financial reporting as at December 31, 2016. Our opinions, based on our audits are presented below.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Franco-Nevada Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of income and comprehensive income (loss), the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Franco-Nevada Corporation and its subsidiaries as at December 31, 2016 and

December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with IFRS as issued by the IASB.

Emphasis of matter

As discussed in Note 2(b) to the consolidated financial statements, during the year, the company changed the manner in which it presents cash flows and gains (losses) from the sale of gold bullion in 2016.

Report on internal control over financial reporting

We have also audited Franco-Nevada Corporation's and its subsidiaries' internal control over financial reporting as at December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the company's internal control over financial reporting.

Definition of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Franco-Nevada Corporation and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

/s/ PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

FRANCO-NEVADA CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in millions of U.S. dollars)

	December 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents (Note 5)	**$ 253.0**	$ 149.2
Short-term investments (Note 6)	**—**	18.8
Receivables	**71.1**	65.1
Prepaid expenses and other (Note 7)	**37.1**	41.6
Current assets	**361.2**	274.7
Royalty, stream and working interests, net (Note 8)	**3,668.3**	3,257.5
Investments (Note 6)	**147.4**	94.8
Deferred income tax assets (Note 17)	**21.3**	16.1
Other assets (Note 9)	**23.4**	31.2
Total assets	**$ 4,221.6**	$ 3,674.3
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	**$ 21.0**	$ 18.0
Current income tax liabilities (Note 17)	**16.6**	2.8
Current liabilities	**37.6**	20.8
Debt (Note 13)	**—**	457.3
Deferred income tax liabilities (Note 17)	**37.5**	33.2
Total liabilities	**75.1**	511.3
SHAREHOLDERS' EQUITY (Note 18)		
Common shares	**4,666.2**	3,709.0
Contributed surplus	**41.6**	44.3
Deficit	**(336.8)**	(302.2)
Accumulated other comprehensive loss	**(224.5)**	(288.1)
Total shareholders' equity	**4,146.5**	3,163.0
Total liabilities and shareholders' equity	**$ 4,221.6**	$ 3,674.3

Commitments (Note 20)
Subsequent events (Notes 13 & 22)

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors and authorized for issue on March 22, 2017.

/s/ Pierre Lassonde	/s/ Randall Oliphant
Pierre Lassonde	**Randall Oliphant**
Director	Director

FRANCO-NEVADA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)
(in millions of U.S. dollars, except per share amounts)

	2016	2015
Revenue *(Note 14)*	**$ 610.2**	$ 443.6
Cost of sales		
Costs of sales *(Note 15)*	**105.8**	93.1
Depletion and depreciation *(Note 8)*	**273.8**	216.3
Total cost of sales	**379.6**	309.4
Gross profit	**230.6**	134.2
Other operating expenses (income)		
Corporate administration *(Notes 16 & 18)*	**20.7**	15.1
Business development *(Note 16)*	**3.4**	2.7
Impairment charges *(Note 8(b))*	**67.5**	62.9
Gain on sale of royalty interest *(Note 8(c))*	**(14.1)**	—
(Gain) loss on sale of gold bullion *(Note 2(b))*	**(2.3)**	2.2
Total other operating expenses (income)	**75.2**	82.9
Operating income	**155.4**	51.3
Foreign exchange gain (loss) and other income (expenses) *(Notes 2(b) & 6)*	**0.2**	(4.1)
Realized gain on investments	**12.4**	0.9
Impairment of investments	**—**	(2.0)
Income before finance items and income taxes	**168.0**	46.1
Finance items		
Finance income	**3.5**	5.3
Finance expenses *(Note 13)*	**(3.6)**	(2.9)
Net income before income taxes	**167.9**	48.5
Income tax expense *(Note 17)*	**45.7**	23.9
Net income	**$ 122.2**	$ 24.6
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit and loss:		
Unrealized gain (loss) in the market value of available-for-sale investments, net of income tax expense of $5.3 (2015 - income tax recovery of $1.6) *(Note 17)*	**52.9**	(27.0)
Realized change in market value of available-for-sale investments, net of income tax expense of $1.6 (2015 - income tax recovery of $nil) *(Note 6)*	**(10.6)**	1.1
Currency translation adjustment	**21.3**	(163.4)
Other comprehensive income (loss)	**63.6**	(189.3)
Total comprehensive income (loss)	**$ 185.8**	$ (164.7)
Basic earnings per share *(Note 19)*	**$ 0.70**	$ 0.16
Diluted earnings per share *(Note 19)*	**$ 0.69**	$ 0.16

The accompanying notes are an integral part of these consolidated financial statements.

FRANCO-NEVADA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of U.S. dollars)

	2016	2015
Cash flows from operating activities		
Net income	**$ 122.2**	$ 24.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	**273.8**	216.3
Non-cash costs of sales	**6.5**	6.6
Share-based payments	**5.0**	4.5
Impairment charges (Note 8)	**67.5**	62.9
Gain on sale of royalty interest	**(14.1)**	—
Unrealized foreign exchange loss	**0.5**	3.7
Mark-to-market on warrants	**(0.4)**	0.5
Gain on investments	**(12.4)**	(0.9)
Impairment of investments	**—**	2.0
Deferred income tax expense	**3.5**	(2.2)
Other non-cash items	**(1.2)**	(0.8)
Acquisition of gold bullion *(Note 2(b))*	**(53.5)**	(66.6)
Proceeds from sale of gold bullion *(Note 2(b))*	**67.3**	60.8
Operating cash flows before changes in non-cash working capital	**464.7**	311.4
Changes in non-cash working capital:		
(Increase) decrease in receivables	**(6.0)**	7.0
Increase in prepaid expenses and other	**(4.5)**	(3.8)
Increase (decrease) in current liabilities	**16.8**	(0.3)
Net cash provided by operating activities *(Note 2(b))*	**471.0**	314.3
Cash flows from investing activities		
Proceeds from sale of investments	**28.6**	25.6
Proceeds from sale of royalty interest	**30.3**	—
Acquisition of investments	**(1.6)**	(111.3)
Acquisition of royalty, stream and working interests	**(744.8)**	(1,016.8)
Acquisition of oil & gas well equipment	**(2.1)**	(3.6)
Acquisition of property and equipment	**(0.2)**	—
Net cash used in investing activities *(Note 2(b))*	**(689.8)**	(1,106.1)
Cash flows from financing activities		
Net proceeds from issuance of common shares	**883.5**	—
Proceeds from draw of Credit Facility	**—**	480.0
Repayment of Credit Facility	**(460.0)**	(20.0)
Credit facility amendment costs	**—**	(2.3)
Payment of dividends	**(118.1)**	(94.1)
Proceeds from exercise of stock options	**16.3**	10.5
Net cash provided by financing activities	**321.7**	374.1
Effect of exchange rate changes on cash and cash equivalents	**0.9**	(25.6)
Net change in cash and cash equivalents	**103.8**	(443.3)
Cash and cash equivalents at beginning of year	**149.2**	592.5
Cash and cash equivalents at end of year	**$ 253.0**	$ 149.2
Supplemental cash flow information:		
Cash paid for interest expense and loan standby fees	**$ 3.0**	$ 3.0
Income taxes paid	**$ 30.7**	$ 27.8

The accompanying notes are an integral part of these consolidated financial statements.

FRANCO-NEVADA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions of U.S. dollars)

	Share capital (Note 14)	Contributed Surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity
Balance at January 1, 2016	$ 3,709.0	$ 44.3	$ (288.1)	$ (302.2)	**$ 3,163.0**
Net income	—	—	—	122.2	**122.2**
Other comprehensive income	—	—	63.6	—	**63.6**
Total comprehensive income	—	—	—	—	**185.8**
Equity offering	893.9	—	—	—	**893.9**
Exercise of stock options	21.8	(5.5)	—	—	**16.3**
Share-based payments	—	5.6	—	—	**5.6**
Vesting of restricted share units	2.8	(2.8)	—	—	**—**
Dividend reinvestment plan	38.7	—	—	—	**38.7**
Dividends declared	—	—	—	(156.8)	**(156.8)**
Balance at December 31, 2016	**$ 4,666.2**	**$ 41.6**	**$ (224.5)**	**$ (336.8)**	**$ 4,146.5**
Balance at January 1, 2015	$ 3,656.6	$ 45.5	$ (98.8)	$ (197.8)	$ 3,405.5
Net income	—	—	—	24.6	24.6
Other comprehensive loss	—	—	(189.3)	—	(189.3)
Total comprehensive loss	—	—	—	—	(164.7)
Exercise of stock options	15.0	(4.5)	—	—	10.5
Share-based payments	—	5.5	—	—	5.5
Vesting of restricted share units	2.2	(2.2)	—	—	—
Dividend reinvestment plan	34.9	—	—	—	34.9
Adjustment to finance costs	0.3	—	—	—	0.3
Dividends declared	—	—	—	(129.0)	(129.0)
Balance at December 31, 2015	$ 3,709.0	$ 44.3	$ (288.1)	$ (302.2)	$ 3,163.0

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Corporate Information

Franco-Nevada Corporation ("Franco-Nevada" or the "Company") is incorporated under the *Canada Business Corporations Act*. The Company is a gold-focused royalty and stream company with additional interests in silver, platinum group metals, oil & gas and other resource assets. The majority of revenues are generated from a diversified portfolio of properties in the United States, Canada, Mexico, Peru, Chile and Africa. At December 31, 2016, the portfolio includes approximately 338 assets covering properties at various stages from production to early stage exploration.

The Company's shares are listed on the Toronto Stock Exchange and the New York Stock Exchange and the Company is domiciled in Canada. The Company's head and registered office is located at 199 Bay Street, Suite 2000, Toronto, Ontario, Canada.

Note 2 – Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") under the historical cost convention, except for cash and cash equivalents, available-for-sale investments and derivatives which are measured at fair value. IFRS comprise IFRSs, International Accounting Standards ("IAS"s) and interpretations issued by the IFRS Interpretations Committee ("IFRIC"s) and the former Standing Interpretations Committee ("SIC"s). These consolidated financial statements were authorized for issuance by the Board of Directors on March 22, 2017.

(b) Change in accounting policy for presentation of sales of gold bullion

The consolidated statementa of cash flows reflect the retrospective application of a voluntary change in accounting policy adopted in the third quarter of 2016 to classify proceeds from the sale of gold bullion as an operating activity, rather than an investing activity. IAS 7, "Statement of Cash Flows", defines operating activities as the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. The change in accounting policy was accounted for and disclosed in accordance with IAS 8, "Accounting policies, changes in accounting estimates, and errors". For consistency, management has also classified any gains or losses that arise on the sale of gold bullion within operating income in the consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016, with a reclassification from "Foreign exchange gain (loss) and other income (expenses)" in the comparable year. Neither of these changes had an impact on the consolidated statement of financial position for the current or prior year.

Pursuant to certain of its royalty agreements, the Company receives gold bullion as settlement for amounts which it is due. In prior years, management had classified proceeds from the sale of such gold bullion as an investing activity based on its intention with respect to the holding period of the gold bullion. As the magnitude and frequency of trading increased over time, management determined the acquisition and subsequent sale of the gold bullion to be an operating activity. As a result, the Company has reclassified the cash proceeds from the sale of such gold bullion, and any related gain or loss arising during the holding period, to be a component of operating income and operating cash flows. Management believes this classification to be more useful to financial statement users and, consequently, that this presentation results in reliable and more relevant information.

i) The following tables outline the effects of this accounting policy change on the consolidated statements of income and comprehensive income (loss):

	2015		
Financial statement line item	Previously Reported	Reclassification	Current Presentation
Operating income	$ 53.5	(2.2)	$ 51.3
Foreign exchange gain (loss) and other income (expense) [1]	(6.3)	2.2	(4.1)

1. Excludes gain on sale of investments of $0.9 million, presented separately.

ii) The following table outlines the effects of this accounting policy change on the consolidated statement of cash flows:

	2015		
Financial statement line item	Previously Reported	Reclassification	Current Presentation
Net cash provided by operating activities	$ 253.5	60.8	$ 314.3
Net cash used in investing activities	(1,045.3)	(60.8)	(1,106.1)

(c) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (its "subsidiaries") (together the "Company").

(i) Subsidiaries

These consolidated financial statements include the accounts of Franco-Nevada and its subsidiaries. All intercompany accounts, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company consolidates subsidiaries where it has the ability to exercise control. Control of an investee is defined to exist when the Company is exposed to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, it has all of the following: power over the investee (i.e. existing rights that give the Company the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. Control is presumed to exist where the Company owns more than one half of the voting rights unless it can be demonstrated that ownership does not constitute control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany transactions.

The principal subsidiaries of the Company and their geographic locations at December 31, 2016 were as follows:

Entity	Jurisdiction	Economic Interest
Franco-Nevada U.S. Corporation	Delaware	100%
Franco-Nevada GLW Holdings Corp.	British Columbia	100%
Franco-Nevada Mexico Corporation, S.A. de C.V.	Mexico	100%
Franco-Nevada Canada Holdings Corp.	Canada	100%
Franco-Nevada (Barbados) Corporation	Barbados	100%
Franco-Nevada Australia Pty Ltd.	Australia	100%
Franco-Nevada LRC Holdings Corp.	British Columbia	100%
Franco-Nevada Alberta Holdings ULC	Alberta	100%
Franco-Nevada U.S. Holding Corp.	Delaware	100%
Franco-Nevada Delaware LLC	Delaware	100%
Minera Global Copper Chile S.A.	Chile	100%
Franco-Nevada Alberta Corporation	Alberta	100%
FN Subco Inc.	British Columbia	100%
Franco-Nevada Idaho Corporation	Delaware	100%
FN Holdings ULC	Alberta	100%

All the above entities are classified as subsidiaries of the Company. There are no significant restrictions on the Company's ability to access or use assets or settle liabilities of its subsidiaries.

(ii) Joint arrangements

A joint arrangement is defined as an arrangement over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control. There are two types of joint arrangement, joint operations ("JO") and joint ventures ("JV").

A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to the Company's interest in any JO, the Company would recognize its share of any assets, liabilities, revenues and expenses of the JO.

The Company participates in joint operations with respect to oil & gas working interests but does not have joint control. A working interest is an ownership position in the oil & gas property and related operating assets, whereby the Company is liable for its proportionate share of gross costs of capital and operations based on information received from the operator. The Company's share of the assets, liabilities, revenues and expenses of the joint operation are recognized in the statements of financial position and statements of income and comprehensive income (loss).

(d) Business combinations

On the acquisition of a business, the acquisition method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) of the business on the basis of the fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, which period shall not exceed twelve months from the acquisition date and are adjusted to reflect the transaction as of the acquisition date.

The results of businesses acquired during the period are consolidated into the consolidated financial statements from the date on which control commences at the date of acquisition and taken out of the consolidated financial statements from the date on which control ceases.

When all or part of the purchase consideration is contingent on future events, the cost of the acquisition initially recorded includes an estimate of the fair value of the contingent liability amounts expected to be payable in the future. The cost of acquisition is adjusted when revised estimates are made, with corresponding adjustments made to the consolidated statement of income and comprehensive income (loss).

When a business is acquired in a number of stages, the cost of each stage is compared with the fair value of the identifiable net assets at the date of that purchase. Any excess is treated as goodwill, and any discount is immediately recognized in the consolidated statement of income and other comprehensive income (loss). When the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the consolidated statement of income and comprehensive income (loss). Acquisition costs are expensed.

(e) Currency translation

(i) Functional and presentation currency

The functional currency for each entity within the Franco-Nevada group is the currency of the primary economic environment in which it operates.

These consolidated financial statements are expressed in United States dollars, which is the functional currency of some of the subsidiaries. The parent Company's functional currency is the Canadian dollar. The U.S. dollar is used as the presentation currency of the Company to ensure comparability with the Company's peers. References herein to C$ are to Canadian dollars.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective subsidiary, using the exchange rate prevailing at the dates of the transaction (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items and available-for-sale securities at the date of the consolidated statements of financial position are recognized in net income. Non-monetary items measured at historical cost are translated into the functional currency using the exchange rate at the date of the transaction.

The results and financial position of the subsidiaries that have a functional currency different from the presentation currency are translated into U.S. dollars, the group's presentation currency, as follows:

- assets and liabilities for each subsidiary are translated at the closing exchange rate at the date of the balance sheet;
- income and expenses for each subsidiary are translated at the average exchange rates during the period; and
- all resulting exchange differences are charged/credited to the currency translation adjustment in other comprehensive income (loss).

(f) Royalty, stream and working interests

Royalty, stream and working interests consist of acquired royalty interests, stream metal purchase agreements, and working interests in producing, advanced/development and exploration stage properties. Royalty, stream and working interests are recorded at cost and capitalized as tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses. The cost of royalty, stream and working interests is determined by reference to the cost model under IAS 16 *Property, Plant and Equipment*. The major categories of the Company's interests are producing, advanced and exploration. Producing assets are those that have generated revenue from steady-state operations for the Company or are expected to in the next year. Advanced assets are interests on projects that in management's view have a reasonable possibility of generating steady-state revenue for the Company in the next five years or include properties under development, permitting, feasibility or advanced exploration. Exploration assets represent early stage exploration properties that are speculative and are expected to require more than five years to generate revenue, if ever, or are currently not active.

Producing mineral royalty and stream interests are depleted using the units-of-production method over the life of the property to which the interest relates. The life of the property is estimated using life of mine models specifically associated with the mineral royalty or stream properties which include proven and probable reserves and may include a portion of resources expected to be converted into reserves. Where life of mine models are not available, the Company uses publicly available statements of reserves and resources for the mineral royalty or stream properties to estimate the life of the property and portion of resources that the Company expects to be converted into reserves. Where life of mine models and publicly available reserve and resource statements are not available, depletion is based on the Company's best estimate of the ounces to be produced and delivered under the contract. The Company relies on information available to it under contracts with operators and /or public disclosures for information on reserves and resources from the operators of the producing mineral and stream interests.

Producing oil & gas interests are depleted using the units-of-production method over the life of the property to which the interest relates, which is estimated using available estimated proved and probable reserves specifically associated with the oil & gas properties. For the oil & gas interests, management engages an independent petroleum consultant to prepare annual reserve reports.

On acquisition of a producing royalty, stream or working interest, an allocation of its fair value is attributed to the exploration potential of the interest. The estimated fair value of this acquired exploration potential is recorded as an asset (non-depreciable interest) on the acquisition date. Updated reserve and resource information obtained from the operators of the royalty, stream or working interest properties is used to determine the amount to be converted from non-depreciable interest to depreciable interest. If the cost of a royalty, stream or working interest includes contingent consideration, the contingent consideration is measured at fair value on the date of acquisition and included in the cost of the interest. Any changes in the fair value of the contingent consideration subsequent to the acquisition date are recorded against the cost of the interest acquired.

Royalty, stream and working interests for advanced and exploration assets are recorded at cost and capitalized in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources.* Acquisition costs of advanced and exploration stage royalty, stream and working interests are capitalized and are not depleted until such time as revenue-generating activities begin. The Company may receive advanced minimum payments prior to the commencement of production on some of its interests. In these circumstances, the Company would record depletion expense as described above, up to a maximum of the total of the advanced minimum payment received.

(g) Working interests in oil & gas properties

Acquired oil & gas working interests are accounted for at cost and capitalized as tangible assets of developing or operating properties, or in accordance with IFRS 6 for exploration properties. For each oil & gas property on which the Company has a working interest, the Company bears its proportionate share of the gross costs of capital and operations based on information received from the operator. Such capital costs are capitalized to oil & gas well equipment which is a component of other assets on the statement of financial position.

Capitalized costs, other than those related to oil & gas well equipment, are depreciated when the asset is available for its intended use on a units-of-production basis, whereby the denominator is the proved and probable reserves associated with the oil & gas properties. For oil & gas well equipment, capitalized costs are depreciated by application of a 25% declining balance method.

(h) Impairment of non-financial assets

Producing and advanced mineral, stream and oil & gas interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units ("CGUs") which, in accordance with IAS 36 *Impairment of Assets*, are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets. This is usually at the individual royalty, stream, oil & gas or working interest level for each property from which cash inflows are generated.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). The future

cash flow expected is derived using estimates of proven and probable reserves, a portion of resources that is expected to be converted into reserves and information regarding the mineral, stream and oil & gas properties, respectively, that could affect the future recoverability of the Company's interests. Discount factors are determined individually for each asset and reflect their respective risk profiles. In certain circumstances, the Company may use a market approach in determining the recoverable amount which may include an estimate of (i) net present value of estimated future cash flows; (ii) dollar value per ounce or pound of reserve/resource; (iii) cash-flow multiples; and/or (iv) market capitalization of comparable assets. Impairment losses are charged to the mineral, stream or oil & gas interest or working interest and any associated oil & gas well equipment in the case of working interests. Assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the conditions that gave rise to the recognition of an impairment loss are subsequently reversed and the asset's recoverable amount exceeds its carrying amount. Impairment losses can be reversed only to the extent that the recoverable amount does not exceed the carrying value that would have been determined had no impairment been recognized previously.

Gold bullion, prepaid gold and prepaid expenses are similarly assessed for impairment whenever indicators of impairment exist in accordance with IAS 36. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of FVLCD and VIU.

Mineral and oil & gas interests classified as exploration are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount, which is the higher of FVLCD and VIU. An interest that has previously been classified as exploration is also assessed for impairment before reclassification to either advanced or producing, and the impairment loss, if any, is recognized in net income.

(i) Financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payables, accrued liabilities, debt, and investments, including equity investments, loans receivable, warrants and term deposits. Financial instruments are recognized initially at fair value.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as available-for-sale and measured at fair value.

(ii) Receivables

Receivables, other than those related to agreements with provisional pricing mechanisms, are classified as loans and receivables and are initially recorded at fair value of the amount expected to be received and subsequently measured at amortized cost less any provision for impairment.

Individual receivables are considered for recoverability when they are past due or when other objective evidence is received that a specific counterparty will default. Impairments for receivables are presented in the consolidated statement of income and comprehensive income (loss).

(iii) Investments

Investments comprise equity interests in publicly-traded and privately-held entities, marketable securities with original maturities at the date of the purchase of more than three months and a loan receivable.

Available-for-sale investments are recognized initially at fair value plus transaction costs. Subsequent to initial recognition, available-for-sale investments are measured at fair value and changes in the fair value are recognized directly in other comprehensive income (loss), except for impairment losses, which are recognized in net income in the consolidated statement of income and comprehensive income (loss). When

an available-for-sale investment is sold or impaired, the accumulated gains or losses are reversed from accumulated other comprehensive income (loss) and included in other income (expense) or impairment of investments in the statement of income and comprehensive income (loss).

Where the Company holds an investment in a privately-held entity for which there is no active market and for which there is no reliable estimate of fair value, the investment is carried at cost less any provision for impairment.

Translation differences on equity securities classified as available-for-sale, are included in other comprehensive income (loss).

Derivative investments, such as warrants and receivables related to agreements with provisional pricing mechanisms, are classified as fair value through profit and loss and are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Changes in the fair value of receivables related to agreements with provisional pricing mechanisms are recognized in revenue in the statement of income and other comprehensive income (loss). Changes in fair value of warrants are recognized as other income (expenses) in the statement of income and comprehensive income (loss).

Loans receivable are classified as loans and receivables because they have fixed or determinable payments and are not quoted in an active market. Loans are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate method and presented as finance income in the statement of income and comprehensive income (loss).

(iv) Financial liabilities

Financial liabilities, including accounts payable, accrued liabilities and debt, are classified as other financial liabilities at amortized cost using the effective interest method.

(v) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are considered to be impaired if objective evidence indicates that a change in the market, economic or legal environment in which the Company invested has had a negative effect on the estimated future cash flows of that asset. For equity securities classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost is also evidence that the assets may be impaired. If such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, is removed from accumulated other comprehensive income (loss) and recognized as an impairment on investments in net income in the statement of income and other comprehensive income (loss). An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are recognized in net income. For financial assets measured at amortized cost, any reversal of impairment is recognized in net income in subsequent periods if the fair value of the financial assets increase and the increase can be objectively related to an event occurring after the impairment loss was recognized in net income. If the value of the previously impaired available-for-sale equity investment subsequently recovers, additional unrealized gains are recorded in other comprehensive income (loss) and the previously recorded impairment losses are not reversed.

(j) Revenue recognition

Revenue comprises revenue earned in the period from royalty, stream and working interests and dividend income. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty, stream and/or working interest agreements. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and, accordingly, revenue recognition is deferred until management can make a reasonable

estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

For royalty interests, revenue recognition generally occurs in the month of production from the royalty property. For stream and working interests, relevant commodities received from the stream or working interest operators are sold to the Company's third party customers. Revenue from these sales is recognized when title and risks of the delivered commodity are passed on to the Company's third party customers.

Under the terms of certain revenue stream agreements and concentrate sales contracts with independent smelting companies, sales prices are provisionally set on a specified future date after shipment based on market prices. Revenue is recorded under these contracts at the time of shipment, which is also when the risk and rewards of ownership pass to the smelting companies, using forward commodity prices on the expected date that final sales prices will be fixed. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market commodity prices, and result in an embedded derivative in the receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of stream revenue.

(k) Gold and silver sales

Gold and silver, including gold and silver received under stream agreements, is sold primarily in the spot market. The sales price is fixed at the delivery date based on the gold or silver spot prices. The Company records the sales when title and risks of the delivered commodity are passed on to the Company's third party customers.

(l) Oil & gas sales

Revenue from the sale of crude oil, natural gas and natural gas liquids is recorded at the time it enters the pipeline system, which is also when risks and rewards of ownership are transferred. At the time of delivery of oil & gas, revenues are determined based upon contracts by reference to monthly market commodity prices plus certain price adjustments. Price adjustments include product quality and transportation adjustments and market differentials.

(m) Costs of sales

Costs of sales includes various mineral and oil & gas production taxes that are recognized with the related revenues and the Company's share of the gross operating costs for the working interests in the oil & gas properties.

For stream agreements, the Company purchases gold and/or silver for a cash payment of the lesser of a set contractual price, subject to annual inflationary adjustments, and the prevailing market price per ounce of gold and/or silver when purchased. Under certain stream agreements, the Company purchases gold and/or silver for a cash payment that is a fixed percentage of the prevailing market price per ounce of gold and/or silver when purchased.

In certain instances, the Company purchases a fixed amount of gold by providing an initial deposit. The initial deposit is recorded as a prepaid gold asset and classified within current prepaid expenses and other assets or non-current other assets dependent on whether delivery will occur within 12 months of the reporting date. When gold is delivered to the Company it is recorded as inventory until such time as it is sold and the cost of the gold is recorded as a cost of sale.

(n) Income taxes

The income tax expense or recovery represents the sum of current and deferred income taxes.

Current income tax payable is based on taxable profit for the year. Taxable profit differs from net income as reported in the consolidated statement of income and other comprehensive income (loss) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are

never taxable or deductible. The Company's liability for current tax is calculated by using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the statement of financial position date and are expected to apply to the period when the deferred tax asset is realized or the liability is settled. Deferred tax is charged or credited in the consolidated statement of income and other comprehensive income (loss), except when it relates to items credited or charged directly to equity, in which case the deferred tax is also accounted for within equity.

(o) Stock options

The Company may issue equity-settled share-based payments to directors, officers, employees and consultants under the terms of its share compensation plan. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the date of grant of equity-settled share-based payments is expensed over the expected service period with a corresponding entry to contributed surplus and is based on the Company's estimate of shares that will ultimately vest.

Fair value is measured by use of the Black-Scholes option pricing valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is estimated by considering historic average share price volatility. Any consideration paid or received upon the exercise of the stock options or purchase of shares is credited to share capital.

(p) Deferred share units

Non-executive directors may choose to convert their directors' fees into deferred share units ("DSUs") under the terms of the Company's deferred share unit plan (the "DSU Plan"). Directors must elect to convert their fees prior to January 1 in each year. The Company may also award DSUs to non-executive directors under the DSU Plan as compensation. When dividends are declared by the Company, directors are also credited with dividend equivalents in the form of additional DSUs based on the number of vested DSUs each director holds on the record date for the payment of a dividend. The fair value of DSUs at the time of conversion or award, as applicable, is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of conversion or award, as applicable. The fair value of the DSUs, which are settled in cash, is recognized as a share-based compensation expense with a corresponding increase in liabilities, over the service period. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date with a corresponding change in the consolidated statement of income and comprehensive income (loss).

(q) Restricted share units

The Company may grant restricted share units to officers and employees under the terms of its share compensation plan. The Company plans to settle every restricted share unit with one common share of the parent company. The Company recognizes the fair value of the restricted share units as share-based compensation expense which is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of issuance. The amount recognized reflects the number of awards for which the related service and non-market performance

conditions associated with these awards are expected to be met. The Company expenses the fair value of the restricted share units over the applicable service period, with a corresponding increase in contributed surplus. For performance vesting conditions, the grant date fair value of the restricted share unit is measured to reflect such conditions and this estimate is not updated between expected and actual outcomes.

(r) Segment reporting

The Company manages its business under a single operating segment, consisting of resource sector royalty/stream acquisitions and management activities. All of the Company's assets and revenues are attributable to this single operating segment.

The operating segment is reported in a manner consistent with the internal reporting provided to the Chief Executive Officer ("CEO") who fulfills the role of the chief operating decision-maker. The CEO is responsible for allocating resources and assessing performance of the Company's operating segment.

(s) Earnings per share

Basic earnings per share is computed by dividing the net income or loss by the weighted average number of common shares outstanding during each period. Diluted earnings per share reflects the effect of all potentially dilutive common share equivalents, which includes dilutive share options and restricted share units granted to employees and warrants computed using the treasury stock method.

New Accounting Standards Issued But Not Yet Effective

IFRS 9 Financial Instruments

On July 24, 2014, the IASB published the final version IFRS 9 *Financial Instruments* which brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets by adding a new fair value through comprehensive income category for certain debt instruments and provides additional guidance on how to apply the business model and contractual cash flow characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company is currently assessing the impact of IFRS 9 on the consolidated financial statements. Based on its assessment to date, the following summarizes the expected impact of IFRS 9 upon adoption:

- The Company will have the option to designate equity securities as financial assets at fair value through other comprehensive income, where they will be recorded initially at fair value with changes in fair value recognized in other comprehensive income which will not be subsequently transferred into earnings (loss). If the Company does not make this election, changes in fair value of the equity securities be will recognized in earnings (loss).
- The Company will be required to evaluate its financial assets for impairment based on an expected credit loss model, rather than an incurred loss model currently being applied under IAS 39. The Company's financial assets which are currently subject to credit risk include cash and cash equivalents, short-term investments, receivables and loan receivables.
- Under IAS 39, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured can currently be measured at cost. This cost exemption is not included in IFRS 9. However, IFRS 9 contains guidance on when cost may be the best estimate of fair value and also when it might not be representative of fair value. The Company holds one equity investment at cost, with a carrying value of $3.8 million at December 31, 2016.
- The reformed approach to hedge accounting is not expected to have a significant impact on the Company.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 and is to be

applied retrospectively with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15 on the consolidated financial statements. While the Company does not anticipate significant changes in the gross amounts of revenue recognized, the timing of when revenue is recognized may differ under the new standard if the timing of transfer of control to customers is different from the current "risk and rewards" model, and/or if there are additional performance obligations identified under IFRS 15.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company has not yet determined the impact of adoption of this new standard, but plans to commence an assessment of the requirements in 2017.

IAS 12 Income Taxes

IAS 12 *Income taxes* provides guidance on the recognition of deferred tax assets. In January 2016 the IASB issued amendments to clarify the requirements for recognizing deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The Company will adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The adoption of the amendments does not have a material impact on the consolidated financial statements.

Note 3 – Significant judgments, estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the consolidated financial statements.

In particular, the areas which require management to make significant judgments, estimates and assumptions in determining carrying values are:

Reserves and Resources

Royalty, stream and working interests comprise a large component of the Company's assets and as such, the reserves and resources of the properties to which the interests relate have a significant effect on the Company's financial statements. These estimates are applied in determining the depletion of and assessing the recoverability of the carrying value of royalty, stream and working interests. For mineral royalty and stream interests, the public disclosures of reserves and resources that are released by the operators of the interests involve assessments of geological and geophysical studies and economic data and the reliance on a number of assumptions, including commodity prices and production costs. For oil & gas interests, the estimated reserves in the annual reserve reports prepared by an independent petroleum consultant engaged by the Company reflect similar assessments of geological and geophysical studies and economic data and reliance on assumptions. These assumptions are, by their very nature, subject to interpretation and uncertainty.

The estimates of reserves and resources may change based on additional knowledge gained subsequent to the initial assessment. Changes in the estimates of reserves and resources may materially affect the recorded amounts of depletion and the assessed recoverability of the carrying value of royalty, stream and working interests.

Impairment of Royalty, Stream and Working Interests

Assessment of impairment of royalty, stream, working interests and oil & gas well equipment requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that could give rise

to the requirement to conduct a formal impairment test on the Company's royalty, stream and working interests, investments measured at cost and/or oil & gas equipment. The assessment of fair values requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications. In addition, the Company may use other approaches in determining fair value which may include judgment and estimates related to (i) dollar value per ounce or pound of reserve/resource; (ii) cash-flow multiples; and (iii) market capitalization of comparable assets. Changes in any of the assumptions and estimates used in determining the fair value of the royalty, stream or working interests, investments measured at cost, or oil & gas well equipment could impact the impairment analysis.

Asset Acquisition

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty, stream or working interests generally requires a high degree of judgment, and include estimates of mineral reserves and resources acquired, future metal prices, discount rates and reserve/resource conversion. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities.

Income Taxes

The interpretation and application of existing tax laws, regulations or rules in Canada, Barbados, the United States, Australia or any of the countries in which the mining operations are located or to which shipments of silver or gold are made requires the use of judgment. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on facts and circumstances of the relevant tax position considering all available evidence. Differing interpretation of these laws, regulations or rules could result in an increase in the Company's taxes, or other governmental charges, duties or impositions.

In assessing the probability of realizing deferred income tax assets, the Company makes estimates related to expectations of future taxable income and expected timing of reversals of existing temporary differences. Such estimates are based on forecasted cash flows from operations which require the use of estimates and assumptions such as long-term commodity prices and recoverable ounces of silver and gold. Therefore, the amount of deferred income tax assets recognized on the balance sheet could be reduced if the actual results differ significantly from forecast. The Company reassesses its deferred income tax assets at the end of each reporting period.

Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Note 4 – Acquisitions

(a) STACK

On December 19, 2016, the Company acquired a package of royalty rights in the Sooner Trend, Anadarko Basin, Canadian and Kingfisher counties ("STACK") shale play in Oklahoma's Anadarko Basin for a price of $100.0 million. The two primary operators of the lands are Newfield Exploration Company and Devon Energy Corporation. The package of lands provides an estimated royalty rate of 1.61%.

(b) Castle Mountain

On June 16, 2016, Franco-Nevada and NewCastle Gold Ltd. completed the restructuring of Franco-Nevada's existing royalties at the Castle Mountain gold project in California, USA, into a single 2.65% royalty covering a larger property for C$2.2 million in cash.

In addition the Company purchased 3,636,364 common shares of NewCastle and 1,818,182 common share purchase warrants for C$1.2 million. Each common share purchase warrant is exercisable to acquire one common share at a price of C$0.64 for a period of five years, expiring on May 9, 2021.

(c) Antapaccay

On February 26, 2016, the Company acquired a $500.0 million precious metal stream from Glencore plc with reference to production from the Antapaccay mine located in Peru. Under the stream agreement, gold and silver deliveries are initially referenced to copper in concentrate shipped. The Company will receive 300 ounces of gold and 4,700 ounces of silver for each 1,000 tonnes of copper in concentrate shipped, until 630,000 ounces of gold and 10.0 million ounces of silver have been delivered. Thereafter, the Company will receive 30% of the gold and silver shipped. The Company pays an on-going price of 20% of the spot price of gold and silver until 750,000 ounces of refined gold and 12.8 million ounces of refined silver have been delivered. Thereafter, the on-going price will increase to 30% of the spot price of gold and silver.

(d) Antamina

On October 9, 2015, the Company acquired a silver stream from Teck Resources Limited ("Teck") on production from the Antamina mine located in Peru. In exchange for a $610.0 million advance payment, the Company purchases all recovered silver from Teck's attributable 22.5% interest in the Antamina mine, subject to a fixed silver payability of 90%. The Company pays 5% of the spot silver price for each ounce delivered under the stream agreement. The stream will reduce by one-third after 86 million ounces of silver have been delivered under the stream agreement.

(e) Weyburn Unit

On November 6, 2015, the Company purchased an additional 0.29% working interest in the Weyburn Unit for C$6.4 million.

(f) Cobre Panama

On November 2, 2015, the Company finalized terms of a replacement precious metals stream agreement for First Quantum Minerals Ltd.'s ("First Quantum") Cobre Panama project. The project, which is located in Panama, is in the construction phase. The changes from the original agreement relate to streamlining reporting arrangements and providing First Quantum with greater flexibility to finance the project while maintaining the Company's security package. The principal commercial terms of the replacement agreement remain the same as the original agreement including that the Company will provide a $1.0 billion deposit against future deliveries of gold and silver from Cobre Panama. The deposit will be funded on a pro-rata basis of 1:3 with First Quantum's 80% share of the capital costs in excess of $1.0 billion. In 2016, the Company funded a total of $124.3 million towards the stream (2015 – $337.9 million), for a total of $462.2 million of its $1.0 billion commitment. As at December 31, 2016, capitalized costs for the Cobre Panama project of $467.5 million are included in Streams in *Note 8(a) – Royalty, stream and working interests*.

The amount of precious metals to be delivered under the agreement is indexed to the copper in concentrate produced from the entire project. The Company will pay $406/oz for each ounce of gold and $6.09/oz for each ounce of silver (subject to an annual adjustment for inflation) delivered under the stream agreement until 1,341,000 ounces of gold and 21,510,000 ounces of silver have been delivered. Thereafter, the Company will pay the greater of $400/oz for gold and $6/oz for silver (subject to an adjustment for inflation) or one half of the then prevailing market price.

(g) Ring of Fire

On April 28, 2015, the Company acquired royalty rights in the Ring of Fire mining district of Ontario for $3.5 million and extended a loan in the amount of $25.0 million to Noront Resources Ltd. ("Noront"). Both the royalty and the loan were initially recorded at their respective fair values stated above. The royalty has been

accounted for as an asset acquisition in accordance with the accounting policy for royalty interests. The loan, which bears annual interest at 7% and matures on April 28, 2020, is a financial asset recorded in Investments.

(h) Dublin Gulch (Eagle)

On January 14, 2015, the Company acquired an existing 1.5% NSR and 2.0% gross royalty on certain claims that comprise the Eagle deposit located in the Yukon, Canada for cash consideration of $7.0 million.

(i) Candelaria

On November 3, 2014, the Company acquired a gold and silver stream on production from the Candelaria project located in Chile from Lundin Mining Corporation ("Lundin") for an up-front deposit of $648.0 million to contribute to Lundin's financing of the acquisition of Candelaria from Freeport-McMoRan Inc.

On July 29, 2015, the Company made an additional and final $7.5 million payment to Lundin due to an increase in reserves following resolution of certain post-closing items pursuant to the Candelaria stream agreement. The amount has been recorded as part of the stream interest.

In addition, the Company may be required to make additional cash payments or may receive additional gold or silver in certain circumstances. The determination of whether additional payments will be required or additional gold and silver would be delivered is an annual determination by the parties to the agreement and will be based on actual recoveries from Candelaria during the previous year.

(j) Karma Gold Stream

On August 11, 2014, the Company and Sandstorm Gold Inc. ("Sandstorm") entered into a $120.0 million syndicated stream financing agreement with True Gold Mining Inc. ("True Gold") in exchange for a 6.5% gold stream on True Gold's Karma project, located in Burkina Faso, West Africa. The Company has a 75% interest in the stream and Sandstorm has a 25% interest. Under the terms of the agreement, the parties committed to provide True Gold with $100.0 million in initial funding with an option to increase the funding by up to $20.0 million until February 11, 2016 which was subsequently extended to August 11, 2016. On January 8, 2016, True Gold exercised its option and drew down an additional $5.0 million.

(k) Guadalupe Gold Stream

In October 2014, the Company agreed with Coeur Mining Inc. ("Coeur") to terminate its gold stream on the Palmarejo project located in Mexico (the "Palmarejo Stream") in exchange for a cash payment of $2.0 million. As part of the agreement to terminate the Palmarejo stream, the Company purchased a new 50% gold stream (the "Guadalupe Stream"), pursuant to which the Company funded a $22.0 million deposit which was used for development of the Guadalupe underground mine. Under the Guadalupe stream, the Company will pay the lesser of (i) $800 per ounce; or (ii) the London PM gold fix on the day of delivery for each ounce delivered. The Guadalupe Stream became effective in July 2016, following the completion of the 400,000 ounce minimum obligation under the Palmarejo Stream.

All of the above acquisitions have been classified as asset acquisitions.

Note 5 – Cash and Cash Equivalents

As at December 31, 2016 and 2015, cash and cash equivalents were primarily held in interest-bearing deposits.

		2016		2015
Cash deposits	**$**	**182.4**	$	137.9
Term deposits		**70.6**		11.3
	$	**253.0**	$	149.2

Note 6 – Investments

		2016		2015
Short-term investments				
Term deposits	**$**	**—**	$	18.8
Total short-term investments	**$**	**—**	$	18.8
Non-current investments				
Equity investments	**$**	**118.4**	$	68.3
Warrants		**0.9**		0.1
Loan Receivable		**28.1**		26.4
Total Investments	**$**	**147.4**	$	94.8

Non-current investments

These investments comprise: (i) equity interests in various public and non-public entities which the Company acquired through the open market or through transactions; (ii) warrants in various publicly-listed companies; and (iii) a loan receivable from Noront acquired through the Ring of Fire transaction in 2015. Equity investments have been designated as available-for-sale and, as a result, have been recorded at fair value. One equity investment of a non-public entity, having a carrying value of $3.8 million (2015 - $3.8 million), has been designated as an equity investment held at cost as no reliable estimate of fair value can be determined because there is no publicly available information with which to estimate future cash flows, associated operating costs or capital expenditures and no alternative active market. Management does not intend to dispose of the investment and expects to recover the carrying value through the payment of dividends.

The loan receivable has been designated as loans and receivables under IFRS and is carried at amortized cost using the effective interest rate method.

The unrealized gains (losses) on available-for-sale investments recognized in other comprehensive income (loss) for the year ended December 31, 2016 and 2015 were as follows:

		2016		2015
Mark-to market gain (loss) on equity investments	**$**	**58.2**	$	(27.5)
Deferred tax (expense) recovery in other comprehensive income (loss)		**(5.3)**		1.6
Unrealized gain (loss) on available-for-sale securities, net of tax		**52.9**		(25.9)
Reclassification for realized change in market value recognized in net income, net of tax		**(10.6)**		(1.1)
	$	**42.3**	$	(27.0)

The increase in the market value of the warrants as at December 31, 2016 compared to their values at December 31, 2015 was primarily due to the acquisition of new warrants of $0.4 million, acquired in connection with the investment in NewCastle Gold Ltd. (Note 4(b)) in 2016).

Note 7 – Prepaid expenses and other

Prepaid expenses and other current assets comprise the following:

	2016	2015
Gold bullion	**$ 9.3**	$ 21.0
Inventory	**2.7**	—
Prepaid gold	**7.0**	7.0
Prepaid expenses	**17.5**	13.6
Debt issue costs	**0.6**	—
	$ 37.1	$ 41.6

Note 8 – Royalty, Stream and Working Interests, Net

a) Royalties, Streams and Working Interests

The following tables summarize the Company's royalty, stream and working interests carrying values as at December 31, 2016 and 2015, respectively:

	2016			
	Cost	**Accumulated Depletion[1]**	**Impairment**	**Carrying Value**
Mineral Royalties	$ 963.0	$ (475.0)	$ —	**$ 488.0**
Streams	3,450.0	(880.4)	(67.4)	**2,502.2**
Oil and Gas	732.4	(283.5)	—	**448.9**
Advanced	222.9	(34.1)	—	**188.8**
Exploration	52.0	(11.5)	(0.1)	**40.4**
	$5,420.3	$ **(1,684.5)**	**$ (67.5)**	**$ 3,668.3**

	2015			
	Cost	**Accumulated Depletion[1]**	**Impairment**	**Carrying Value**
Mineral Royalties	$ 967.4	$ (429.2)	$ —	**$ 538.2**
Streams	2,806.5	(684.2)	—	**2,122.3**
Oil and Gas	612.3	(207.7)	(48.3)	**356.3**
Advanced	229.1	(17.3)	(11.4)	**200.4**
Exploration	52.5	(12.1)	(0.1)	**40.3**
	$4,667.8	$ **(1,350.5)**	**$ (59.8)**	**$ 3,257.5**

1 Accumulated depletion includes previously recognized impairment charges.

	Mineral Royalties	Streams	Oil & Gas	Advanced	Exploration	Total
Balance at January 1, 2015	$ 618.3	$ 1,251.5	$ 503.7	$ 222.3	$ 41.1	**$ 2,636.9**
Acquisitions	—	1,002.7	3.6	6.1	3.9	**1,016.3**
Disposals	—	—	—	—	(0.7)	**(0.7)**
Impairments	—	—	(48.3)	(11.4)	(0.1)	**(59.8)**
Depletion	(51.4)	(131.9)	(21.3)	(0.9)	(0.7)	**(206.2)**
Impact of foreign exchange	(28.7)	—	(81.4)	(15.7)	(3.2)	**(129.0)**
Balance at December 31, 2015	**$ 538.2**	**$ 2,122.3**	**$ 356.3**	**$ 200.4**	**$ 40.3**	**$ 3,257.5**
Acquisitions (Note 4)	—	642.8	101.3	1.7	—	**745.8**
Disposals	(16.2)	—	—	—	—	**(16.2)**
Transfers	6.2	—	—	(6.2)	—	—
Impairments	—	(67.4)	—	-	(0.1)	**(67.5)**
Depletion	(52.1)	(195.5)	(19.1)	(0.7)	(0.2)	**(267.6)**
Impact of foreign exchange	11.9	-	10.4	(6.4)	0.4	**16.3**
Balance at December 31, 2016	**$ 488.0**	**$ 2,502.2**	**$ 448.9**	**$ 188.8**	**$ 40.4**	**$ 3,668.3**

b) Impairments of Royalties, Streams and Working Interests

Impairments in the carrying value of each CGU (generally individual royalty or stream interest or in the case of oil & gas, a group of interests in the same property and the associated oil & gas well equipment) are measured and recorded to the extent that the carrying value of each CGU exceeds its estimated recoverable amount, which is generally calculated using an estimate of future discounted cash-flows. As part of the Company's regular asset impairment analysis, which included the presence of impairment indicators, the Company recorded impairment charges for the years ended December 31, 2016 and 2015, as summarized in the following table:

	2016	2015
Royalty, stream and working interests, net:		
Cooke 4	**$ 67.4**	$ —
Weyburn Unit	**—**	41.3
Midale Unit	**—**	7.0
Red Lake (Phoenix)	**—**	11.4
Exploration assets	**0.1**	0.1
Other non-current assets:		
Oil well equipment	**—**	3.1
Total impairment losses	**$ 67.5**	$ 62.9

During 2016, the following were identified as indicators of impairment:

Cooke 4

On October 27, 2016, Sibanye Gold Limited ("Sibanye") announced that it had ceased production at the Cooke 4 underground operation. Management assessed the cessation of operations as an indicator of impairment, and accordingly, performed an impairment assessment.

Exploration assets

The Company was notified, pursuant to various royalty agreements, that the explorer/developer had abandoned tenements, concessions or ground which was subject to royalty rights held by the Company. In the circumstances, the Company wrote-off the carrying value of the associated exploration assets to nil. For the year ended December 31, 2016, the total amount written off was $0.1 million.

Key assumptions and sensitivity

The key assumptions and estimates used in determining the recoverable amount are related to commodity prices and discount rates.

The FVLCD for Cooke 4 was determined by calculating the net present value ("NPV") of the estimated future cash-flows expected to be generated by the processing of the Cooke 4 tailings. The estimates of future cash-flows were derived from a model developed by management based on expected performance using publicly released information from the operator. Based on observable market or publicly available data, the Company's management made assumptions of future commodity prices to estimate future revenues. These price assumptions were supported by longer-term consensus price estimates obtained from a sample of analysts. The future cash-flows were discounted using an after-tax discount rate which reflects specific market risk factors associated with Cooke 4. The Company estimated the recoverable amount of its Cooke 4 interest to be $2.1 million.

The key assumptions in the impairment testing consisted of the timing of the estimated future cash flows, forecasted gold prices, and the discount rate. The Company used a long-term gold price of $1,321 per ounce, and a discount rate of 8%. The Company also performed sensitivity analyses on these key assumptions that impact the impairment calculations, by applying a change of 10% on the gold price assumption, a change of 300 basis points for the discount rate assumption, and a 5-year change in the timing of expected future cash flows. These sensitivity analyses did not result in a significant change in the estimated recoverable amount and impairment charge.

During 2015, the following were identified as indicators of impairment:

Weyburn Unit

The Company's interest in the Weyburn Unit comprises an 11.71% NRI, a 0.44% overriding royalty and a 2.56% working interest. Due to the significant deterioration of the oil prices in 2015, the associated impact on the Canadian oil industry and the results of the annual reserve assessment, management identified an indicator of impairment and, accordingly, performed an impairment assessment.

Midale Unit

The Company's interest in the Midale Unit comprises a 1.14% gross override royalty interest and a 1.59% working interest. Due to the significant deterioration of the oil prices in 2015, the associated impact on the Canadian oil industry and the results of the annual reserve assessment, management identified an indicator of impairment and, accordingly, performed an impairment assessment.

Red Lake (Phoenix)

On January 11, 2016, the operator of the Phoenix Gold project, Rubicon Minerals Corporation, released an updated Mineral Resource Statement which reflected a 91% decrease in the Indicated resource category and an 86% decrease in the Inferred resource category over its 2013 Mineral Resource Statement. The Company holds a 2% net smelter return royalty (subject to a buy-back of 0.5%) on certain claims covering the Phoenix Gold project. Management assessed the decline in the Mineral Resource Statement as an indicator of impairment and, accordingly, performed an impairment assessment.

Key assumptions and sensitivity

The key assumptions and estimates used in determining the recoverable amount are related to commodity prices and discount rates.

The FVLCD for the Weyburn Unit CGU, Midale Unit CGU and Red Lake (Phoenix) royalty was determined by calculating the net present value ("NPV") of the estimated future cash-flows expected to be generated by the production of oil or mining of gold, as appropriate. The estimates of future cash-flows were derived from a model for the Weyburn and Midale Units developed by management using cash-flows prepared by an independent reserve engineer and expected performance based on publicly released technical information to predict future performance. Based on observable market or publicly available data, the Company's

management made assumptions of future commodity prices to estimate future revenues. These price assumptions were supported by longer-term consensus price estimates obtained from a sample of analysts and independent reserve evaluators, where appropriate. The future cash-flows were discounted using an after-tax discount rate which reflects specific market risk factors associated with gold royalty assets or working interests, respectively.

The key assumptions used in the impairment testing are summarized in the table below:

	2016	2017	2018	2019	2020+
Oil price (C$/boe)	$ 48.49	$ 57.16	$ 61.21	$ 66.16	$ 83.43
Weyburn & Midale discount rate	8%	8%	8%	8%	8%
Gold price (US$/oz)	$ 1,156	$ 1,174	$ 1,192	$ 1,216	$ 1,201
Red Lake (Phoenix) discount rate	5%	5%	5%	5%	5%

A sensitivity analysis was performed on the oil and gold commodity prices and discount rates, which are the key assumptions that impact the impairment calculations. For the Weyburn and Midale Units, the Company assumed a 10% change for the oil equivalent price assumptions, taking the oil price from an average of C$63.29/boe to C$75.09/boe and C$91.77/boe, respectively, while holding all other assumptions constant. In addition, the Company assumed a positive and negative 300 basis point change for the discount rate assumption, taking it from 8% to 5% and 11%, while holding all other assumptions constant. For the Red Lake (Phoenix) royalty, the Company assumed a 10% change for the gold price assumption, taking the gold price from an average of $1,188/ounce to $1,069/ounce and $1,307/ounce, respectively, while holding all other assumptions constant. In addition, the Company assumed a positive and negative 300 basis point change for the discount rate, taking it from 5% to 2% and 8%, while holding all other assumptions constant.
The table below shows the impairment amounts when key assumptions are changed, in isolation:

	2015	
	Carrying Value	Impairment Charge
Impairment recorded in statement of income	$ 318.3	$ 62.9
Impairment recorded if, in isolation:		
10% decrease in commodity prices		
Oil CGUs	$ 256.8	$ 107.8
Red Lake (Phoenix)	4.6	12
	$ 261.4	$ 119.8
10% increase in commodity prices		
Oil CGUs	$ 358.1	$ 6.4
Red Lake (Phoenix)	5.9	10.8
	$ 364.0	$ 17.2
300 basis point decrease to the discount rate		
Oil CGUs	$ 359.6	$ 4.9
Red Lake (Phoenix)	7.2	9.5
	$ 366.8	$ 14.4
300 basis point increase to the discount rate		
Oil CGUs	$ 251.8	$ 112.7
Red Lake (Phoenix)	3.9	12.8
	$ 255.7	$ 125.5

c) Disposals of Royalties, Streams and Working Interests

In October 2016, Kirkland Lake Gold ("Kirkland Lake") exercised its option to buy back 1% of an overlying 2.5% net smelter return royalty for an aggregate cash consideration of $30.3 million ($36.0 million less royalty proceeds attributable to the buyback portion of the NSR paid to Franco-Nevada prior to the effective date of the buyback). The carrying value of the NSR portion subject to the buyback was $16.2 million. The Company recognized a gain on disposal of $14.1 million in the consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016.

Note 9 – Other assets

Other assets comprise the following:

		2016		2015
Prepaid gold	**$**	**7.1**	$	14.1
Oil & gas well equipment, net		**14.0**		16.4
Furniture and fixtures, net		**0.7**		0.7
Debt issue costs		**1.6**		—
	$	**23.4**	$	31.2

Note 10 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following:

		2016		2015
Accounts payable	**$**	**9.6**	$	6.2
Accrued liabilities		**11.4**		11.8
	$	**21.0**	$	18.0

Note 11 - Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same — to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

There were no transfers between the levels of the fair value hierarchy during the year ended December 31, 2016.

Assets and Liabilities Measured at Fair Value on a Recurring Basis:

As at December 31, 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Aggregate Fair Value**
Cash and cash equivalents	$ 253.0	$ —	$ —	**$ 253.0**
Receivables from provisional gold equivalent sales	—	9.8	—	**9.8**
Available-for-sale equity investments	114.6	—	—	**114.6**
Warrants	—	0.9	—	**0.9**
	$ 367.6	**$ 10.7**	**$ —**	**$ 378.3**

As at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Cash and cash equivalents	$ 149.2	$ —	$ —	$ 149.2
Short-term investments	18.8	—	—	18.8
Receivables from provisional gold equivalent sales	—	9.3	—	9.3
Available-for-sale equity investments	64.5	—	—	64.5
Warrants	—	0.1	—	0.1
	$ 232.5	$ 9.4	$ —	$ 241.9

Fair Values of Financial Assets and Liabilities

The fair values of the Company's remaining financial assets and liabilities, which include receivables, loan receivables, accounts payable and accrued liabilities, approximate their carrying values due to their short-term nature and historically negligible credit losses and/or fair value of collateral.
The Company has not offset financial assets with financial liabilities.

Assets Measured at Fair Value on a Non-Recurring Basis:

As at December 31, 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Aggregate Fair Value**
Royalty, stream and working interests	$ —	$ —	$ 2.1	$ **2.1**
	$ —	**$ —**	**$ 2.1**	**$ 2.1**

As at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Royalty, stream and working interests	$ —	$ —	$ 302.0	$ 302.0
Oil well equipment	—	—	16.3	16.3
	$ —	$ —	$ 318.3	$ 318.3

The valuation techniques that are used to measure fair value are as follows:

a) Cash and cash equivalents

The fair values of cash and cash equivalents, including interest bearing deposits, are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets.

b) Receivables

The fair values of receivables arising from gold and platinum group metal sales contracts that contain provisional pricing mechanisms are determined using the appropriate quoted forward prices from the exchange that is the principal active market for the particular metal. As such, these receivables are classified within Level 2 of the fair value hierarchy.

c) Investments

The fair values of publicly-traded investments, including available-for-sale equity investments, are determined based on a market approach reflecting the closing prices of each particular security at the statement of financial position date. The closing prices are quoted market prices obtained from the exchange that is the principal active market for the particular security, and therefore are classified within Level 1 of the fair value hierarchy.

The fair values of warrants are estimated using the Black-Scholes pricing model which requires the use of inputs that are observable in the market. As such, these investments are classified within Level 2 of the fair value hierarchy.

d) Royalty, stream, and working interests and oil well equipment

The fair values of royalty, stream, and working interests and oil well equipment are determined primarily using a market approach using unobservable discounted future cash-flows and cash-flow and revenue multiples. As a result, the fair values are classified within Level 3 of the fair value hierarchy.

Note 12 – Financial Risk Management

The Company's financial instruments are comprised of financial assets and liabilities. The Company's principal financial liabilities comprise accounts payable, accrued liabilities and debt. The Company's principal financial assets are cash and cash equivalents, short-term investments, receivables and investments. The main purpose of these financial instruments is to manage short-term cash flow and working capital requirements and fund future acquisitions.

The Company is engaged in the business of acquiring, managing and creating resource royalties and streams. Royalties and streams are interests that provide the right to revenue or production from the various properties, after deducting specified costs, if any. These activities expose the Company to a variety of financial risks, which include direct exposure to market risks (which includes commodity price risk, foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk management.

Management designs strategies for managing some of these risks, which are summarized below. The Company's executive management oversees the management of financial risks. The Company's executive management ensures that our financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The Company's overall objective from a risk management perspective is to safeguard its assets and mitigate risk exposure by focusing on security rather than yield.

a) Market Risk

Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates or interest rates, will affect the value of the Company's financial instruments. The Company manages market risk by either accepting it or mitigating it through the use of economic strategies.

Commodity Price Risk

The Company's royalties/streams are subject to fluctuations from changes in market prices of the underlying commodities. The market prices of gold, silver, platinum, palladium and oil are the primary drivers of the Company's profitability and ability to generate free cash flow. All of the Company's future revenue is not hedged in order to provide shareholders with full exposure to changes in the market prices of these commodities.

Foreign Exchange Risk

The functional currencies of the Company's entities include the Canadian, U.S. and Australian dollars with the reporting currency of the Company being the U.S. dollar. The Company is primarily exposed to currency fluctuations relative to the U.S. dollar on balances and transactions that are denominated and settled in Canadian dollars and Australian dollars. The Company has exposure to the Canadian dollar through its oil & gas activities and corporate administration costs. Consequently, fluctuations in the U.S. dollar exchange rate against these currencies increase the volatility of depletion, corporate administration costs and overall net earnings, when translated into U.S. dollars.

The Company invests its cash and cash equivalents and short-term investments in U.S. and Canadian dollar denominated interest-bearing deposits on a ratio of 78% to 6%, respectively, and 16% in other currencies, as at December 31, 2016.

During the year ended December 31, 2016, the U.S. dollar weakened in relation to the Canadian dollar and upon the translation of the Company's assets and liabilities held in Canada, the Company recorded a currency translation adjustment income of $21.3 million in other comprehensive income (2015 — loss of $163.4 million).

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As at December 31, 2016, the Company's interest rate exposure arises mainly from the interest receipts on cash, cash equivalents and short-term investments.

The following table shows the approximate interest rate sensitivities of our financial assets and liabilities as at December 31:

	Effect on Net Income		**Effect on Equity**	
	2016	**2015**	**2016**	**2015**
0.5% increase	**$ (1.0)**	$ (1.7)	**$ (1.0)**	$ (1.7)
0.5% decrease	**1.0**	1.7	**1.0**	1.7

b) Credit Risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents, short-term investments, receivables and loan receivables. The Company closely monitors its financial assets and maintains its cash deposits in several high-quality financial institutions and as such does not have any significant concentration of credit risk.

As at December 31, 2016, the Company is unaware of any information which would cause it to believe that these financial assets are not fully recoverable.

c) Liquidity Risk

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands. The Company manages its exposure to liquidity risk through prudent management of its statement of financial position, including maintaining sufficient cash balances and access to undrawn credit facilities. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. Management continuously monitors and reviews both actual and forecasted cash flows, including acquisition activities.

As at December 31, 2016, the Company held $253.0 million in either cash, cash equivalents or highly-liquid investments (2015 – $168.0 million). All of the Company's financial liabilities are due within one year. The Company's near-term cash requirements include corporate administration costs, certain costs of sales, including the ore purchase commitments described in Note 20(a), dividends and income taxes directly related to the recognition of royalty, stream and working interest revenues. In addition, the Company is committed to fund under its precious metals stream agreements as described in Note 20(b).

d) Capital Risk Management

The Company's primary objective when managing capital is to provide a sustainable return to shareholders through managing and growing the Company's resource asset portfolio while ensuring capital protection. The Company defines capital as its cash, cash equivalents, short-term investments and long-term investments which is managed by the Company's management subject to approved policies and limits by the Board of Directors.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016 compared to the prior year. The Company is not subject to material externally imposed capital requirements or significant financial covenants or capital requirements with our lenders. The Company is in compliance with all its covenants under its credit facility as at December 31, 2016.

As at December 31, 2016, the Company has cash, cash equivalents and available-for-sale short-term investments totaling $253.0 million (2015 – $168.0 million), long-term investments totaling $147.4 million (2015 – $94.8 million), of which $114.6 million (2015 – $64.5 million) are held in liquid securities. The Company also has $1.0 billion (2015 – $540.0 million) available under its unsecured revolving term credit facility. All of these sources of capital were available for growing the Company's asset portfolio and paying dividends.

Note 13 – Revolving term credit facility

The Company has a five year $1.0 billion unsecured revolving term credit facility (the "Credit Facility"). In 2015, the Company amended its Credit Facility by increasing the available credit from $500.0 million to $1.0 billion and extending the term to November 12, 2020. Subsequent to December 31, 2016, the term was further extended to March 22, 2022.

On March 7, 2016 and March 21, 2016, the Company repaid $230.0 million on each date on the Credit Facility (2015 - $20.0 million). As at December 31, 2016, no amount is withdrawn under the Credit Facility and the entire $1.0 billion facility remains available.

On October 6, 2015 and October 21, 2015, the Company drew $250.0 million and $230.0 million, respectively, under its Credit Facility to fund a portion of the Antamina and Cobre Panama transactions (See Note 4(a) and 4(b) — Acquisitions and Transactions). The funds were drawn as 30-day Libor loans with the associated interest rate based on 30-day Libor rates plus 1.20%. On December 7, 2015, the Company repaid $20.0 million under its Credit Facility and as at December 31, 2015, the Company had $460.0 million outstanding under its Credit Facility. At December 31, 2015, the Credit Facility was presented net of unamortized debt issue costs in the amount of $2.7 million.

Interest associated with the drawdowns totaled $1.5 million for 2015 with $0.8 million being expensed and $0.7 million being capitalized to the Cobre Panama stream interest.

Advances under the Credit Facility can be drawn as follows:

U.S. dollars

- Base rate advances with interest payable monthly at the Canadian Imperial Bank of Commerce ("CIBC") base rate, plus between 0.20% and 1.20% per annum depending upon the Company's leverage ratio; or
- LIBOR loans for periods of 1, 2, 3 or 6 months with interest payable at a rate of LIBOR, plus between 1.20% and 2.20% per annum, depending on the Company's leverage ratio.

Canadian dollars

- Prime rate advances with interest payable monthly at the CIBC prime rate, plus between 0.20% and 1.20% per annum, depending on the Company's leverage ratio; or
- Bankers' acceptances for a period of 30 to 180 days with a stamping fee calculated on the face amount between 1.20% and 2.20%, depending on the Company's leverage ratio.

All loans are readily convertible into loans of other types, described above, on customary terms and upon provision of appropriate notice. Borrowings under the Credit Facility are guaranteed by certain of the Company's subsidiaries and are unsecured.

The Credit Facility is subject to a standby fee of 0.24% to 0.44% per annum, depending on the Company's leverage ratio, even if no amounts are outstanding under the Credit Facility. As at December 31, 2016, a balance of $2.2 million related to debt issue costs is remaining to be amortised over the remaining term of the Credit Facility (2015 – $2.7 million). As at December 31, 2016, there was no balance (2015 – $460.0 million) outstanding under the Credit Facility.

For the year ended December 31, 2016, the Company recognized debt issuance cost amortization expense of $0.6 million (2015 – $0.6 million) and $2.2 million (2015 – $1.5 million) of standby and administrative fees in the consolidated statement of income and comprehensive income (loss). The unamortized debt issue costs associated with the Credit Facility are included in prepaid expenses and other current assets, and other non-current assets.

Note 14 – Revenue

Revenue is comprised of the following:

		2016		2015
Mineral royalties	**$**	**169.3**	$	149.4
Mineral streams		**401.6**		257.5
Sale of prepaid gold		**9.2**		8.7
Oil & gas interests		**30.1**		28.0
Total	**$**	**610.2**	$	443.6

Note 15 – Costs of sales

Costs of sales are comprised of the following:

		2016		2015
Per ounce stream purchase cost	**$**	**95.6**	$	80.1
Cost of prepaid ounces		**6.5**		6.6
Oil & gas operating costs		**3.2**		3.8
Mineral production taxes		**0.5**		2.6
Total	**$**	**105.8**	$	93.1

Note 16 – Related party disclosures

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors and the executive management team. In 2016, the executive management team was comprised of the President and Chief Executive Officer, the Chief Financial Officer, the Senior Vice President, Business Development, and the Chief Legal Officer. In 2015, the executive management team also included the Chief Operating Officer, whom retired in April 2016. Compensation for key management personnel of the Company was as follows:

	2016	2015
Short-term benefits[1]	**$ 4.5**	$ 2.6
Share-based payments[2]	**5.1**	4.1
Total	**$ 9.6**	$ 6.7

1 Includes salary, benefits and short-term accrued incentives/other bonuses earned in the period.
2 Represents the expense of stock options, restricted share units earned and mark-to-market charges on deferred share units during the year.

Note 17 - Income taxes

Income tax expense for the years ended December 31, 2016 and 2015 was as follows:

	For the year ended December 31,	
	2016	2015
Current income tax expense		
Expense for the year	**$ 35.5**	$ 25.4
Adjustment in respect of prior years	**5.4**	0.7
Current income tax expense	**40.9**	26.1
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences in the current year	**15.3**	(3.8)
Impact of changes in tax rate	**(0.8)**	1.3
Change in (reversal of) unrecognized deductible temporary differences	**(4.4)**	0.9
Adjustments in respect of prior years	**(4.3)**	(1.4)
Other	**(1.0)**	0.8
Deferred income tax expense	**4.8**	(2.2)
Total	**$ 45.7**	$ 23.9

A reconciliation of the provision for income taxes computed at the combined Canadian federal and provincial statutory rate to the provision for income taxes as shown in the consolidated statement of income and comprehensive income (loss) for the years ended December 31, 2016 and 2015, is as follows:

	2016	2015
Net income before income taxes	**$ 167.9**	$ 48.5
Statutory tax rate	**26.6%**	26.1%
Tax expense at statutory rate	**44.7**	12.7
Reconciling items:		
Change in (reversal of) unrecognized deductible temporary differences	**(4.4)**	0.9
Income/expenses not (taxed) deductible	**(1.9)**	5.2
Differences in foreign statutory tax rates	**4.8**	(2.8)
Differences due to changing future tax rates	**(0.8)**	1.3
Foreign withholding tax	**1.8**	1.4
Temporary differences subject to initial recognition exemption	**0.5**	5.5
Other	**1.0**	(0.3)
Net income tax expense	**$ 45.7**	$ 23.9

Income tax (expense) recovery recognized in other comprehensive income (loss) is as follows:

	2016			2015		
	Before Tax Gain	**Tax Expense**	**After Tax Gain**	**Before Tax Loss**	**Tax Recovery**	**After Tax Loss**
Change in market value of available-for-sale investments	**$ 46.0**	**$ (3.7)**	**$ 42.3**	$ (27.5)	$ 1.6	$ (25.9)
Cumulative translation adjustment	**21.3**	**—**	**21.3**	(163.4)	—	(163.4)
Other comprehensive loss	**$ 67.3**	**$ (3.7)**	**$ 63.6**	$ (190.9)	$ 1.6	$ (189.3)
Deferred tax	**$ —**	**$ (3.7)**	**$ —**	$ —	$ 1.6	$ —

The significant components of deferred income tax assets and liabilities as at December 31, 2016 and 2015, respectively, are as follows:

	2016	2015
Deferred income tax assets:		
Deductible temporary differences relating to:		
Royalty, stream and working interests	**$ 10.7**	$ 3.7
Non-capital loss carry-forwards	**11.2**	12.2
Investments	**—**	0.3
Other	**(0.6)**	(0.1)
	$ 21.3	$ 16.1
Deferred income tax liabilities:		
Taxable temporary differences relating to:		
Share issue and debt issue costs	**$ (9.7)**	$ (2.6)
Royalty, stream and working interests	**54.2**	40.5
Non-capital loss carry-forwards	**(4.4)**	(3.2)
Investments	**(0.1)**	(0.4)
Other	**(2.5)**	(1.1)
	$ 37.5	$ 33.2
Deferred income tax liabilities, net	**$ 16.2**	$ 17.1

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016	**2015**
Deferred income tax assets:		
Deferred income tax asset to be recovered within 12 months	**$ 0.1**	$ 1.8
Deferred income tax asset to be recovered after more than 12 months	**21.2**	14.3
	$ 21.3	$ 16.1
Deferred income tax liabilities:		
Deferred income tax liability to be settled within 12 months	**1.2**	(1.2)
Deferred income tax liability to be settled after more than 12 months	**36.3**	34.4
	$ 37.5	$ 33.2
Deferred income tax liabilities, net	**$ 16.2**	$ 17.1

Movement in net deferred taxes:

		2016		2015
Balance, beginning of year	**$**	**17.1**	$	26.4
Recognized in profit/loss		**4.8**		(2.2)
Recognized in other comprehensive income (loss)		**3.7**		(1.6)
Recognized in equity		**(10.0)**		(0.2)
Other		**0.6**		(5.3)
Deferred income tax liabilities, net	**$**	**16.2**	$	17.1

The following table summarizes the Company's non-capital losses at December 31, 2016 that can be applied against future taxable profit:

Country	Type	Amount	Expiry Date
Canada	Non-Capital Losses	$ 62.0	2027-2036

Unrecognized deferred tax assets and liabilities

The aggregate amount of taxable temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized as at December 31, 2016 is $324.8 million (December 31, 2015 – $335.3 million). No deferred tax liabilities are recognized on the temporary differences associated with investment in subsidiaries because the company controls the timing of reversal and it is not probable that they will reverse in the foreseeable future.

The aggregate amount of deductible temporary differences associated with other items, for which deferred tax assets have not been recognized as at December 31, 2016 is $3.7 million (December 31, 2015 - $52.7million). No deferred tax asset is recognized in respect of these items because it is not probable that future taxable profits will be available against which the company can utilize the benefit.

Note 18 - Shareholders' equity

a) Common shares

The Company's authorized capital stock includes an unlimited number of common shares (issued 178,482,139 common shares) having no par value and preferred shares issuable in series (issued - nil).

During the year ended December 31, 2016, the Company issued 545,576 common shares (2015 – 777,440) upon the exercise of stock options and warrants for proceeds of $16.3 million (2015 - $6.3 million), and 66,032 upon vesting of restricted share units (2015 – 46,589). In addition, 588,182 common shares (2015 – 750,111) were issued pursuant to the terms of the Company's Dividend Reinvestment Plan ("DRIP") for the year ended December 31, 2016.

On February 19, 2016, the Company completed a bought deal financing with a syndicate of underwriters for 19.2 million common shares at $47.85 per common share. The net proceeds to the Company were $883.5 million after deducting share issue costs and expenses of $36.6 million. The Company recorded a deferred tax asset of $10.4 million relating to the share issue costs.

b) Dividends

The Company declared dividends in the amount of $156.8 million (2015 - $129.0 million), or $0.87 per share (2015 - $0.83 per share), in the year ended December 31, 2016. The Company paid cash dividends in the amount $118.1 million (2015 - $94.1 million) and issued common shares pursuant to its DRIP valued at $38.7 million (2015 - $34.9 million), in the year ended December 31, 2016.

c) Stock-based payments

On November 12, 2007, the Company's Board of Directors adopted a stock option plan, which was replaced by the Company's share compensation plan covering both stock options and RSUs effective May 12, 2010 (the "Plan"). Pursuant to the Plan, the Company may grant incentive stock options to directors, officers, employees and consultants at the discretion of the Board of Directors. The exercise price and vesting period of any option

is fixed by the Board of Directors on the date of grant. The term of options is at the sole discretion of the Board of Directors but may not exceed ten years from the date of grant. Options expire on the earlier of the expiry date or the date of termination. Options are non-transferable. The options granted will be adjusted in the event of an amalgamation, rights offering, share consolidation or subdivision or other similar adjustments of the share capital of the Company. The aggregate number of common shares that may be issued under the Plan is limited to 5,700,876 common shares. Within any one-year period, the number of common shares issued to any single insider participant under the Plan shall not exceed 5% of the common shares then issued and outstanding.

During the year ended December 31, 2016, the Company granted 263,568 stock options (2015 — 213,852) to directors and employees at a weighted average exercise price of C$75.45 (2015 — C$63.61). These ten-year term options vest over three years in equal portions on the anniversary of the grant date. The fair value of stock options granted during 2016 has been determined to be $4.3 million (2015 - $2.6 million).

The fair value of the options was calculated using the Black-Scholes option pricing model and utilized the following weighted average assumptions, and resulted in a weighted average fair value of C$21.78 per stock option (2015 — C$16.82 per stock option):

	2016	2015
Risk-free interest rate	0.66 %	0.84 %
Expected dividend yield	1.54 %	1.78 %
Expected price volatility of the Company's common shares	37.7 %	35.1 %
Expected life of the option	5 years	5 years
Forfeiture rate	0 %	0 %

During the year ended December 31, 2016, an expense of $2.3 million (2015 - $2.3 million) related to stock options has been included in the consolidated statement of income and other comprehensive income (loss) and $0.3 million was capitalized to royalty, stream and working interest, net (2015 - $0.5 million). As at December 31, 2016, there is $5.3 million (2015 - $3.6 million) of total unrecognized non-cash stock-based compensation expense relating to stock options granted under the Plan, which is expected to be recognized over a weighted average period of 1.4 years (2015 — 1.4 years).

Options to purchase common shares of the Company that have been granted in accordance with the Plan and pursuant to other agreements are as follows:

	2016		2015	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Stock options outstanding, beginning of year	**1,592,480**	**C$ 46.67**	2,156,068	C$ 31.81
Granted	**263,568**	**C$ 75.45**	213,852	C$ 63.61
Exercised	**(545,087)**	**C$ 39.25**	(777,440)	C$ 18.32
Forfeited	**(6,633)**	**C$ 58.35**	—	—
Stock options outstanding, end of the year	**1,304,328**	**C$ 50.64**	1,592,480	C$ 46.67
Exercisable stock options, end of the year	**825,875**	**C$ 39.72**	1,195,625	C$ 37.55

Options to purchase common shares outstanding at December 31, 2016, exercise prices and weighted average lives to maturity as follows:

Exercise price	Options outstanding	Options exercisable	Weighted average life *(years)*
C$15.20	106,450	106,450	0.97
C$15.41	10,000	10,000	1.89
C$18.91	75,000	75,000	1.64
C$27.62	50,000	50,000	3.00
C$31.39	60,000	60,000	3.39
C$31.45	40,000	40,000	3.71
C$33.12	1,500	1,500	3.9
C$33.20	1,000	1,000	3.98
C$40.87	102,681	102,681	6.95
C$42.43	4,500	4,500	5.25
C$42.67	8,000	8,000	4.92
C$45.85	18,500	18,500	6.88
C$46.17	100,000	100,000	6.64
C$55.38	62,750	62,750	5.95
C$59.52	189,591	115,232	7.95
C$58.67	65,000	21,667	8.40
C$65.76	145,788	48,595	8.95
C$75.45	263,568	—	9.95
	1,304,328	825,875	6.67

d) Share Purchase Warrants

Outstanding share purchase warrants as at December 31, 2016 and 2015 are as follows:

	2016	2015
Warrants outstanding, beginning of the year	6,510,769	6,510,769
Exercised	(489)	-
Warrants outstanding, end of the year	6,510,280	6,510,769

The warrants have a C$75.00 per warrant exercise price and expire on June 16, 2017 (“2017 Warrants”).

e) Deferred Share Unit Plan

Under the DSU Plan, non-executive directors may choose to convert all or a percentage of their directors’ fees into DSUs. The directors must elect to convert their fees prior to January 1 in each year. In addition, the Company may award DSUs to non-executive directors as compensation.

DSUs earn dividend equivalents in the form of additional DSUs at the same rate as dividends on common shares. Participants are not allowed to redeem their DSUs until retirement or termination of directorship. For DSUs that have been credited upon the conversion of directors’ fees, the DSUs vest immediately. The cash value of the DSUs at the time of redemption is equivalent to the market value of the Company’s common shares when redemption takes place.

During the year ended December 31, 2016, 19,209 DSUs and Dividend Equivalent DSUs were granted to directors under the DSU Plan (2015 — 11,863) in connection with the conversion of directors’ fees. The value of the DSU liability as at December 31, 2016, was $3.8 million (2015 - $2.0 million). The mark-to-market adjustment recorded for the year ended December 31, 2016, in respect of the DSU Plan, was $0.2 million (2015 - $0.2 million).

f) Restricted Share Units

Under the Plan, employees and officers may be granted performance-based or time-based RSUs. When each RSU vests, the holder is entitled to one common share for no additional consideration. Performance-based RSUs vest at the end of a three year period following the achievement of certain performance criteria and target settlement will range from 0% to 100% of the value. Time-based RSUs vest over a three year period on the anniversary of the date of grant.

During the year ended December 31, 2016, 25,611 performance-based RSUs (2015 — 31,971) and 25,164 time-based RSUs (2015 — 31,467) were awarded to management of the Company. The fair value of the RSUs, which is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of issuance granted, was determined to be $2.9 million in 2016 (2015 - $3.0 million). Included in the Company's stock-based compensation expense is an amount of $2.7 million (2015 – $2.2 million) relating to RSUs. In addition, $0.3 million related to the RSUs was capitalised to royalty, stream and working interest, net (2015 – $0.5 million). As at December 31, 2016, there is $4.1 million (2015 – $4.3 million) of total unrecognized non-cash stock-based compensation expense relating to non-vested restricted share units granted under the Plan, which is expected to be recognized over a weighted average period of 1.5 years (2015 — 1.5 years).

g) Outstanding Share Purchase Warrants, Incentive Stock Options, Special Warrants and Restricted Share Units

The following table sets out the maximum shares that would be outstanding if all of the share purchase warrants, incentive stock options and restricted share units, at December 31, 2016 and 2015, respectively, were exercised:

	2016	**2015**
Common shares outstanding	178,482,139	158,054,349
Stock options	1,304,328	1,592,480
Warrants	6,510,280	6,510,769
Special Warrant[1]	2,000,000	2,000,000
Restricted Share Units	138,614	158,712
	188,435,361	168,316,310

1. In connection with a transaction with Taseko Mines Limited, one special warrant was granted to Taseko which is exchangeable into 2,000,000 purchase share warrants once Taseko's New Prosperity project gets fully permitted and financed. Each purchase share warrant will entitle Taseko to purchase one common share of the Company at a price of C$75.00 before June 16, 2017. New Prosperity's most recent permit application was denied.

Note 19 – Earnings per share ("EPS")

			2016
	Earnings (Numerator)	**Shares (Denominator)**	**Per Share Amount**
Basic EPS	**$ 122.2**	**175.2**	**$ 0.70**
Effect of dilutive securities	**—**	**1.2**	**(0.01)**
Diluted EPS	**$ 122.2**	**176.4**	**$ 0.69**

For the year ended December 31, 2016, no stock options (2015 – 148,852) and no warrants (2015 - 6,510,769) were excluded in the computation of diluted EPS. Restricted share units totaling 84,094 (2015 – 96,856) were excluded from the computation of diluted EPS for the year ended December 31, 2016 due to the performance criteria for the vesting of the RSUs not being measurable as at December 31, 2016.

			2015
	Earnings (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS	$ 24.6	156.9	$ 0.16
Effect of dilutive securities	—	—	—
Diluted EPS	$ 24.6	156.9	$ 0.16

Note 20 – Commitments

(a) Ore purchase commitments

The following table summarizes the Company's commitments to pay for gold, silver and platinum group metals ("PGM") pursuant to the associated precious metals agreements:

	Attributable Payable Production to be Purchased			Per Ounce Cash Payment [1,2]			Term of Agreement [3]	Date of
Interest	Gold	Silver	PGM	Gold	Silver	PGM		Contract
Antamina	0 %	22.5 %[4]	0 %	n/a	5 %[5]	n/a	40 years	7-Oct-15
Antapaccay	- %[6]	- %[7]	0 %	20 %[8]	20 %[9]	n/a	40 years	10-Feb-16
Candelaria	68 %[10]	68.0 %[10]	0 %	$ 400	$ 4.00	n/a	40 years	6-Oct-14
Cobre Panama	- %[11]	- %[12]	0 %	$ 406	$ 6.09	n/a	45 years	2-Nov-15
Karma	4.875 %[13]	0 %	0 %	20 %[14]	n/a	n/a	40 years	11-Aug-14
Guadalupe	50 %	0 %	0 %	$ 800	n/a	n/a	40 years	2-Oct-14
Sabodala	6 %[15]	0 %	0 %	20 %[16]	n/a	n/a	40 years	12-Dec-13
MWS	25 %	0 %	0 %	$ 400	n/a	n/a	40 years [17]	2-Mar-12
Cooke 4	7 %	0 %	0 %	$ 400	n/a	n/a	40 years	5-Nov-09
Sudbury [18]	50 %	0 %	50 %	$ 400	n/a	$ 400	40 years	15-Jul-08

1 Subject to an annual inflationary adjustment except for Antamina, Antapaccay, Karma, Guadalupe and Sabodala.

2 Should the prevailing market price for gold be lower than this amount, the per ounce cash payment will be reduced to the prevailing market price, with the exception of Palmarejo.

3 Subject to successive extensions.

4 Subject to a fixed payability of 90%. Percentage decreases to 15% after 86 million ounces of silver has been delivered under the agreement.

5 Purchase price is 5% of the average silver price at the time of delivery.

6 Gold deliveries are referenced to copper in concentrate shipped with 300 ounces of gold delivered for each 1,000 tonnes of copper in concentrate shipped, until 630,000 ounces of gold have been delivered. Thereafter, percentage is 30% of gold shipped.

7 Silver deliveries are referenced to copper in concentrate shipped with 4,700 ounces of silver delivered for each 1,000 tonnes of copper in concentrate shipped, until 10.0 million ounces of silver have been delivered. Thereafter, percentage is 30% of silver shipped.

8 Purchase price is 20% of the spot price of gold until 750,000 ounces of gold has been delivered, thereafter the purchase price is 30% of the spot price of gold.

9 Purchase price is 20% of the spot price of silver until 12.8 million ounces of silver has been delivered, thereafter the purchase price is 30% of the spot price of silver.

10 Percentage decreases to 40% after 720,000 ounces of gold and 12.0 million ounces of silver have been delivered under the agreement.

11 Gold deliveries are indexed to copper in concentrate produced from the project. 120 ounces of gold per every 1 million pounds of copper produced until 808,000 ounces of gold delivered. Thereafter 81 ounces of gold per 1 million pounds of copper produced to 1,716,188 ounces of gold delivered, thereafter 63.4% of the gold in concentrate.

12 Silver deliveries are indexed to copper in concentrate produced from the project. 1,376 ounces of silver per every 1 million pounds of copper produced until 9,842,000 ounces of silver delivered. Thereafter 1,776 ounces of silver per 1 million pounds of copper produced to 29,731,000 ounces of silver delivered, thereafter 62.1% of the silver

13 Gold deliveries are fixed at 15,000 ounces per annum from March 31, 2016 until February 28, 2021. Thereafter, percentage is 4.875%.

14 Purchase price is 20% of the average gold price at the time of delivery.

15 Gold deliveries are fixed at 1,875 ounces per month until December 31, 2019. Thereafter, percentage is 6% of gold produced.

16 Purchase price is 20% of prevailing market price at the time of delivery.

17 Agreement is capped at 312,500 ounces of gold.

18 The Company is committed to purchase 50% of the precious metals contained in ore from the properties. Cash payment is based on gold equivalent ounces.

(b) Cobre Panama Precious Metal Stream

The Company is committed to fund the Cobre Panama precious metals stream as described in Note 4(f).

Note 21 – Segment Reporting

The chief operating decision-maker organizes and manages the business under a single operating segment, consisting of resource sector royalty, stream and working interest acquisitions and management activities directly relating to royalty, stream and working interests. All of the Company's assets and revenues are attributable to this single operating segment.

For the year ended December 31, 2016, three interests generated revenue totaling $92.5 million, $88.5 million, and $75.0 million respectively, (2015 – two interests generated revenue totaling $101.6 million and $59.6 million), comprised 15.2%, 14.5% and 12.3%, respectively, (2015 – 22.9% and 13.4%) of revenue. Geographic revenues are separated by the jurisdiction of the entity making the payment.

Revenue is earned from the following jurisdictions:

	2016	2015
United States	92.4	78.1
Canada	116.9	97.0
Latin America:		
Peru	167.5	14.4
Chile	88.4	101.6
Other	47.8	63.7
Rest of World	97.2	88.8
	610.2	443.6

Geographic royalty, stream and working interests are presented by the location of the mining operations giving rise to the royalty, stream or working interest.

	2016	2015
United States	502.0	435.6
Canada	610.5	661.5
Latin America:		
Peru	1,021.7	604.1
Chile	586.1	624.9
Panama	468.9	343.6
Other	64.3	75.0
Rest of World	414.8	512.8
	3,668.3	3,257.5

Investments of $147.4 million (2015 - $94.8 million) are held in Canada. Oil & gas well equipment, included in other non-current assets, of $14.0 million (2015 - $16.3 million) is located in Canada.

Note 22 – Subsequent events

Acquisition of U.S. Oil & Gas Royalties – Midland Basin

In March 2017, Franco-Nevada agreed to purchase a portfolio of royalties in the Midland Basin of West Texas, for a price of $110.0 million. The Midland Basin forms the eastern half of the broader Permian basin. The royalties include mineral title which provide a perpetual interest in royalty lands. The transaction is expected to close in the second quarter of 2017.

Revolving term credit facilities

On March 20, 2017, the Company's subsidiary, Franco-Nevada (Barbados) Corporation, entered into an unsecured revolving term credit facility (the "FNBC Credit Facility"). The FNBC Credit Facility provides for the availability over a one-year period of up to $100.0 million in borrowings. The FNBC Credit Facility has a maturity date of March 20, 2018. The Company has the option of requesting, during a period of time surrounding each anniversary date, up to two additional one-year extensions of the maturity term. These requests are subject to approval from the lenders.

Advances under the FNBC Credit Facility can be drawn as follows:

- Base rate advances with interest payable monthly at the Canadian Imperial Bank of Commerce ("CIBC") base rate, plus 0.35% per annum; or
- LIBOR loans for periods of 1, 2, 3 or 6 months with interest payable at a rate of LIBOR plus 1.35% per annum.

All loans are readily convertible into loans of other types on customary terms and upon provision of appropriate notice.

The FNBC Credit Facility is subject to a standby fee of 0.27% per annum, even if no amounts are outstanding.

Further, on March 22, 2017, the Company extended the term of its existing $1 billion Credit Facility to five years, to March 22, 2022 *(Note 13)*.

Exhibit 99.4

CERTIFICATIONS PURSUANT TO RULE 13A-14(A) OF THE EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Harquail, certify that:

1. I have reviewed this annual report on Form 40-F of Franco-Nevada Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 22, 2017

/s/ David Harquail
David Harquail
President and Chief Executive Officer

Exhibit 99.5

CERTIFICATIONS PURSUANT TO RULE 13A-14(A) OF THE EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sandip Rana, certify that:

1. I have reviewed this annual report on Form 40-F of Franco-Nevada Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 22, 2017

/s/ Sandip Rana
Sandip Rana
Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Franco-Nevada Corporation (the "Company") on Form 40-F for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Harquail, the President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2017

/s/ David Harquail
David Harquail
President and Chief Executive Officer

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Franco-Nevada Corporation (the "Company") on Form 40-F for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sandip Rana, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2017

/s/ Sandip Rana
Sandip Rana
Chief Financial Officer

Exhibit 99.8

Consent of Independent Auditor

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended December 31, 2016 of Franco-Nevada Corporation of our report dated March 22, 2017, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which is filed as an exhibit to, and incorporated by reference in, this Annual Report.

We also consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-210295) on Form S-8 (No. 333-176856) and on Form F-10 (No. 333-210878) of Franco-Nevada Corporation of our report dated March 22, 2017 referred to above. We also consent to the reference to us under the heading “Experts”, which appears in the Annual Information Form which is filed as an exhibit to, and incorporated by reference in this Annual Report on Form 40-F, which is incorporated by reference in such Registration Statements.

/s/ PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 22, 2017

Exhibit 99.9

CONSENT OF PHIL WILSON

In connection with Franco-Nevada Corporation's Annual Report on Form 40-F, and any amendments thereto, and any documents incorporated by reference therein, to be filed with the United States Securities and Exchange Commission (the "Annual Report"), I hereby consent to the use of and references to my name, and the inclusion and incorporation by reference in the Annual Report of the information approved by me that is of a scientific or technical nature and all other references to such information included or incorporated by reference in the Annual Report and the registration statements on Form F-3 (No. 333-210295), on Form S-8 (No. 333-176856) and on Form F-10 (No. 333-210878).

DATED: March 22, 2017

/s/ Phil Wilson
Name: Phil Wilson, CEng

Exhibit 99.10

CONSENT OF GLJ PETROLEUM CONSULTANTS LTD.

In connection with the filing of the annual report on Form 40-F (the "Annual Report") of Franco-Nevada Corporation with the U.S. Securities and Exchange Commission, the undersigned hereby consents to references to its name and to its involvement in the preparation of the reserves assessment and evaluation in respect of the oil and gas assets of Franco-Nevada Corporation including the Weyburn Unit, Midale Unit and Edson Properties dated March 9, 2017, with an effective date of December 31, 2016 (the "Reserves Assessment"), and to the inclusion and incorporation by reference of information derived from the Reserves Assessment, included in the 2016 Annual Information Form of Franco-Nevada Corporation dated March 22, 2017 (the "AIF"), which is filed as an exhibit to, and incorporated by reference in, the Annual Report.

The undersigned also consents to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-210295), on Form S-8 (No. 333-176856) and on Form F-10 (No. 333-210878) of the references to its name in the AIF and the use of the Reserves Assessment and the information derived therefrom.

Yours truly.

GLJ PETROLEUM CONSULTANTS LTD.

"Originally Signed by"

Tim R. Freeborn, P. Eng.
Vice President

Dated: March 22, 2017
Calgary, Alberta
CANADA