Management's Discussion and Analysis Q2 2022

For the three and six months ended June 30, 2022

Franco Nevada

The GOLD Investment that WORKS

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 August 10, 2022 and should be read in conjunction with Franco-Nevada's unaudited condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2022 and 2021 (the "financial statements"). The financial statements and this 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") applicable to the preparation of condensed interim financial statements, including IAS 34, *Interim Financial Reporting*.

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 financial statements for the three and six months ended June 30, 2022 and 2021 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 on Form 6-K furnished to the United States Securities and Exchange Commission ("SEC") on EDGAR at www.sec.gov.

Additional information related to Franco-Nevada, including our Annual Information Form and Form 40-F, are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, respectively. 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, please see our website at www.franco-nevada.com.

Table of Contents

Abbreviations Used in this Report

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

Abbreviated Definitions

Periods under review		Measurement		Interest types	
"Q4"	The three-month period ended December 31	"GEO"	Gold equivalent ounces	"NSR"	Net smelter return royalty
"Q3"	The three-month period ended September 30	"PGM"	Platinum group metals	"GR"	Gross royalty
"Q2"	The three-month period ended June 30	"oz"	Ounce	"ORR"	Overriding royalty
"Q1"	The three-month period ended March 31	"oz Au"	Ounce of gold	"GORR"	Gross overriding royalty
"H2"	The six-month period ended December 31	"oz Ag"	Ounce of silver	"FH"	Freehold or lessor royalty
"H1"	The six-month period ended June 30	"oz Pt"	Ounce of platinum	"NPI"	Net profits interest
		"oz Pd"	Ounce of palladium	"NRI"	Net royalty interest
Places and currencies		"62% Fe"	62% Fe iron ore fines, dry metric tonnes CFR China	"WI"	Working interest
"U.S."	United States				
"$" or "USD"	United States dollars	"LBMA"	London Bullion Market Association		
"C$" or "CAD"	Canadian dollars	"bbl"	Barrel		
"R$" or "BRL"	Brazilian reais	"mcf"	Thousand cubic feet		
"A$" or "AUD"	Australian dollars	"WTI"	West Texas Intermediate		

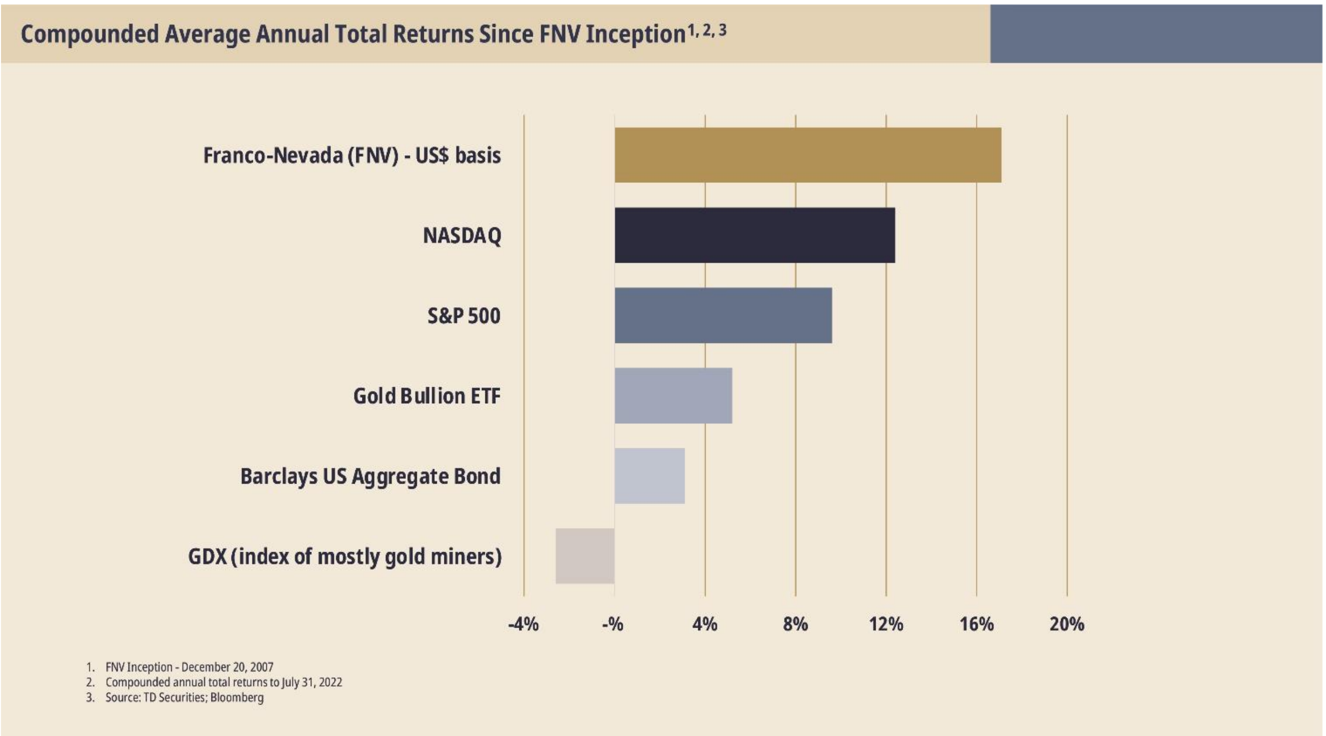
For definitions of the various types of agreements, please refer to our most recent Annual Information Form filed on SEDAR at www.sedar.com or our Form 40-F filed on EDGAR at www.sec.gov.

Overview

Franco-Nevada is the leading gold-focused royalty and streaming company with the largest and most diversified portfolio of royalties and streams by commodity, geography, operator, revenue type and stage of project.

Our Portfolio (at August 10, 2022)	Precious Metals	Other Mining	Energy	TOTAL
Producing	45	13	55	113
Advanced	36	7	—	43
Exploration	142	88	27	257
TOTAL	223	108	82	413

Our shares are listed on the Toronto and New York stock exchanges under the symbol FNV. An investment in our shares is expected to provide investors with yield and exposure to commodity price and exploration optionality while limiting exposure to cost inflation and other operating risks.



Strategy

Our tag-line is "Franco-Nevada is the gold investment that works" and we are committed to ensuring it does work, for our shareholders, our operating partners and our communities:

- We believe that combining lower risk gold investments with a strong balance sheet, progressively growing dividends and exposure to exploration optionality is the right mix to appeal to investors seeking to hedge market instability. Since our Initial Public Offering over 14 years ago, we have increased our dividend annually and our share price has outperformed the gold price and all relevant gold equity benchmarks.
- We build long-term alignment with our operating partners. This alignment and the natural flexibility of our royalties and streams is an effective financing tool for the cyclical resource sector.
- We work to be a positive force in all our communities, promoting responsible mining, providing a safe and diverse workplace and contributing to build community support for the operations in which we invest.

Our 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 types of arrangements. We do not operate mines, develop projects or conduct exploration. Franco-Nevada has a free cash flow generating business with limited future capital commitments and management is focused on managing and growing its portfolio of royalties and streams. We recognize the cyclical nature of the industry and have a long-term investment outlook. We maintain a strong balance sheet to minimize financial risk and so that we can make investments during commodity cycle downturns.

The advantages of this business model are:

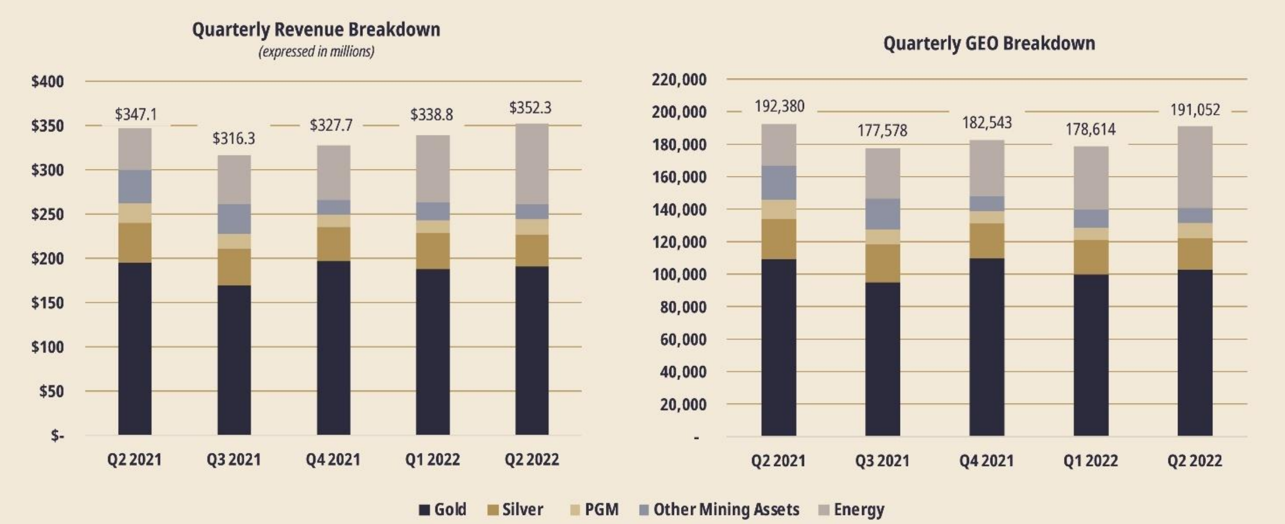
- Exposure to commodity price optionality;
- A perpetual discovery option over large areas of geologically prospective lands;
- No additional capital requirements other than the initial investment;
- Limited exposure to cost inflation;
- A free cash-flow business with limited cash calls;
- A high-margin 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
- Management that focuses on forward-looking growth opportunities rather than operational or development issues.

Our short-term financial results are primarily tied to the price of commodities and the amount of production from our portfolio of assets. Our attributable production has typically been supplemented by acquisitions of new assets. Over the longer term, our results are impacted by the amount of exploration and development capital available to operators to expand or extend our producing assets or to progress our advanced and exploration assets into production.

The focus of our business is to create exposure to gold and precious metal resource optionality. This principally involves investments in gold mines and providing financing to copper and other base metal mines to obtain exposure to by-product gold, silver and platinum group metals production. We also invest in other metals and energy to expose our shareholders to additional resource optionality. In H1 2022, 70.4% of our revenue was earned from precious metals and 75.8% was earned from mining assets.

One of the strengths of Franco-Nevada's business model is that our margins are not generally impacted when producer costs increase. The majority of our interests are royalty and streams with payments/deliveries that are based on production levels with no adjustments for the operator's operating costs. In H1 2022, these interests accounted for 90.9% of our revenue. We also have a small number of NPI and NRI royalties which are based on the profit of the underlying operations.

Quarterly Revenue and Gold Equivalent Ounces[1]



A Note on our GEOs(1)

To provide a more comprehensive measure of the performance of our business, we now include revenue from our Energy assets in the calculation of our GEOs. We believe this approach is useful to our investors to evaluate the full scale of our portfolio. GEOs for comparative periods have been recalculated to conform with the current presentation.

1 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. In this MD&A, GEOs for comparative periods have been recalculated to conform with the current presentation. GEOs include Franco-Nevada's attributable share of production from our Mining and Energy assets, after applicable recovery and payability factors. GEOs are estimated on a gross basis for NSRs 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, iron ore, oil, gas and other commodities are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The 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 price for the month, quarter, or year in which the commodity was produced or sold. For illustrative purposes, please refer to the average commodity price tables on pages 11 and 16 of this MD&A for indicative prices which may be used in the calculation of GEOs for the three and six months ended June 30, 2022 and 2021, respectively.

Highlights

Financial Update – Q2 2022 vs Q2 2021

- **191,052 GEOs**[1] sold, a slight decrease of 0.7%;
- **$352.3 million in revenue**, an increase of 1.5%;
- **$45.5 million, or $238 per GEO sold, in Cash Costs**[2][3], compared to $47.3 million, or $246 per GEO sold;
- **$301.2 million, or $1.57 per share, of Adjusted EBITDA**[2], an increase of 3.9% and 3.3%, respectively;
- **85.5% in Margin**[2], compared to 83.5%;
- **$196.5 million, or $1.03 per share, in net income**, an increase of 12.1% and 12.0%, respectively;
- **$195.8 million, or $1.02 per share in Adjusted Net Income**[2], an increase of 7.2% and 6.3%, respectively;
- **$257.3 million in net cash provided by operating activities**, an increase of 4.9%;
- **$910.6 million in cash and cash equivalents** as at June 30, 2022 (December 31, 2021 - $539.3 million);
- **$1.9 billion in available capital** as at June 30, 2022 (December 31, 2021 - $1.6 billion), comprising cash and cash equivalents and amounts available to borrow under our revolving credit facility.

Financial Update – H1 2022 vs H1 2021

- **369,666 GEOs sold**[1], a slight increase of 0.4%;
- **$691.1 million in revenue**, an increase of 5.4%
- **$89.1 million, or $241 per GEO sold, in Cash Costs**[2][3], compared to $87.9 million, or $239 per GEO sold;
- **$587.8 million, or $3.07 per share, in Adjusted EBITDA**, an increase of 6.4% and 6.2%, respectively;
- **85.1% in Margin**, compared to 84.3%;
- **$378.5 million, or $1.98 per share, in net income**, an increase of 9.1% and 8.8%, respectively;
- **$373.0 million, or $1.95 per share, in Adjusted Net Income**, an increase of 8.6% and 8.3%, respectively;
- **$487.9 million in net cash provided by operating activities**, an increase of 3.9%.

Corporate Developments

Financing Package with G Mining Ventures on the Tocantinzinho Gold Project – Brazil

Subsequent to Q2 2022, on July 18, 2022, the Company's wholly-owned subsidiary, Franco-Nevada (Barbados) Corporation ("FNBC"), acquired a gold stream with reference to production from the Tocantinzinho project, owned by G Mining Ventures Corp. ("G Mining Ventures") and located in Pará State, Brazil (the "Stream"). FNBC will provide a deposit of $250 million. Additionally, the Company, through one of its wholly-owned subsidiaries, agreed to provide G Mining Ventures with a $75.0 million secured term loan (the "Term Loan").

Stream deliveries to FNBC are based on gold production from the Tocantinzinho property, according to the following schedule: (i) 12.5% of gold produced until 300,000 ounces of gold have been delivered and, thereafter, (ii) 7.5% of gold produced for the remaining mine life. G Mining Ventures will receive 20% of the spot gold price for each ounce of gold delivered. The $250 million deposit will become available after G Mining Ventures has spent at least $95 million on the Tocantinzinho project from January 1, 2022 and subject to certain other conditions.

The Term Loan is a $75 million, 6-year term loan with an availability period of 3.5-years, drawable quarterly at G Mining Ventures' option following full funding of the Stream. The Term Loan will bear interest at a rate of 3-Month Term Secured Overnight Financing Rate ("3-Month SOFR") +5.75% per annum, reducing to 3-Month SOFR +4.75% after completion tests have been achieved at the project. Amortization will begin in December 2025 with equal quarterly repayments followed by a final 25% repayment upon maturity in June 2028. Fees payable to Franco-Nevada's subsidiary include a standby fee on undrawn amounts of 1.0% per annum and a 2.0% original issue discount payable on principal amounts drawn. Franco-Nevada was granted warrants to purchase 11.5 million common shares of G Mining Ventures ("G Mining Common Shares") with a 5-year term and an exercise price of C$1.90 per G Mining Common Share.

Franco-Nevada also subscribed for 44,687,500 G Mining Common Shares for gross proceeds of $27.5 million at a share price of C$0.80 per G Mining Common Share.

---

1 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. In this MD&A, GEOs for comparative periods have been recalculated to conform with the current presentation. GEOs include Franco-Nevada's attributable share of production from our Mining and Energy assets, after applicable recovery and payability factors. GEOs are estimated on a gross basis for NSRs 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, iron ore, oil, gas and other commodities are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The 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 price for the month, quarter, or year in which the commodity was produced or sold. For illustrative purposes, please refer to the average commodity price table on pages 11 and 16 of this MD&A for indicative prices which may be used in the calculation of GEOs for the three and six months ended June 30, 2022 and 2021, respectively.

2 Cash Costs, Cash Costs per GEO sold, Adjusted EBITDA, Adjusted EBITDA per share, Margin, Adjusted Net Income and Adjusted Net Income per share are non-GAAP financial measures with no standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to the "Non-GAAP financial measures" section of this MD&A for more information on each non-GAAP financial measure.

3 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. Similarly, the composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Cash Costs and Cash Costs per GEOs for comparative periods have been recalculated to conform with current presentation.

Acquisition of Caserones Royalty – Chile

On April 14, 2022, we agreed to acquire, through a wholly-owned subsidiary, an effective 0.4582% NSR on JX Nippon Mining & Metals Group's producing Caserones copper-molybdenum mine located in the Atacama Region of northern Chile for an aggregate purchase price of approximately $37.4 million. Franco-Nevada is entitled to royalty payments in respect of the period commencing January 1, 2022. The last quarterly distribution attributable to Franco-Nevada was $1.2 million.

We also completed a private placement with EMX Royalty Corporation ("EMX"), acquiring 3,812,121 units of EMX at C$3.30 per unit for a total cost of $10.0 million (C$12.6 million). Each unit consists of one common share of EMX and one warrant to purchase one common share of EMX over five years at an exercise price of C$4.45. EMX used the proceeds from the private placement to acquire an NSR on the Caserones mine on similar terms as Franco-Nevada.

Acquisition of Additional Castle Mountain Royalty – California, U.S.

On May 2, 2022, we acquired, through a wholly-owned subsidiary, an existing 2% NSR on gold and silver produced from the Pacific Clay claims, which comprise a portion of the JSLA pit of Equinox Gold's Castle Mountain project in San Bernardino County, California, for $6.0 million. When combined with our 2.65% NSR on the broader Castle Mountain land position, we now have an effective 4.65% NSR on the Pacific Clay claims.

Acquisition of Portfolio of Royalties – Chile

Subsequent to Q2 2022, on July 25, 2022, we acquired, through a wholly-owned subsidiary, a portfolio of seven royalties, each with a 2% NSR on precious metals and 1% NSR on base metals, which collectively cover approximately 230 km^2 in Northern Chile, for $1.0 million.

Acquisition of U.S. Oil & Gas Royalty Rights with Continental Resources, Inc. – U.S.

Through a wholly-owned subsidiary, we have a strategic relationship with Continental Resources, Inc. ("Continental") to acquire, through a jointly-owned entity (the "Royalty Acquisition Venture"), royalty rights within Continental's areas of operation. Franco-Nevada recorded contributions to the Royalty Acquisition Venture of $3.6 million in H1 2022 (H1 2021 –$4.1 million). As at June 30, 2022, Franco-Nevada's cumulative investment in the Royalty Acquisition Venture totaled $432.0 million and Franco-Nevada has remaining commitments of up to $88.0 million.

Significant Portfolio Updates

Additional updates related to our portfolio of assets are available in our News Release issued on August 10, 2022, available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Restart of Operations at Milpillas Mine – Mexico

On August 2, 2022, Industrias Peñoles, S.A.B. de C.V. announced that the preparation of the Milpillas copper mine was completed and that mining, crushing and ore deposit activities were resumed to produce cathodic copper. Operations were suspended in Q2 2020 as a result of low copper prices due to the beginning of the COVID-19 pandemic. Franco-Nevada's royalty entitles us to $0.04 per pound of copper produced from the mine.

Sinkhole Detected Near Candelaria Mine – Chile

On August 1, 2022, Lundin Mining reported that a sinkhole was detected near its Minera Ojos del Salado operation in Chile. As a preventive measure, development work in an area of the Alcaparrosa underground mine, which is part of the Minera Ojos del Salado operation and contributes approximately 5% to the overall ore processed annually by Candelaria, was temporarily suspended. Lundin Mining reported that it does not expect this event to impact annual guidance for Candelaria.

Stillwater Mine Affected by Flood Event – Montana, U.S.

In June 2022, Sibanye-Stillwater Limited reported a significant flood event which affected a widespread region surrounding its U.S. PGM operations in Montana. Sibanye-Stillwater reported while the Stillwater mining and metallurgical operations were largely unaffected, access to the mine has been restricted resulting in the suspension of operations. Sibanye-Stillwater estimates that operations at the mine will remain suspended for part of Q3 2022 before safe access to the mine is restored and production can resume.

Suspension of Operations due to Security Incident at Karma Mine – Burkina Faso

Operations at the Karma mine have been suspended following an attack by unidentified assailants in June 2022. Management at the Néré Mining Group, owner and operator of the Karma mine, is working on a plan to allow for the safe resumption of operations.

Repayment of Loan Receivable from Noront Resources Ltd. – Ontario, Canada

We had a loan receivable from Noront Resources Ltd. ("Noront"), which we extended to Noront as part of our acquisition of royalty rights in the Ring of Fire mining district of Ontario, Canada, in April 2015 that had a contractual maturity date of September 30, 2022. On May 4, 2022, following the acquisition of Noront by Wyloo Metals Pty Ltd. ("Wyloo Metals"), we received $42.7 million as full repayment of the loan. We continue to own several royalties over Wyloo's property in the Ring of Fire.

Cobre Panama Constitutional Proceedings – Panama

In relation to the ongoing constitutional proceedings in connection with Minera Panama SA's ("MPSA") mining concession contract, First Quantum Minerals Ltd. ("First Quantum") reported that, in July 2021, the Government of Panama announced the appointment of a high-level commission of senior government ministers and officials, chaired by the Minister of Commerce, to discuss MPSA's concession contract. In September 2021, the Supreme Court upheld its ruling in respect of the clarification motions presented by First Quantum to the Court in relation to its Law 9 decision announced in September 2018 and the ruling was gazetted in Q4 2021. First Quantum's understanding is that the upholding of the unconstitutionality ruling against Law 9 of 1997 does not have retroactive effects, pursuant to article 2573 of the Code of Judicial Proceedings of Panama, therefore the approval of the mining concession contract which occurred in 1997 with the enactment of Law 9, remains unaltered, providing operational continuity as per the status quo. In September 2021, the Ministry of Commerce publicly announced the culmination of the high-level formal discussions with First Quantum on two topics being environmental and labour matters. Subsequently, discussion on the economic and tax aspects was ensued and the Government of Panama presented proposals which were unacceptable to First Quantum. On December 22, 2021, the unconstitutionality ruling was gazetted, after the requests for clarification submitted by MPSA had been deemed inadmissible in July 2021.

During January 2022, the Government of Panama tabled a new proposal, namely that the Government of Panama should receive $375 million in benefits per year from Cobre Panama and that the existing revenue royalty payable to the Government will be replaced by a gross profit royalty. The parties continue to finalize the details behind these proposed principles, including the appropriate mechanics that would achieve the desired outcome, the necessary protections to First Quantum's business for downside copper price impact and production scenarios and ensuring that the new contract and legislation are both durable and sustainable.

Franco Nevada does not expect the current proposal to have a material impact on future deliveries pursuant to the Cobre Panama stream.

On July 26, 2022, First Quantum reported that Panama had experienced civil unrest, largely focused on temporary blockades to transport routes in the main cities. Production at Cobre Panama had not been disrupted and First Quantum continues to monitor the situation closely and remains in contact with the Government of Panama regarding Law 9. First Quantum and the Government of Panama remain committed to a swift conclusion of the Law 9 discussions on the basis of the agreed principles and on ensuring that the new contract and legislation are both durable and sustainable with downside copper price and production scenarios.

Dividends

In Q2 2022, Franco Nevada declared a quarterly dividend of $0.32 per share, an increase compared to the dividend of $0.30 per share in Q2 2021. The increase was effective in the first quarter of the year rather than in the second quarter in prior years. Total dividends in Q2 2022 were $61.0 million, of which $51.3 million was paid in cash and $9.7 million was paid in common shares under our Dividend Reinvestment Plan ("DRIP"). For H1 2022, dividends declared were $0.64 per share. Total dividends declared were $123.2 million, of which $101.4 million was paid in cash and $21.8 million was paid in common shares under the DRIP.

Credit Facility

The Company has a $1.0 billion unsecured revolving term credit facility (the "Corporate Revolver"). As at June 30, 2022, there were no amounts borrowed against the Corporate Revolver. However, we have posted security in the form of standby letters of credit in the amount of $17.9 million (C$23.1 million) in connection with the audit by the Canada Revenue Agency ("CRA"). These standby letters of credit reduce the available balance under the Corporate Revolver.

Guidance

The following contains forward-looking statements. 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 on Forward-Looking Information" section at the end of this MD&A 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 SEC on www.sec.gov. The 2022 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 and our assessment thereof.

We remain on track to meet our previously announced 2022 GEO guidance:

	2022 guidance	H1 2022 actual	H1 2021 actual
Total GEO sales	680,000 - 740,000	369,666	368,116
Precious Metal GEO sales	510,000 - 550,000	260,201	291,906

1 We expect our streams to contribute between 385,000 and 425,000 of our GEO sales for 2022. For the three and six months ended June 30, 2022, we sold 98,163 GEOs and 194,903 GEOs, respectively, from our streams.

2 For our 2022 guidance, when reflecting revenue earned from gold, silver, platinum, palladium, iron ore, oil and gas commodities as GEOs, we have assumed the following prices for the remainder of the year: $1,750/oz Au, $20.00/oz Ag, $850/oz Pt, $2,000/oz Pd, $110/tonne Fe 62% CFR China, $90/bbl WTI oil and $6.50/mcf Henry Hub natural gas.

3 Our 2022 guidance does not assume any other acquisitions and does not reflect any incremental revenue from additional contributions we may make to the Royalty Acquisition Venture with Continental as part of our remaining commitment of $88.0 million.

We estimate depletion and depreciation expense in 2022 to be within the previously announced range of $270.0 million to $300.0 million. In H1 2022, depletion expense was $144.2 million.

As of June 30, 2022, our remaining capital commitment to the Royalty Acquisition Venture with Continental is $88.0 million. We anticipate our funding for the full year 2022 to be between $10.0 million and $20.0 million, of which $3.6 million has been funded.

Market Overview

The prices of gold and other precious metals are the largest factors in determining profitability and cash flow from operations for Franco-Nevada. The price of gold can be volatile and is affected by macroeconomic and industry factors that are beyond our control. Major influences on the gold price include interest rates, fiscal and monetary stimulus, inflation expectations, currency exchange rate fluctuations including the relative strength of the U.S. dollar and supply and demand for gold.

Commodity price volatility also impacts the number of GEOs when reflecting non-gold commodities as GEOs. Silver, platinum, palladium, iron ore, other mining commodities and oil and gas are reflected as GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The 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 price for the month, quarter, or year in which the commodity was produced or sold.

Rising interest rates and concerns around a slowing global economy have weighed down on commodity prices in the first half of 2022, partly offset by continued inflationary pressures and ongoing political tensions and uncertainties. Gold prices increased 3.8%, averaging $1,873/oz in H1 2022, compared to $1,805/oz in H1 2021, and ended the period at $1,817/oz. Silver prices averaged $23.29/oz in H1 2022, a decrease of 12.0% compared to $26.47/oz in H1 2021. Platinum and palladium prices averaged $993/oz and $2,207/oz, respectively, in H1 2022, compared to $1,170/oz and $2,593/oz, respectively, in H1 2021, a decrease of 15.1% for platinum and 14.9% for palladium.

In H1 2022, WTI prices averaged $101.35/bbl, an 81.6% increase from H1 2021. Edmonton Light prices averaged C$127.01/bbl in H1 2022, up 75.4% compared to H1 2021. Henry Hub natural gas prices averaged $6.03/mcf in H1 2022 compared to $2.85/mcf in H1 2021, up 111.6%. Prices for 62% iron ore fines averaged $142/tonne in H1 2022 compared to $212/tonne in H1 2021, a decrease of 33.0%.

Selected Financial Information

(in millions, except Average Gold Price, GEOs sold, Margin, per GEO amounts and per share amounts)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Statistical Measures				
Average Gold Price	$ 1,872	$ 1,816	$ 1,873	$ 1,805
GEOs sold[1]	191,052	192,379	369,666	368,116
Statement of Comprehensive Income				
Revenue	$ 352.3	$ 347.1	$ 691.1	$ 656.0
Depletion and depreciation	69.6	77.2	144.2	148.4
Costs of sales	45.5	47.3	89.1	87.9
Operating income	231.6	205.3	443.6	396.8
Net income	196.5	175.3	378.5	346.8
Basic earnings per share	$ 1.03	$ 0.92	$ 1.98	$ 1.82
Diluted earnings per share	$ 1.02	$ 0.92	$ 1.97	$ 1.81
Dividends declared per share	$ 0.32	$ 0.30	$ 0.64	$ 0.56
Dividends declared (including DRIP)	$ 61.0	$ 56.6	$ 123.2	$ 106.5
Weighted average shares outstanding	191.5	191.0	191.4	191.0
Non-GAAP Measures				
Cash Costs[2] [3]	$ 45.5	$ 47.3	$ 89.1	$ 87.9
Cash Costs[2] [3] per GEO sold	$ 238	$ 246	$ 241	$ 239
Adjusted EBITDA[2]	$ 301.2	$ 290.0	$ 587.8	$ 552.7
Adjusted EBITDA[2] per share	$ 1.57	$ 1.52	$ 3.07	$ 2.89
Margin[2]	85.5 %	83.5 %	85.1 %	84.3 %
Adjusted Net Income[2]	$ 195.8	$ 182.6	$ 373.0	$ 343.5
Adjusted Net Income[2] per share	$ 1.02	$ 0.96	$ 1.95	$ 1.80
Statement of Cash Flows				
Net cash provided by operating activities	$ 257.3	$ 245.2	$ 487.9	$ 469.5
Net cash used in investing activities	$ (14.8)	$ (543.1)	$ (16.4)	$ (721.5)
Net cash used in financing activities	$ (48.6)	$ (44.9)	$ (96.2)	$ (86.8)

(expressed in millions)	As at June 30, 2022	As at December 31, 2021
Statement of Financial Position		
Cash and cash equivalents	$ 910.6	$ 539.3
Short-term investments	—	39.7
Total assets	6,410.5	6,209.9
Deferred income tax liabilities	135.7	135.4
Total shareholders' equity	6,226.7	6,025.2
Available Capital	1,892.7	1,621.1

1 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. In this MD&A, GEOs for comparative periods have been recalculated to conform with the current presentation. Refer to Note 1 at the bottom of page 5 of this MD&A for the methodology for calculating GEOs and, for illustrative purposes, to the average commodity price table on pages 11 and 16 of this MD&A for indicative prices which may be used in the calculations of GEOs for the three and six months ended June 30, 2022 and 2021, respectively.

2 Cash Costs, Cash Costs per GEO sold, Adjusted EBITDA, Adjusted EBITDA per share, Margin, Adjusted Net Income and Adjusted Net Income per share are non-GAAP financial measures with no standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to the "Non-GAAP financial measures" section of this MD&A for more information on each non-GAAP financial measure.

3 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. Similarly, the composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Cash Costs and Cash Costs per GEO for comparative periods have been recalculated to conform with current presentation.

Revenue by Asset

Our portfolio is well-diversified with GEOs and revenue being earned from assets in various jurisdictions, of which 45 are Precious Metal assets. The following table details revenue earned from our various royalty, stream and working interests for the three and six months ended June 30, 2022 and 2021:

(expressed in millions) Property	Interest and % *(Gold unless otherwise indicated)*	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
PRECIOUS METALS					
South America					
Candelaria	Stream 68% Gold & Silver	$ 34.0	$ 33.2	$ 61.4	$ 54.0
Antapaccay	Stream (indexed) Gold & Silver	19.9	23.4	48.2	56.0
Antamina	Stream 22.5% Silver	16.5	24.3	38.5	52.7
Condestable	Stream Gold & Silver, Fixed through 2025 then %	5.7	5.8	11.7	11.4
Other		1.8	1.3	3.5	2.7
Central America & Mexico					
Cobre Panama	Stream (indexed) Gold & Silver	$ 65.0	$ 64.6	$ 121.2	$ 117.2
Guadalupe-Palmarejo	Stream 50%	19.5	25.3	42.5	40.8
Other		—	—	—	0.1
United States					
Stillwater	NSR 5% PGM	$ 11.9	$ 17.3	$ 21.9	$ 31.9
Goldstrike	NSR 2-4%, NPI 2.4-6%	6.0	10.0	11.2	14.4
Gold Quarry	NSR 7.29%	1.9	—	4.9	7.5
Marigold	NSR 1.75-5%, GR 0.5-4%	1.5	2.0	2.7	4.3
Bald Mountain	NSR/GR 0.875-5%	2.3	2.2	1.9	5.3
Other		2.5	2.7	4.3	5.5
Canada					
Detour Lake	NSR 2%	$ 7.3	$ 6.2	$ 14.3	$ 11.1
Sudbury	Stream 50% PGM & Gold	5.7	5.6	10.1	11.2
Hemlo	NSR 3%, NPI 50%	8.6	4.6	18.0	25.6
Brucejack	NSR 1.2%	1.4	1.7	2.7	3.4
Kirkland Lake	NSR 1.5-5.5%, NPI 20%	1.6	1.5	2.9	2.9
Other		2.2	2.4	4.4	4.8
Rest of World					
MWS	Stream 25%	$ 9.5	$ 11.3	$ 19.8	$ 18.6
Sabodala	Stream 6%, Fixed to 105,750 oz	4.4	4.3	8.8	8.4
Tasiast	NSR 2%	4.0	2.6	9.0	6.0
Subika (Ahafo)	NSR 2%	4.0	2.3	7.0	4.5
Karma	Stream 4.875%	1.4	1.7	3.3	6.1
Duketon	NSR 2%	1.4	2.1	4.5	5.6
Other		3.8	3.5	7.9	7.1
		$ 243.8	$ 261.9	$ 486.6	$ 519.1
DIVERSIFIED					
Vale	0.264% Iron Ore, 0.367% Copper/Gold, 0.147% Other	$ 10.1	$ 28.0	$ 26.9	$ 28.0
LIORC	GORR 0.7% Iron Ore, IOC Equity 1.5%[1]	4.5	8.9	7.0	13.9
Other mining assets		2.4	1.0	3.5	2.6
United States (Energy)					
Marcellus	GORR 1%	$ 15.1	$ 7.4	$ 28.4	$ 15.0
Haynesville	Various Royalty Rates	18.1	7.2	31.5	14.4
SCOOP/STACK	Various Royalty Rates	14.5	9.5	27.7	17.8
Permian Basin	Various Royalty Rates	14.4	7.8	26.4	16.0
Other		—	—	0.1	0.1
Canada (Energy)					
Weyburn	NRI 11.71%, ORR 0.44%, WI 2.56%	$ 20.7	$ 10.6	$ 37.1	$ 19.7
Orion	GORR 4%	4.7	2.9	8.7	5.4
Other		4.0	1.9	7.2	4.0
		$ 108.5	$ 85.2	$ 204.5	$ 136.9
Revenue		$ 352.3	$ 347.1	$ 691.1	$ 656.0

1 Interest attributable to Franco-Nevada's 9.9% equity ownership of Labrador Iron Ore Royalty Corporation.

Review of Quarterly Financial Performance

The prices of precious metals, iron ore, and oil and gas and production from our assets are the largest factors in determining our profitability and cash flow from operations. The following table summarizes average commodity prices and average exchange rates during the periods presented.

Quarterly average prices and rates		Q2 2022	Q2 2021	Variance
Gold[1]	($/oz)	$ 1,872	$ 1,816	3.1 %
Silver[1]	($/oz)	22.64	26.69	(15.2) %
Platinum[1]	($/oz)	957	1,180	(18.9) %
Palladium[1]	($/oz)	2,092	2,788	(25.0) %
Iron Ore Fines 62% Fe CFR China	($/tonne)	143	232	(38.4) %
Edmonton Light	(C$/bbl)	136.35	76.16	79.0 %
West Texas Intermediate	($/bbl)	108.41	66.09	64.0 %
Henry Hub	($/mcf)	7.49	2.97	152.2 %
CAD/USD exchange rate[2]		0.7835	0.8142	(3.8) %

1 Based on LBMA PM Fix for gold, platinum and palladium. Based on LBMA Fix for silver.
2 Based on Bank of Canada daily rates.

Revenue and GEOs

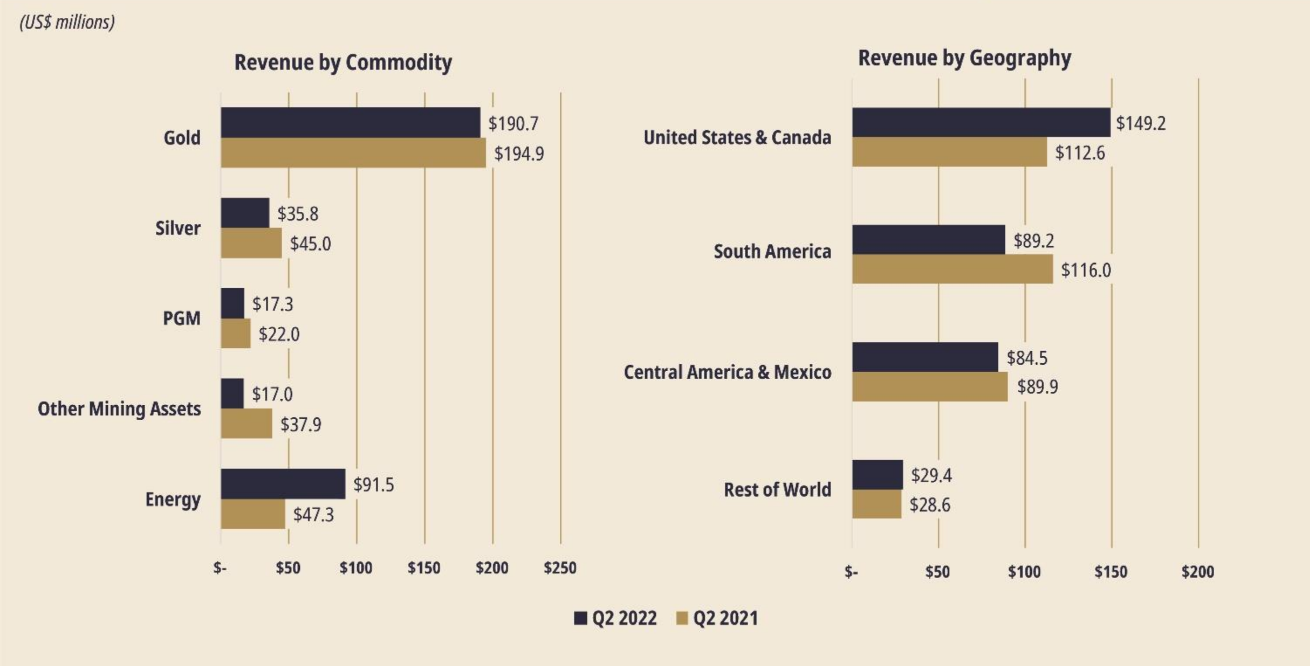
Revenue and GEO sales by commodity, geographical location and type of interest for the three months ended June 30, 2022 and 2021 were as follows:

	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the three months ended June 30,	2022	2021	Variance	2022	2021	Variance
Commodity						
Gold	102,714	109,064	(6,350)	$ 190.7	$ 194.9	$ (4.2)
Silver	19,456	24,884	(5,428)	35.8	45.0	(9.2)
PGM	9,404	11,989	(2,585)	17.3	22.0	(4.7)
Precious Metals	131,574	145,937	(14,363)	$ 243.8	$ 261.9	$ (18.1)
Iron ore	7,769	20,415	(12,646)	$ 14.6	$ 36.9	$ (22.3)
Other mining assets	1,322	504	818	2.4	1.0	1.4
Oil	25,342	13,660	11,682	46.2	25.3	20.9
Gas	20,939	9,656	11,283	37.9	17.9	20.0
NGL	4,106	2,207	1,899	7.4	4.1	3.3
Diversified	59,478	46,442	13,036	$ 108.5	$ 85.2	$ 23.3
	191,052	192,379	(1,327)	$ 352.3	$ 347.1	$ 5.2
Geography						
South America	48,151	63,975	(15,824)	$ 89.2	$ 116.0	$ (26.8)
Central America & Mexico	45,672	49,599	(3,927)	84.5	89.9	(5.4)
United States	48,472	37,728	10,744	88.5	66.3	22.2
Canada	33,013	25,230	7,783	60.7	46.3	14.4
Rest of World	15,744	15,847	(103)	29.4	28.6	0.8
	191,052	192,379	(1,327)	$ 352.3	$ 347.1	$ 5.2
Type						
Revenue-based royalties	71,259	62,106	9,153	$ 130.9	$ 111.4	$ 19.5
Streams	98,163	109,922	(11,759)	181.3	199.5	(18.2)
Profit-based royalties	14,913	13,039	1,874	27.6	22.2	5.4
Other	6,717	7,312	(595)	12.5	14.0	(1.5)
	191,052	192,379	(1,327)	$ 352.3	$ 347.1	$ 5.2

1 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. Refer to Note 1 at the bottom of page 5 of this MD&A for the methodology for calculating GEOs and, for illustrative purposes, to the average commodity price table above for indicative prices which may be used in the calculations of GEOs.

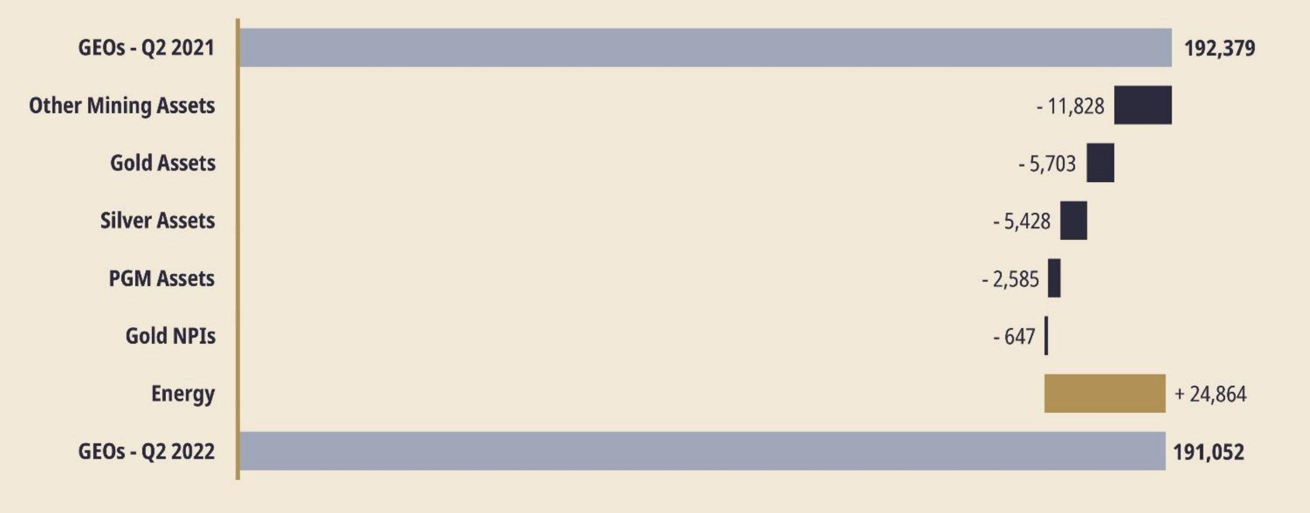
We earned $352.3 million in revenue in Q2 2022, up 1.5% from Q2 2021. The growth in our revenue was primarily driven by higher realized oil and gas prices from our Energy assets which more than offset the decrease in revenue from our Precious Metal assets, resulting in 69.2% of our revenue being sourced from Precious Metals, down from 75.5% in Q2 2021. Geographically, we remain heavily invested in the Americas, with 91.7% of our revenue in Q2 2022, compared to 91.7% in Q2 2021.

Quarterly Revenue by Commodity and Geography – Q2 2021 to Q2 2022



We sold 191,052 GEOs in Q2 2022 compared to 192,379 GEOs in Q2 2021. A comparison of our sources of GEOs in Q2 2022 to Q2 2021 is shown below:

GEOs Sold Reconciliation – Q2 2021 to Q2 2022



Precious Metals

Our Precious Metal assets contributed 131,574 GEOs in Q2 2022, compared to 145,937 GEOs in Q2 2021. The decrease is primarily due to the following:

- **Antamina** – We sold 9,024 GEOs from our Antamina silver stream, compared to 13,478 GEOs in Q2 2021. As expected, silver ounces sold decreased in the current quarter compared to the prior year period when silver production was particularly strong. In addition, the decrease in GEOs reflects a less favourable GEO conversion ratio when compared to the 2021 period.
- **Goldstrike** – We earned 3,233 GEOs from our Goldstrike royalties, compared to 7,146 GEOs in Q2 2021. While our attributable production increased in the current period relative to the prior year period, Q2 2021 included $7.1 million in revenue related to prior periods.
- **Guadalupe-Palmarejo** – We sold 10,528 GEOs from our Guadalupe-Palmarejo stream in Q2 2022, compared to 14,097 GEOs in Q2 2021. In the prior year period, we received higher deliveries than in the current period due to differences in the timing of deliveries and a larger proportion of production was also sourced from ground covered by our stream.
- **Stillwater** – We earned 6,331 GEOs from Stillwater, compared to 9,521 GEOs in Q2 2021. While PGM ounces were relatively consistent period over period, revenue and GEOs decreased due to lower realized palladium and platinum prices.
- **Antapaccay** – We sold 10,712 GEOs from our Antapaccay stream, compared to 12,866 GEOs in Q2 2021 due to the timing of shipments.

The above decreases were partly offset by the following:

- **Hemlo** – We earned 4,621 GEOs from our Hemlo royalties, compared to 2,527 GEOs in Q2 2021, reflecting an increase in production on royalty lands and an improvement in operating costs which benefited our NPI royalty.
- **Gold Quarry** – We earned 1,026 ounces from our Gold Quarry royalty, compared to nil in Q2 2021. Revenue in the current period was higher due to the timing of payments.
- **Subika (Ahafo)** – We earned 2,150 GEOs from our Subika (Ahafo) royalty, compared to 1,280 GEOs in Q2 2021, reflecting an increase in production and a larger proportion of production being sourced from ground covered by our royalty.
- **Tasiast** – We earned 2,127 GEOs from our Tasiast royalty, compared to 1,441 GEOs in Q2 2021 which is largely attributed to increased throughput capacity. At the Tasiast 24k project, the process plant continues to regularly reach throughput of 21,000 tonnes per day and averaged 21,000 t/d during June 2022.

Diversified

Our Diversified assets generated $108.5 million in revenue, up from $85.2 million in Q2 2021, primarily comprising our Iron Ore and Energy interests. Our Iron Ore assets generated $14.6 million in Q2 2022, compared to $36.9 million in Q2 2021. Our Energy interests contributed $91.5 million in revenue in Q2 2022, compared to $47.3 million in Q2 2021. When converted to GEOs, Diversified assets contributed 59,478 GEOs, up from 46,442 GEOs in Q2 2021. In Q2 2022, GEOs from our Energy assets benefited from a more favourable GEO conversion ratio than in Q2 2021, while GEOs from our Iron Ore assets were negatively impacted by a less favourable GEO conversion ratio.

Other Mining

- **Vale Royalty** – We recorded $10.1 million in revenue from our Vale Royalty in Q2 2022 compared to $28.0 million in Q2 2021. Q2 2021 was the first quarter we recorded revenue following the acquisition of the interest. In that quarter, we recorded royalty payments for the six-month period ended June 30, 2021. That six-month period also experienced higher iron ore prices than in the current quarter.
- **LIORC** – Labrador Iron Ore Royalty Corporation (“LIORC”) contributed $4.5 million in revenue in Q2 2022, compared to $8.9 million in Q2 2021. LIORC declared a cash dividend of C$0.90 per common share, compared to C$1.75 per common share in Q2 2021, reflecting lower iron ore prices.

Energy

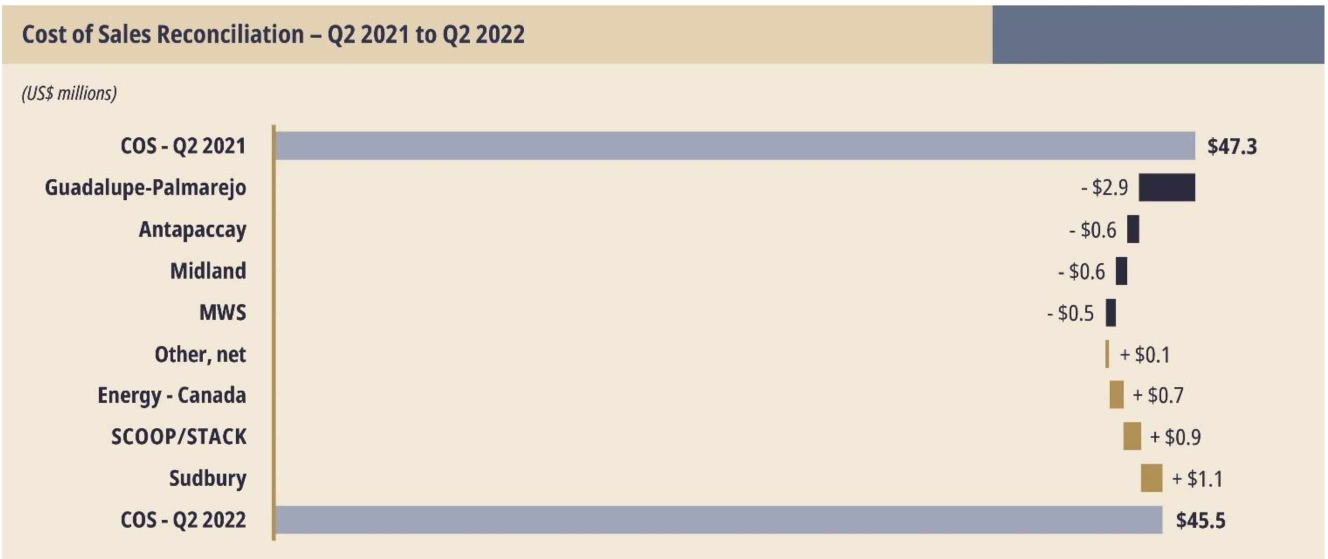
- **Marcellus** – Revenue from the Marcellus asset was $15.1 million in Q2 2022, compared to $7.4 million in Q2 2021. Revenues benefited from significantly higher NGL and natural gas prices, partly offsetting a slight decrease in production.
- **Haynesville** – Revenue from the Haynesville asset was $18.1 million in Q2 2022, compared to $7.2 million in Q2 2021, as the asset is benefiting from current high natural gas prices and production from high royalty interest wells.
- **SCOOP/STACK** – Royalties from the SCOOP/STACK generated $14.5 million in Q2 2022, compared to $9.5 million, reflecting higher prices.
- **Permian** – Royalties from the Permian Basin contributed $14.4 million in Q2 2022, compared to $7.8 million in Q2 2021. The increase in revenue in the current period reflects higher realized prices, an increase in drilling activity levels and production sourced from wells that carry relatively high royalty rates.
- **Weyburn** – Revenue from the Weyburn Unit was $20.7 million in Q2 2022, compared to $10.6 million in Q2 2021, reflecting the increase in commodity prices and the operating leverage of our NRI.

Costs of Sales

The following table provides a breakdown of costs of sales, excluding depletion and depreciation, incurred in the periods presented:

	For the three months ended June 30,		
(expressed in millions)	2022	2021	Variance
Costs of stream sales	$ 41.3	$ 44.2	$ (2.9)
Mineral production taxes	0.4	0.5	(0.1)
Mining costs of sales	$ 41.7	$ 44.7	$ (3.0)
Energy costs of sales	3.8	2.6	1.2
	$ 45.5	$ 47.3	$ (1.8)

Costs of stream sales were lower compared to Q2 2021, primarily reflecting the decrease in GEOs from our streams. This was partly offset by the impact of having received a larger proportion of our GEOs from streams which carry a higher cost per ounce. A comparison of our costs of sales incurred in Q2 2022 to Q2 2021 is shown below:



Depletion and Depreciation

Depletion and depreciation expense totaled $69.6 million in Q2 2022, compared to $77.2 million in Q2 2021. While GEOs sold in the current quarter were relatively consistent with the prior year period, we also sold a higher proportion of GEOs from assets which carry a relatively lower depletion rate per GEO. A comparison of our depletion expense incurred in Q2 2022 to Q2 2021 is shown below:

Income Taxes

Income tax expense was $36.7 million in Q2 2022, compared to $29.4 million in Q2 2021, comprised of a current income tax expense of $30.5 million (Q2 2021 – $15.2 million) and a deferred income tax expense of $6.2 million (Q2 2021 – a deferred tax expense of $14.2 million).

Net Income

Net income for Q2 2022 was $196.5 million, or $1.03 per share, compared to $175.3 million, or $0.92 per share, in Q2 2021. The increase in net income is primarily attributable to increased revenue and lower operating expenses, partly offset by higher income tax expenses. Adjusted Net Income, which adjusts for impairment charges and reversals, foreign exchange gains and losses and other income and expenses, among other items, was $195.8 million, or $1.02 per share, compared to $182.6 million, or $0.96 per share, earned in Q2 2021.

Review of Year-To-Date Financial Performance

The following table summarizes average commodity prices and average exchange rates during the periods presented.

Average prices and rates		H1 2022	H1 2021	Variance
Gold[1]	($/oz)	$ 1,873	$ 1,805	3.8 %
Silver[1]	($/oz)	23.29	26.47	(12.0)%
Platinum[1]	($/oz)	993	1,170	(15.1)%
Palladium[1]	($/oz)	2,207	2,593	(14.9)%
Iron Ore Fines 62% Fe CFR China	($/tonne)	142	212	(33.0)%
Edmonton Light	(C$/bbl)	127.01	72.42	75.4 %
West Texas Intermediate	($/bbl)	101.35	55.80	81.6 %
Henry Hub	($/mcf)	6.03	2.85	111.6 %
CAD/USD exchange rate[2]		0.7866	0.8019	(1.9)%

1 Based on LBMA PM Fix for gold, platinum and palladium. Based on LBMA Fix for silver.
2 Based on Bank of Canada daily rates.

Revenue

Revenue and GEO sales by commodity, geographical location and type of interest for the six months ended June 30, 2022 and 2021 were as follows:

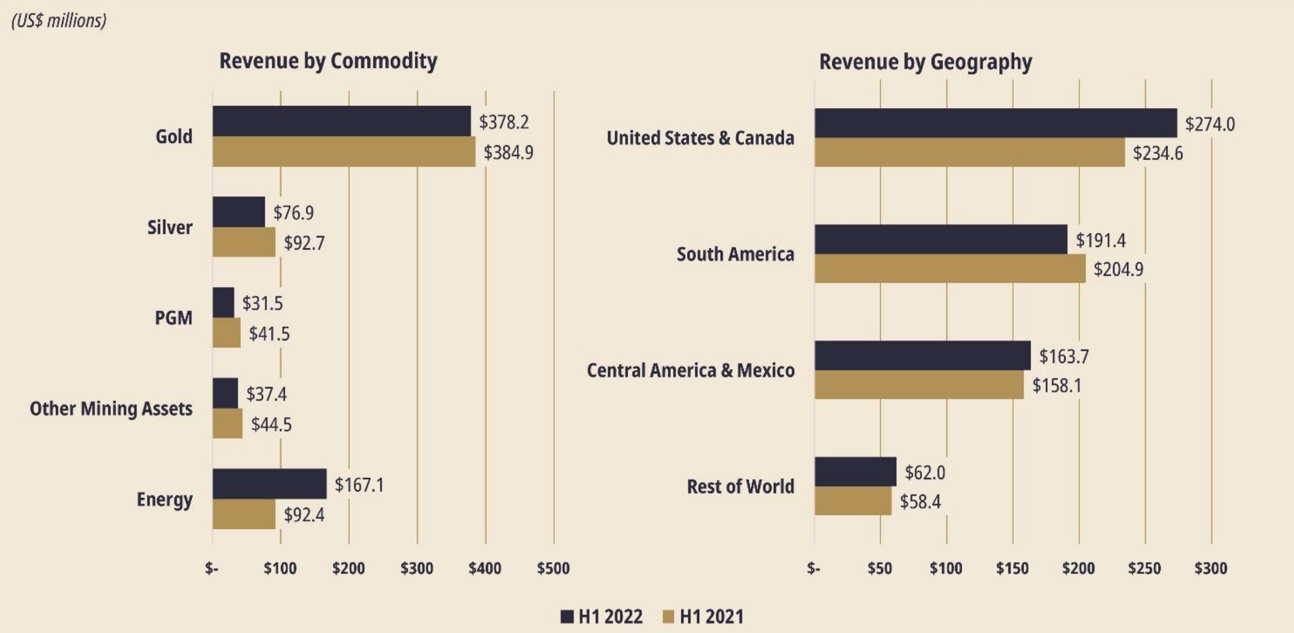
	Gold Equivalent Ounces[1]			Revenue *(in millions)*		
For the six months ended June 30,	2022	2021	Variance	2022	2021	Variance
Commodity						
Gold	202,545	216,069	(13,524)	$ 378.2	$ 384.9	$ (6.7)
Silver	40,857	52,350	(11,493)	76.9	92.7	(15.8)
PGM	16,799	23,487	(6,688)	31.5	41.5	(10.0)
Precious Metals	260,201	291,906	(31,705)	$ 486.6	$ 519.1	$ (32.5)
Iron ore	18,262	23,216	(4,954)	$ 33.9	$ 41.9	$ (8.0)
Other mining assets	1,885	1,309	576	3.5	2.6	0.9
Oil	45,518	28,585	16,933	85.2	51.2	34.0
Gas	36,081	18,134	17,947	67.4	32.3	35.1
NGL	7,719	4,966	2,753	14.5	8.9	5.6
Diversified	109,465	76,210	33,255	$ 204.5	$ 136.9	$ 67.6
	369,666	368,116	1,550	$ 691.1	$ 656.0	$ 35.1
Geography						
South America	102,268	115,024	(12,756)	$ 191.4	$ 204.9	$ (13.5)
Central America & Mexico	87,335	87,987	(652)	163.7	158.1	5.6
United States	86,386	75,688	10,698	161.6	132.6	29.0
Canada	60,527	56,994	3,533	112.4	102.0	10.4
Rest of World	33,150	32,423	727	62.0	58.4	3.6
	369,666	368,116	1,550	$ 691.1	$ 656.0	$ 35.1
Type						
Revenue-based royalties	135,368	115,601	19,767	$ 252.2	$ 205.5	$ 46.7
Streams	194,903	211,005	(16,102)	365.5	376.4	(10.9)
Profit-based royalties	28,161	29,069	(908)	52.4	50.9	1.5
Other	11,234	12,441	(1,207)	21.0	23.2	(2.2)
	369,666	368,116	1,550	$ 691.1	$ 656.0	$ 35.1

1 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets are included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. Refer to Note 1 at the bottom of page 5 of this MD&A for the methodology for calculating GEOs and, for illustrative purposes, to the average commodity price table above for indicative prices which may be used in the calculations of GEOs.

We earned $691.1 million in revenue in H1 2022, up 5.4% from H1 2021. The growth in our revenue was driven by higher revenue from our Energy assets, partly offset by a decrease in GEOs earned from our Precious Metal and Iron Ore assets.

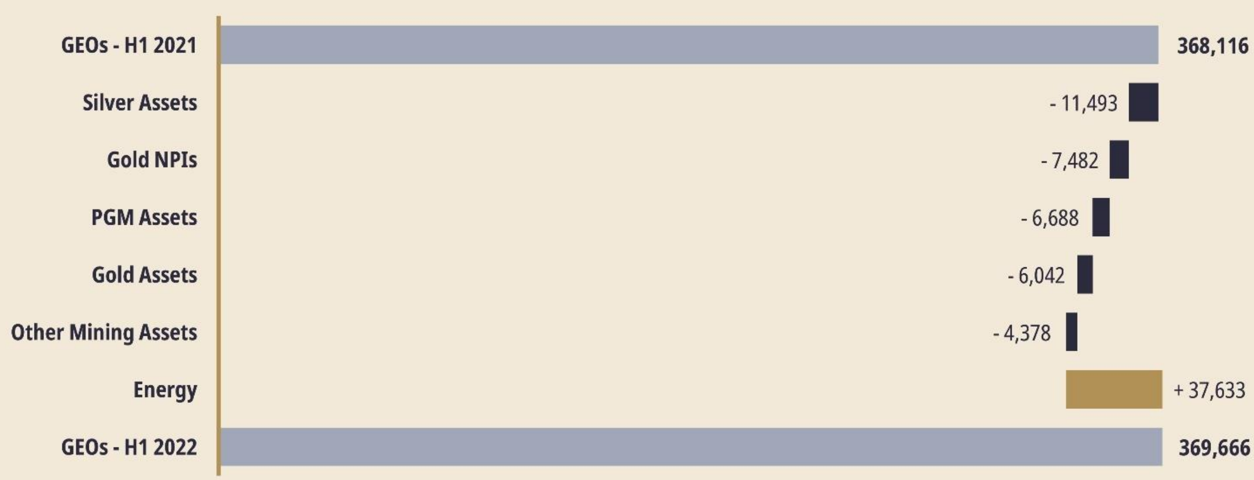
We earned 70.4% of our H1 2022 revenue from Precious Metal assets, compared to 79.1% in H1 2021 due to the growth in our Diversified assets driven by the increase in oil and gas prices in the first half of 2022. Geographically, we remain heavily invested in the Americas, with 91.0% in H1 2022, compared to 91.1% in H1 2021.

Year-to-date Revenue by Commodity and Geography – H1 2021 to H1 2022



We sold 369,666 GEOs in H1 2022, compared to 368,116 GEOs in H1 2021. A comparison of our sources of GEOs in H1 2022 to H1 2021 is shown below:

GEOs Sold Reconciliation – H1 2021 to H1 2022



Precious Metals

Our Precious Metal assets contributed 260,201 GEOs in H1 2022, down from 291,906 GEOs in H1 2021. The decrease in GEOs from Precious Metal assets compared to the prior year was primarily due to the following:

- Antamina – We sold 20,354 GEOs from our Antamina silver stream, compared to 30,030 GEOs in H1 2021. The decrease in GEOs reflects a decrease in silver ounces sold relative to the prior year period when silver production at Antamina was particularly strong together with a less favourable GEO conversion ratio for silver.
- Stillwater – We earned 11,632 GEOs from Stillwater, compared to 17,812 GEOs in H1 2021. Production in the current period was impacted by operational challenges and restrictions following a fatality in June 2021. The decrease in GEOs also reflects a less favourable GEO conversion ratio for platinum and palladium. We expect the flood reported in mid-June 2022 by Sibanye-Stillwater to slightly impact our royalty payments in H2 2022.
- Antapaccay – We sold 25,773 GEOs from our Antapaccay stream, compared to 31,364 GEOs in H1 2021 due to anticipated lower grades in 2022 as well as a temporary elevated strip ratio.
- Hemlo – We sold 9,736 GEOs in H1 2022 compared to 14,202 GEOs in H1 2021. The decrease in GEOs sold was driven by production shifting from ground where we hold our royalty interests and higher costs.
- Goldstrike – We earned 6,017 GEOs from our Goldstrike royalties, compared to 9,593 GEOs in H1 2021. The prior year period included $7.1 million in revenue related to prior periods.

The above decreases were partly offset by the following factors:

- Candelaria – We sold 32,806 GEOs from our Candelaria stream, compared to 30,153 in H1 2021 as production levels normalized and due to differences in the timing of shipments.
- Detour – We earned 7,922 GEOs from our Detour royalty, compared to 6,153 GEOs in H1 2021, reflecting higher production at the mine.
- Subika (Ahafo) – We earned 3,742 GEOs from our Subika (Ahafo) royalty, compared to 2,484 GEOs in H1 2021, reflecting an increase in production due to higher ore grade milled as well as a larger proportion of production being sourced from ground covered by our royalty.
- Tasiast – We earned 4,782 GEOs from our Tasiast royalty, compared to 3,334 GEOs in H1 2021, attributable to higher grades as well as higher throughput as capacity continues to increase as part of the Tasiast 24k project.

Diversified

Our Diversified assets generated $204.5 million in revenue in H1 2022, up from $136.9 million in H1 2021, primarily comprising our Iron Ore and Energy interests. Our Iron Ore assets generated $33.9 million in H1 2022, compared to $41.9 million in H1 2021. Our Energy interests contributed $167.1 million in revenue in H1 2022, compared to $92.4 million in H1 2021. When converted to GEOs, Diversified assets contributed 109,465 GEOs in H1 2022, up from 76,210 GEOs in H1 2021. The calculation of GEOs from Diversified assets is affected by relative changes in commodity prices during the period. In H1 2022, revenues from our Energy interests benefited from more favourable GEO conversion ratios than in H1 2021 due to higher relative prices, while GEOs from our Iron Ore assets were negatively impacted by a less favourable GEO conversion ratio.

Other Mining

- Vale Royalty – Revenue from Vale was $26.9 million in H1 2022 compared to $28.0 million in H1 2021, primarily due to lower iron ore prices, as well as lower attributable sales.
- LIORC – LIORC contributed $7.0 million in revenue in H1 2022 compared to $13.9 million in H1 2021, reflecting higher iron ore prices and pellet premiums, partially offset by lower volumes of concentrate sales at the Carol Lake mine. Iron Ore Company of Canada reported higher than historical levels of capital expenditures in order to maintain and upgrade existing infrastructure at the Carol Lake mine.

Energy

- SCOOP/STACK – Royalties from the SCOOP/STACK generated $27.7 million in H1 2022 compared to $17.8 million in H1 2021, primarily due to higher realized prices.
- Permian – Royalties from the Permian Basin contributed $26.4 million in H1 2022 compared to $16.0 million in H1 2021, reflecting higher commodity prices and higher production volumes from the Permian Basin compared to the prior year.
- Marcellus – Revenue from the Marcellus asset, operated by Range Resources, was $28.4 million in H1 2022 compared to $15.0 million in H1 2021. Higher prices for natural gas and natural gas liquids more than offset a slight reduction in production in the current year.
- Haynesville – In H1 2022, we earned $31.5 million in revenue from our Haynesville portfolio, compared to $14.4 million in H1 2021. The increase is largely due to production from some high royalty interest wells and higher natural gas prices.
- Weyburn – Revenue from the Weyburn Unit in H1 2022 was $37.1 million compared to $19.7 million in H1 2021. Revenues benefited from strong prices in H1 2022, whereas in H1 2021, operating and capital costs largely offset sales from the NRI interest due to the low price environment.

Costs of Sales

The following table provides a breakdown of costs of sales, excluding depletion and depreciation, incurred in the periods presented:

(expressed in millions)	For the six months ended June 30, 2022	2021	Variance
Costs of stream sales	$ 81.3	$ 81.3	$ —
Mineral production taxes	0.9	1.1	(0.2)
Mining costs of sales	$ 82.2	$ 82.4	$ (0.2)
Energy costs of sales	6.9	5.5	1.4
	$ 89.1	$ 87.9	$ 1.2

Costs of stream sales in H1 2022 increased relative to H1 2021. While we sold fewer GEOs from our stream interests in H1 2022 compared to the prior year period, costs of sales increased as we earned a larger proportion of our GEOs from streams which carry a higher cost per ounce. A comparison of our costs of sales incurred in H1 2022 to H1 2021 is shown below:

Depletion and Depreciation

Depletion and depreciation expense totaled $144.2 million in H1 2022 compared to $148.4 million in H1 2021. While total GEOs sold increased over the prior year period, a larger proportion of our GEOs were earned from assets which carry a lower depletable base, reflecting an increase in GEOs sold. A comparison of our depletion expense incurred in H1 2022 to H1 2021 is shown below:

Income Taxes

Income tax expense in H1 2022 totaled $72.7 million, compared to $49.2 million in H1 2021, comprised of a current income tax expense of $59.5 million (H1 2021 – $37.3 million) and a deferred income tax expense of $13.2 million (H1 2021 – $11.9 million).

Franco-Nevada is undergoing an audit by the CRA of its 2012-2017 taxation years. Refer to the "Contingencies" section of this MD&A for further details.

Net Income

Net income in H1 2022 was $378.5 million, or $1.98 per share, compared to $346.8 million, or $1.82 per share in H1 2021, reflecting strong revenue from our Energy assets as well as lower operating expenses. In addition, our net income in H1 2021 was lowered by the impairment charges recorded on our Aği Daği royalty.

Adjusted Net Income was $373.0 million, or $1.95 per share, compared to $343.5 million, or $1.80 per share, earned in H1 2021. The increase in Adjusted Net Income in H1 2022 was primarily driven by our increased revenue relative to H1 2021.

General and Administrative and Share-Based Compensation Expenses

The following table provides a breakdown of general and administrative expenses and share-based compensation expenses incurred for the periods presented:

(expressed in millions)	For the three months ended June 30, 2022	2021	Variance	For the six months ended June 30, 2022	2021	Variance
Salaries and benefits	$ 2.1	$ 2.2	$ (0.1)	$ 4.4	$ 4.3	$ 0.1
Professional fees	0.6	1.2	(0.6)	2.1	2.0	0.1
Filing fees	0.5	0.1	0.4	0.8	0.4	0.4
Office costs	0.1	0.1	—	0.2	0.2	—
Board of Directors' costs	0.1	0.1	—	0.2	0.1	0.1
Other	2.4	1.7	0.7	3.7	2.6	1.1
General and administrative expenses	$ 5.8	$ 5.4	$ 0.4	$ 11.4	$ 9.6	$ 1.8
Share-based compensation expenses	—	5.0	(5.0)	4.3	7.0	(2.7)
	$ 5.8	$ 10.4	$ (4.6)	$ 15.7	$ 16.6	$ (0.9)

General and administrative and share-based compensation expenses represented 2.3% of our revenue, down from 2.5% in H1 2021. Our general and administrative expenses include business development costs. These costs vary depending upon the level of business development related activity and the timing of completing transactions.

Share-based compensation expenses include the amortization expense of equity-settled stock options and restricted share units, as well as the gain or loss on the mark-to-market value of the deferred share units (“DSUs”) granted to the directors of Franco-Nevada. Share-based compensation was lower in H1 2022 than in H1 2021 owing to the lower share price during the period, which resulted in a lower mark-to-market on the DSU liability.

Other Income and Expenses

Foreign Exchange and Other Income/Expenses

The following table provides a list of foreign exchange and other income/expenses incurred for the periods presented:

(expressed in millions)	For the three months ended June 30, 2022	2021	Variance	For the six months ended June 30, 2022	2021	Variance
Foreign exchange (loss) gain	$ (2.2)	$ (1.0)	$ (1.2)	$ 4.0	$ (1.1)	$ 5.1
Other income (expenses)	1.8	(0.2)	2.0	1.8	(0.2)	2.0
	$ (0.4)	$ (1.2)	$ 0.8	$ 5.8	$ (1.3)	$ 7.1

The parent company’s functional currency is the Canadian dollar, while the functional currency of certain subsidiaries is the U.S. 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. In H1 2022, the foreign exchange gain is primarily related to a receivable from our Vale Royalty for the H2 2021 and Q1 2022 periods. The receivable is denominated in Brazilian reais and resulted in a foreign exchange gain when converted to the Canadian dollar.

Finance Income and Finance Expenses

The following table provides a breakdown of finance income and expenses incurred for the periods presented:

(expressed in millions)	For the three months ended June 30, 2022	2021	Variance	For the six months ended June 30, 2022	2021	Variance
Finance income						
Interest	$ 2.8	$ 1.7	$ 1.1	$ 3.5	$ 2.4	$ 1.1
	$ 2.8	$ 1.7	$ 1.1	$ 3.5	$ 2.4	$ 1.1
Finance expenses						
Standby charges	$ 0.5	$ 0.5	$ —	$ 1.1	$ 1.1	$ —
Amortization of debt issue costs	0.3	0.3	—	0.6	0.5	0.1
Interest	—	0.2	(0.2)	—	0.2	(0.2)
Accretion of lease liabilities	—	0.1	(0.1)	—	0.1	(0.1)
	$ 0.8	$ 1.1	$ (0.3)	$ 1.7	$ 1.9	$ (0.2)

Finance income is earned on our cash and cash equivalents and interest income on the Noront loan receivable. Interest income from the Noront loan receivable was $2.8 million and $3.5 million for Q2 2022 and H1 2022, respectively. In Q2 2022 and H1 2022, interest income from Noront includes a repayment of 5% of the principal amount upon a change in control of Noront by Wyloo Metals on April 7, 2022.

In H1 2022, finance expenses consisted of standby charges, which represent the costs of maintaining our credit facility based on the undrawn amounts and the amortization of costs incurred with respect to the initial set-up or subsequent amendments of our credit facility.

Summary of Quarterly Information

Selected quarterly financial and statistical information for the most recent eight quarters[1] is set out below:

(in millions, except Average Gold Price, Margin, GEOs, per GEO amounts and per share amounts)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	**$ 352.3**	$ 338.8	$ 327.7	$ 316.3	$ 347.1	$ 308.9	$ 304.5	$ 279.8
Costs and expenses[2]	**120.7**	126.8	60.6	119.5	141.8	117.4	108.7	101.5
Operating income	**231.6**	212.0	267.1	196.8	205.3	191.5	195.8	178.3
Other income (expenses)	**1.6**	6.0	(1.5)	(0.6)	(0.6)	(0.2)	2.4	0.8
Income tax expense	**36.7**	36.0	44.7	30.2	29.4	19.8	21.5	25.2
Net income	**196.5**	182.0	220.9	166.0	175.3	171.5	176.7	153.9
Basic earnings per share	**$ 1.03**	$ 0.95	$ 1.16	$ 0.87	$ 0.92	$ 0.90	$ 0.93	$ 0.81
Diluted earnings per share	**$ 1.02**	$ 0.95	$ 1.15	$ 0.87	$ 0.92	$ 0.90	$ 0.92	$ 0.81
Net cash provided by operating activities	**$ 257.3**	$ 230.6	$ 279.0	$ 206.9	$ 245.2	$ 224.3	$ 246.3	$ 212.2
Net cash used in investing activities	**(14.8)**	(1.6)	(36.4)	(7.1)	(543.1)	(178.4)	(137.9)	(117.6)
Net cash (used in) provided by financing activities	**(48.6)**	(47.6)	(46.1)	(47.3)	(44.9)	(41.9)	(39.7)	(9.4)
Average Gold Price[3]	**$ 1,872**	$ 1,874	$ 1,795	$ 1,789	$ 1,816	$ 1,794	$ 1,873	$ 1,911
GEOs sold[4]	**191,052**	178,614	182,543	177,578	192,379	175,737	162,533	146,578
Cash Costs[5] [6]	**$ 45.5**	$ 43.6	$ 48.4	$ 42.0	$ 47.3	$ 40.6	$ 46.7	$ 40.5
Cash Costs[5] [6] per GEO sold	**$ 238**	$ 244	$ 265	$ 237	$ 246	$ 231	$ 287	$ 276
Adjusted EBITDA[5]	**$ 301.2**	$ 286.6	$ 269.8	$ 269.8	$ 290.0	$ 262.7	$ 253.7	$ 235.1
Adjusted EBITDA[5] per share	**$ 1.57**	$ 1.50	$ 1.41	$ 1.41	$ 1.52	$ 1.37	$ 1.33	$ 1.23
Margin[5]	**85.5 %**	84.6 %	82.3 %	85.3 %	83.5 %	85.0 %	83.3 %	84.0 %
Adjusted Net Income[5]	**$ 195.8**	$ 177.2	$ 163.7	$ 165.6	$ 182.6	$ 160.9	$ 163.0	$ 152.3
Adjusted Net Income[5] per share	**$ 1.02**	$ 0.93	$ 0.86	$ 0.87	$ 0.96	$ 0.84	$ 0.85	$ 0.80

1 Sum of the quarters may not add up to yearly total due to rounding.

2 Includes impairment (reversals) and charges on royalty, stream and working interests of $(75.5) million in Q4 2021, $7.5 million in Q2 2021 and $(9.6) million in Q4 2020.

3 Based on LBMA Gold Price PM Fix.

4 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. In this MD&A, GEOs for comparative periods have been recalculated to conform with the current presentation. GEOs include Franco-Nevada's attributable share of production from our Mining and Energy assets, after applicable recovery and payability factors. GEOs are estimated on a gross basis for NSR 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, iron ore, oil, gas and other commodities are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The 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 price for the month, quarter, or year in which the commodity was produced or sold. For illustrative purposes, please refer to the average commodity price table on pages 11 and 16 of this MD&A for indicative prices which may be used in the calculation of GEOs for the three and six months ended June 30, 2022 and 2021, respectively.

5 Cash Costs, Cash Costs per GEOs, Adjusted EBITDA, Adjusted EBITDA per share, Margin, Adjusted Net Income and Adjusted Net Income per share are non-GAAP financial measures with no standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Starting in Q4 2021, production and revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. Similarly, the composition of Cash Costs and Cash Costs per GEOs has been amended to include production costs from Franco-Nevada's Energy assets, and Cash Costs and Cash Costs per GEOs for comparative periods have been recalculated to conform with current presentation. Refer to the "Non-GAAP financial measures" section of this MD&A for more information on each non-GAAP financial measure.

6 Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. Similarly, the composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Cash Costs and Cash Costs per GEO for comparative periods have been recalculated to conform with current presentation.

Balance Sheet Review

Summary Balance Sheet and Key Financial Metrics

(expressed in millions, except debt to equity ratio)		At June 30, 2022		At December 31, 2021
Cash and cash equivalents	$	910.6	$	539.3
Current assets		1,102.8		751.4
Non-current assets		5,307.7		5,458.5
Total assets	$	6,410.5	$	6,209.9
Current liabilities	$	42.4	$	43.2
Non-current liabilities		141.4		141.5
Total liabilities	$	183.8	$	184.7
Total shareholders' equity	$	6,226.7	$	6,025.2
Total common shares outstanding		191.6		191.3
Capital management measures				
Available capital	$	1,892.7	$	1,621.1
Debt-to-equity		—		—

Assets

Total assets were $6,410.5 million at June 30, 2022 compared to $6,209.9 million at December 31, 2021. Our asset base is primarily comprised of non-current assets such as our royalty, stream and working interests, and equity investments, while our current assets are primarily comprised of cash and cash equivalents and accounts receivable. The increase in assets compared to December 31, 2021 primarily reflects our higher cash and accounts receivable balances, partly offset by a decrease in our royalty, stream and working interest due to depletion and repayment of the loan receivable.

Liabilities

Total liabilities were relatively consistent with those as at December 31, 2021. Total liabilities as at June 30, 2022 are primarily comprised of $34.9 million of accounts payable and accrued liabilities, $7.5 million of current income tax liabilities, and $135.7 million of deferred income tax liabilities.

Shareholders' Equity

Shareholders' equity increased by $201.5 million compared to December 31, 2021, reflecting net income of $378.5 million, a loss on the fair value of investments, net of tax, of $57.1 million, a loss of $27.0 million in currency translation adjustments, and dividends of $123.2 million in Q2 2022. Of those dividends, $21.8 million were settled through the issuance of common shares pursuant to the DRIP.

Liquidity and Capital Resources

Cash flow for the three and six months ended June 30, 2022 and 2021 was as follows:

(expressed in millions)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Net cash provided by operating activities	$ 257.3	$ 245.2	$ 487.9	$ 469.5
Net cash used in investing activities	(14.8)	(543.1)	(16.4)	(721.5)
Net cash used in financing activities	(48.6)	(44.9)	(96.2)	(86.8)
Effect of exchange rate changes on cash and cash equivalents	(6.0)	2.0	(4.0)	2.3
Net change in cash and cash equivalents	$ 187.9	$ (340.8)	$ 371.3	$ (336.5)

Operating Cash Flow

Net cash provided by operating activities was $257.3 million in Q2 2022 (Q2 2021 – $245.2 million). Operating cash flow in Q2 2022 was higher than in the same period in 2021 due to the increase in revenue primarily due to higher energy prices in the period. Also reflected in operating cash flow are cash flows related to gold bullion we received as settlement for certain of our royalties. In Q2 2022, we sold a larger portion of our gold bullion balance than in Q2 2021. These operating cash inflows were partly offset by higher non-cash working capital.

For H1 2022, net cash provided by operating activities was $487.9 million (H1 2021 - $469.5 million). Operating cash flow was higher due to an increase in GEOs and revenues compared to H1 2021.

Investing Activities

Net cash used in investing activities was $14.8 million in Q2 2022 (Q2 2021 – $543.1 million), and consisted of the acquisition of the Caserones royalty of $37.4 million, shares of EMX for $10.0 million, and the Castle Mountain royalty for $6.0 million and the funding of our share of royalty acquisitions through the Royalty Acquisition Venture with Continental, partially offset by the Noront loan repayment of $42.7 million. Comparatively, investing activities in Q2 2021 consisted primarily of the acquisition of the Vale Royalty Debentures at a cost of $538 million (R$3,049,500,000).

For H1 2022, net cash used in investing activities was $16.4 million (H1 2021 - $721.5 million) and consisted of the acquisition of the Caserones royalty for $37.4 million, shares of EMX for $10.0 million, and the Castle Mountain royalty for $6.0 million and the funding of our share of acquisitions through the Royalty Acquisition Venture with Continental. These cash outlays were partially offset by the receipt of $42.7 million as repayment of our loan to Noront. Comparatively, in H1 2021, investing activities consisted of the acquisition of the Vale Royalty Debentures at a cost of $538 million (R$3,049,500,000), the Condestable stream for a gross purchase price of $165.0 million, the Séguéla royalty for $15.2 million (A$20.0 million), and $12.8 million of royalty acquisitions through the Royalty Acquisition Venture.

Financing Activities

For Q2 2022, net cash used by financing activities was $48.6 million (Q2 2021 – $44.9 million), reflecting the payment of dividends. In Q2 2022, we also received $2.7 million in proceeds from the exercise of stock options. Comparatively, in Q2 2021, the Company drew $150.0 million from its Corporate Revolver to finance the acquisition of the Vale Royalty Debentures, but repaid the amounts borrowed within the same period.

For H1 2022, net cash used by financing activities was $96.2 million (H1 2021 - $86.8 million), reflecting the payments of dividends. Comparatively, in H1 2021, the Company drew $150.0 million from its Corporate Revolver to finance the acquisition of the Vale Royalty Debentures, but repaid the amounts borrowed within the same period.

Capital Resources

Our cash and cash equivalents totaled $910.6 million as at June 30, 2022 (December 31, 2021 – $539.3 million). In addition, we held investments of $213.2 million as at June 30, 2022 (December 31, 2021 – investments and loan receivable of $275.6 million), of which $169.2 million was held in publicly-traded equity instruments (December 31, 2021 – $231.0 million). Of the $169.2 million held in publicly-traded equity instruments, $139.3 million relate to our holdings of LIORC (December 31, 2021 – $187.4 million).

As at the date of this MD&A, we have one revolving credit facility available. The Corporate Revolver is a $1.0 billion unsecured, revolving credit facility with a term maturing July 9, 2025. Advances under the Corporate Revolver bear interest depending upon the currency of the advance and Franco-Nevada's leverage ratio. Funds are generally drawn using LIBOR 30-day rates plus 100 basis points. As at June 30, 2022, while we have no amounts outstanding against the Corporate Revolver, we have two standby letters of credit in the amount of $17.9 million (C$23.1 million) in relation to the audit by the CRA, as referenced in the "Contingencies" section of this MD&A. These standby letters of credit reduce the available balance under the Corporate Revolver. As at August 10, 2022, we have a total of $982.1 million available under the Corporate Revolver.

Management's objectives when managing capital are:

(a) when capital is not being used for long-term investments, ensure its preservation and availability by investing in low-risk investments with high liquidity; and
(b) to ensure that adequate levels of capital are maintained to meet Franco-Nevada's operating requirements and other current liabilities.

As at June 30, 2022, the majority of funds were held in cash deposits with several financial institutions. We invest our excess funds in term deposits. Certain investments with maturities upon acquisition of 3 months, or 92 days or less, were classified as term deposits within cash and cash equivalents on the statement of financial position.

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 rates 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 general and administrative expenses and depletion of our royalty, stream and working interests incurred in our Canadian and Australian entities due to their respective functional currencies. During Q2 2022, the Canadian dollar traded in a range of $0.7669 to $0.8031, ending at $0.7760, and the Australian dollar traded between $0.6878 and $0.7595, ending at $0.6891.

Our near-term cash requirements include our funding commitments towards the Tocantinzinho Stream and Term Loan, the Royalty Acquisition Venture with Continental, commitments for contingent payments under various royalty purchase agreements, corporate administration costs, certain costs of operations, payment of dividends and income taxes directly related to the recognition of royalty, stream and working interest revenues. As a royalty and stream company, we are subject to limited requirements for capital expenditures other than for the acquisition of additional royalties or streams and capital commitments for our working interests. 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 the use of our credit facility. We believe that our current cash resources, available credit facility, and future cash flows will be sufficient to cover the costs of our commitments, operating and administrative expenses, 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 metal agreements as at June 30, 2022:

	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 Fixed Payment Stream	— % [11]	— % [12]	0 %	$ 418 [13]	$ 6.27 [14]	n/a	40 years	19-Jan-18
Cobre Panama Floating Payment Stream	— % [15]	— % [16]	0 %	20 % [17]	20 % [18]	n/a	40 years	19-Jan-18
Condestable	— % [19]	— % [20]	0 %	20 % [21]	20 % [22]	n/a	40 years	8-Mar-21
Karma	4.875 % [23]	0 %	0 %	20 % [24]	n/a	n/a	40 years	11-Aug-14
Guadalupe-Palmarejo	50 %	0 %	0 %	$ 800	n/a	n/a	40 years	2-Oct-14
Sabodala	— % [25]	0 %	0 %	20 % [26]	n/a	n/a	40 years	25-Sep-20
MWS	25 %	0 %	0 %	$ 400	n/a	n/a	40 years [27]	2-Mar-12
Cooke 4	7 %	0 %	0 %	$ 400	n/a	n/a	40 years	5-Nov-09
Sudbury[28]	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-Palmarejo, 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.
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 until 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 until 29,731,000 ounces of silver delivered. Thereafter, 62.1% of the silver in concentrate.
13 After 1,341,000 ounces of gold delivered, purchase price is the greater of 50% of spot and $418.27 per ounce. As the mill throughput for 30 consecutive days commensurate with annual capacity of 58 million tonnes per annum was not reached by January 1, 2019, Franco-Nevada will receive a 5% annual rate of return until such mill throughput was achieved, through a reduction of the applicable fixed gold price of $100 per ounce or a delivery of additional ounces for no consideration.
14 After 21,510,000 ounces of silver delivered, purchase price is the greater of 50% of spot and $6.27 per ounce.
15 Gold deliveries are indexed to copper in concentrate produced from the project. 30 ounces of gold per every 1 million pounds of copper produced until 202,000 ounces of gold delivered. Thereafter 20.25 ounces of gold per 1 million pounds of copper produced until 429,047 ounces of gold delivered. Thereafter, 15.85% of the gold in concentrate.
16 Silver deliveries are indexed to copper in concentrate produced from the project. 344 ounces of silver per every 1 million pounds of copper produced until 2,460,500 ounces of silver delivered. Thereafter, 444 ounces of silver per 1 million pounds of copper produced until 7,432,750 ounces of silver delivered. Thereafter 15.53% of the silver in concentrate.
17 After 604,000 ounces of gold delivered, purchase price is 50% of the spot price of gold. As the mill throughput for 30 consecutive days commensurate with annual capacity of 58 million tonnes per annum was not reached by January 1, 2019, Franco-Nevada will receive a 5% annual rate of return until such mill throughput was achieved, through a reduction of the applicable fixed gold price of $100 per ounce or a delivery of additional ounces for no consideration.
18 After 9,618,000 ounces of silver delivered, purchase price is 50% of the spot price of silver.
19 Gold deliveries are fixed at 8,760 ounces per annum from January 1, 2021 to December 31, 2025. Thereafter, 63% of the gold in concentrate until a cumulative total of 87,600 ounces of gold delivered. Thereafter, 25% of the gold in concentrate.
20 Silver deliveries are fixed at 291,000 ounces per annum from January 1, 2021 to December 31, 2025. Thereafter, 63% of the silver in concentrate until a cumulative total of 2,910,000 ounces of silver delivered. Thereafter, 25% of the silver in concentrate.
21 Purchase price is 20% of the spot price of gold at the time of delivery.
22 Purchase price is 20% of the spot price of silver at the time of delivery.
23 Gold deliveries were fixed until February 28, 2021. Percentage is now 4.875% of gold production.
24 Purchase price is 20% of the average gold price at the time of delivery.
25 Based on amended agreement with an effective date of September 1, 2020, gold deliveries are fixed at 783.33 ounces per month until 105,750 ounces of gold is delivered. Thereafter, percentage is 6% of gold production (subject to reconciliation after fixed delivery period to determine if Franco-Nevada would have received more or less than 105,750 ounces of gold under the original 6% variable stream for such period, entitling the operator to a credit for an over-delivery applied against future stream deliveries or a one-time additional delivery to Franco-Nevada for an under-delivery).
26 Purchase price is 20% of prevailing market price at the time of delivery.
27 Agreement is capped at 312,500 ounces of gold.
28 Franco-Nevada is committed to purchase 50% of the precious metals contained in ore from the properties. Payment is based on gold equivalent ounces. For McCreedy West, effective June 1, 2021, purchase price per gold equivalent ounce is determined based on the monthly average gold spot price: (i) when the gold spot price is less than $800 per ounce, the purchase price is the prevailing monthly average gold spot price; (ii) when the gold spot price is greater than $800 per ounce but less than $1,333 per ounce, the purchase price is $800 per ounce; (iii) when the gold spot price is greater than $1,333 per ounce but less than $2,000 per ounce, the purchase price is 60% of the prevailing monthly average gold spot price; and (iv) when the gold spot price is greater than $2,000, the purchase price is $1,200 per ounce.

Capital Commitments

As described in the “Corporate Developments” section above, Franco-Nevada has a strategic relationship with a subsidiary of Continental to jointly acquire royalty rights through the Royalty Acquisition Venture. As at June 30, 2022, Franco-Nevada has remaining commitments of $88.0 million, subject to the achievement of agreed upon development thresholds.

We also have commitments of $12.5 million for contingent payments in relation to our Rosemont/Copper World 0.585% NSR acquired in November 2021, and $8.0 million for contingent payments in relation to our Rio Baker (Salares Norte) royalty.

Subsequent to Q2 2022, as of July 18, 2022, the Company is committed to funding its acquisition of the Stream and obligations under the Term Loan in relation to the Tocantinzinho project as described in the “Corporate Developments” section above.

Contingencies

Canada Revenue Agency Audit

The CRA is conducting an audit of Franco-Nevada for the 2012-2017 taxation years.

During the quarter, the Company received a Notice of Reassessment for the 2017 taxation year in relation to the Canadian Domestic Tax matters, as further detailed below in Note 21(a) of the financial statements. The Company has filed a formal Notice of Objection against the reassessment and has posted security in the form of cash for 50% of the reassessed amounts.

Management believes that the Company and its subsidiaries have filed all tax returns and paid all applicable taxes in compliance with Canadian and applicable foreign tax laws and, as a result, no liabilities have been recorded in the financial statements of the Company for the Reassessments (as defined below), or for any potential tax exposure that may arise in respect of these matters. The Company does not believe that the Reassessments are supported by Canadian tax law and jurisprudence and intends to vigorously defend its tax filing positions.

The following table provides a summary of the various CRA audit and reassessment matters further detailed below:

	CRA Position	Taxation Years Reassessed	Potential Exposure for Tax, Interest and Penalties *(in millions)*
Canadian Domestic Tax Matters	Upfront payment made in connection with precious metal stream agreements should be deducted for income tax purposes in a similar manner to how such amount is expensed for financial statement purposes.	2014, 2015, 2016, 2017	For 2014-2017: Tax: $15.5 (C$19.9) Interest and other penalties: $4.4 (C$5.6) If CRA were to reassess the 2018-2021 taxation years on the same basis: Tax: $34.3 (C$44.2) Interest and other penalties: $3.4 (C$4.3)
Transfer Pricing (Mexico)	Transfer pricing provisions in the Act (as defined below) apply such that a majority of the income earned by the Company's Mexican subsidiary should be included in the income of the Company and subject to tax in Canada.	2013, 2014, 2015, 2016	For 2013-2016: Tax: $23.3 (C$29.9) Transfer pricing penalties: $8.0 (C$10.3) for 2013-2015; $1.3 (C$1.7) for 2016 under review Interest and other penalties: $11.0 (C$14.2) The amounts set forth above do not include any potential relief under the Canada-Mexico tax treaty. The Company's Mexican subsidiary ceased operations after 2016 and no reassessments for this issue are expected for subsequent years.
Transfer Pricing (Barbados)	Transfer pricing provisions in the Act (as defined below) apply such that a majority of the income relating to certain precious metal streams earned by the Company's Barbadian subsidiary should be included in the income of the Company and subject to tax in Canada.	2014, 2015, 2016, 2017	For 2014-2017: Tax: $36.1 (C$46.5) Transfer pricing penalties: $1.9 (C$2.5) for 2014-2015; $11.7 (C$15.1) for 2016-2017 under review Interest and other penalties: $11.7 (C$15.0) If CRA were to reassess the 2018-2021 taxation years on the same basis: Tax: $166.6 (C$214.7) Transfer pricing penalties: $62.9 (C$81.0) Interest and other penalties: $16.4 (C$21.1)
FAPI (Barbados)	The FAPI provisions in the Act (as defined below) apply such that a majority of the income relating to precious metal streams earned by the Company's Barbadian subsidiary, in 2012 and 2013, should be included in the income of the Company and subject to tax in Canada.	2012, 2013	For 2012-2013: Tax: $5.9 (C$7.7) Interest and other penalties: $3.1 (C$4.0) Based on CRA's proposal letter, no reassessments for this issue for years after 2013 are expected.

a) *Canadian Domestic Tax Matters (2014-2017)*

In October 2019, certain wholly-owned Canadian subsidiaries of the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "2014 and 2015 Domestic Reassessments") in which the CRA increased income by adjusting the timing of the deduction of the upfront payments which were made in connection with precious metal stream agreements. The CRA's position is that the upfront payment should be deducted for income tax purposes in a similar manner to how such upfront payment is expensed for financial statement purposes. Consequently, the CRA's position results in a slower deduction of the upfront payment and an acceleration of the payment of Canadian taxes. This results in the Company being subject to an incremental payment of Federal and provincial income taxes for these years of $1.1 million (C$1.4 million) (after applying available non-capital losses and other deductions) plus estimated interest (calculated to June 30, 2022) and other penalties of $0.2 million (C$0.2 million). The Company has filed formal Notices of Objection with the CRA against the 2014 and 2015 Domestic Reassessments, posted security in cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements, and has commenced an appeal in the Tax Court of Canada with respect to these reassessments.

On September 14, 2021, the Company received a Notice of Reassessment for the 2016 taxation year (the "2016 Domestic Reassessment") on the same basis as the 2014 and 2015 Domestic Reassessments, resulting in an incremental payment of Federal and provincial income taxes of $7.8 million (C$10.0 million) (after applying available non-capital losses and other deductions) plus interest (calculated to June 30, 2022) and applicable penalties of $2.3 million (C$2.9 million). The Company has filed a formal Notice of Objection with the CRA against the 2016 Domestic Reassessment and has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements.

On April 1, 2022, the Company received a Notice of Reassessment for the 2017 taxation year (the "2017 Domestic Reassessment" and, collectively with the 2016 Domestic Reassessment and the 2014 and 2015 Domestic Reassessments, the "Domestic Reassessments") on the same basis as the 2014 and 2015 Domestic Reassessments, resulting in an incremental payment of Federal and provincial income taxes of $6.6 million (C$8.5 million) (after applying available non-capital losses and other deductions) plus interest (calculated to June 30, 2022) and applicable penalties of $1.9 million (C$2.5 million). The Company has filed a formal Notice of Objection with the CRA against the 2017 Domestic Reassessment and has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements.

If the CRA were to reassess the particular Canadian subsidiaries for taxation years 2018 through 2021 on the same basis, the Company estimates that it would be subject to an incremental payment of Canadian tax (after applying available non-capital losses and other deductions) of approximately $34.3 million (C$44.2 million) plus interest (calculated to June 30, 2022) and other penalties of approximately $3.4 million (C$4.3 million).

b) *Mexico (2013-2016)*

In December 2018 and December 2019, the Company received Notices of Reassessment from the CRA for the 2013 taxation year (the "2013 Reassessment") and for the 2014 and 2015 taxation years (the "2014 and 2015 Reassessments", collectively with the 2013 Reassessment, the "2013-2015 Reassessments") in relation to its Mexican subsidiary. The reassessments were made on the basis of the transfer pricing provisions in the Income Tax Act (Canada) (the "Act") and asserts that a majority of the income earned by the Mexican subsidiary should have been included in the income of the Company and subject to tax in Canada. The 2013-2015 Reassessments result in additional Federal and provincial income taxes of $19.7 million (C$25.3 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $9.8 million (C$12.7 million) but before any relief under the Canada-Mexico tax treaty. The Company has filed formal Notices of Objection with the CRA against the 2013-2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts, as referenced in Note 9 (a) of the financial statements.

In December 2020, the CRA issued revised 2013-2015 Reassessments to include transfer pricing penalties of $8.0 million (C$10.3 million). The Company has filed formal Notices of Objection with the CRA against these revised reassessments and has posted security in the form of cash for 50% of the reassessed amounts of penalties, as referenced in Note 8 of the financial statements. The Company has commenced an appeal in the Tax Court of Canada with respect to the 2013-2015 Reassessments.

On December 21, 2021, the Company received a Notice of Reassessment for the 2016 taxation year (the "2016 Reassessment") on the same basis as the 2013-2015 Reassessments, resulting in additional Federal and provincial income taxes of $3.6 million (C$4.6 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $1.2 million (C$1.5 million) but before any relief under the Canada-Mexico tax treaty. The Company's Mexican subsidiary ceased operations after 2016 and no reassessments are expected for subsequent years.

The 2016 Reassessment did not include transfer pricing penalties which are currently under review. If the CRA were to apply transfer pricing penalties, the Company estimates that the amount would be approximately $1.3 million (C$1.7 million). The Company has filed a formal Notice of Objection with the CRA against the 2016 Reassessment and has posted security in the form of cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements.

For taxation years 2013 through 2016, the Company's Mexican subsidiary paid a total of $34.1 million (490.3 million Pesos) in cash taxes, at a 30% tax rate, to the Mexican tax authorities on income earned in Mexico. If required, the Company intends to seek relief from double taxation under the Canada-Mexico tax treaty.

c) *Barbados (2014-2017)*

The 2014 and 2015 Reassessments also reassess the Company in relation to its Barbadian subsidiary. The reassessments were made on the basis of the transfer pricing provisions in the Act and assert that a majority of the income relating to certain precious metal streams earned by the Barbadian subsidiary should have been included in the income of the Company and subject to tax in Canada, resulting in additional Federal and provincial income taxes of $5.2 million (C$6.7 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $2.4 million (C$3.1 million). As noted previously, the Company has filed formal Notices of Objection with the CRA against the 2014 and 2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts, as referenced in Note 9 (a) of the financial statements.

As noted above, in December 2020, the CRA issued revised 2014 and 2015 Reassessments to include transfer pricing penalties of $1.9 million (C$2.5 million). The Company has filed formal Notices of Objection with the CRA against these revised reassessments and has posted security in the form of cash for 50% of the reassessed amounts of penalties, as referenced in Note 8 of the financial statements. The Company has commenced an appeal in the Tax Court of Canada with respect to the 2014-2015 Reassessments.

On December 21, 2021, the Company received the 2016 Reassessment as well as a Notice of Reassessment for the 2017 taxation year (the “2017 Reassessment”, collectively with the 2016 Reassessment, the “2016 and 2017 Reassessments”) that reassess the Company in relation to its Barbadian subsidiary on the same basis as the 2014 and 2015 Reassessments, resulting in additional Federal and provincial income taxes of $30.9 million (C$39.8 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $9.3 million (C$11.9 million). The 2016 and 2017 Reassessments did not include transfer pricing penalties which are currently under review. If the CRA were to apply transfer pricing penalties, the Company estimates that the amounts would be approximately $11.7 million (C$15.1 million). The Company has filed formal Notices of Objection with the CRA against the 2016 and 2017 Reassessments and has posted security in the form of cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements.

If the CRA were to reassess the Company for taxation years 2018 through 2021 on the same basis and continue to apply transfer pricing penalties, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $166.6 million (C$214.7 million), transfer pricing penalties of approximately $62.9 million (C$81.0 million) plus interest (calculated to June 30, 2022) and other penalties of approximately $16.4 million (C$21.1 million).

d) *Barbados (2012-2013)*

In August 2020, the Company received Notices of Reassessment for the 2012 and 2013 taxation years (the “FAPI Reassessments” and, collectively with the Domestic Reassessments, the 2013 Reassessment, the 2014 and 2015 Reassessments, and the 2016 and 2017 Reassessments, the “Reassessments”) in relation to its Barbadian subsidiary. The FAPI Reassessments assert that a majority of the income relating to precious metal streams earned by the Barbadian subsidiary, in those years, should have been included in the income of its Canadian parent company and subject to tax in Canada as Foreign Accrual Property Income (“FAPI”). The CRA has noted that its position may not extend beyond the 2013 taxation year. The FAPI Reassessments result in additional Federal and provincial income taxes of $5.9 million (C$7.7 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $3.1 million (C$4.0 million). The Company has filed formal Notices of Objection with the CRA against the FAPI Reassessments, has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8 of the financial statements, and has commenced an appeal in the Tax Court of Canada with respect to these reassessments.

The CRA audit is ongoing and there can be no assurance that the CRA will not further challenge the manner in which the Company or any of its subsidiaries has filed its tax returns and reported its income. In the event that the CRA successfully challenges the manner in which the Company or a subsidiary has filed its tax returns and reported its income, this could potentially result in additional income taxes, penalties and interest, which could have a material adverse effect on the Company.

Critical Accounting Policies and 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.

Our significant accounting policies and estimates are disclosed in Note 3 of our 2021 audited consolidated financial statements.

New and Amended Accounting Standards

Certain new accounting standards and interpretations have been published that are currently effective requirements or forthcoming requirements. These standards are not expected to have a material impact on the Company’s current or future reporting periods.

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 most recent Annual Information Form, a copy of which can be found on SEDAR at www.sedar.com and in our Form 40-F, a copy of which can be found on EDGAR at www.sec.gov.

As of August 10, 2022, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	191,556,373
Issuable upon exercise of Franco-Nevada options[1]	778,555
Issuable upon vesting of Franco-Nevada RSUs	98,894
Diluted common shares	192,433,822

1 There were 778,555 stock options under our share compensation plan outstanding to directors, officers, employees and others with exercise prices ranging from C$40.87 to C$171.33 per share.

During the six months ended June 30, 2022, we did not issue any common shares under our previous at-the-market equity program. We also have not issued any preferred shares.

Internal Control Over Financial Reporting and Disclosure Controls and Procedures

Our management is 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 MD&A 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.

For the three and six months ended June 30, 2022, 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.

Non-GAAP Financial Measures

Cash Costs and Cash Costs per GEO

Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. Similarly, the composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Cash Costs and Cash Costs per GEO for comparative periods have been recalculated to conform with current presentation.

Cash Costs and Cash Costs per GEO sold are non-GAAP financial measures. Cash Costs sold is defined by Franco-Nevada as total costs of sales less depletion and depreciation expense. Cash Costs per GEO sold are calculated by dividing Cash Costs by the number of GEOs sold in the period, excluding prepaid GEOs.

Management uses Cash Costs and Cash Costs per GEO sold to evaluate Franco-Nevada's ability to generate positive cash flow from its royalty, stream and working interests. Management and certain investors also use this information to evaluate Franco-Nevada's performance relative to peers in the mining industry who present this measure on a similar basis. Cash Costs and Cash Costs per GEO 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 Cash Costs and Cash Costs per GEO sold:

	For the three months ended June 30,		For the six months ended June 30,	
(expressed in millions, except per GEO amounts)	2022	2021	2022	2021
Total costs of sales	**$ 115.1**	$ 124.5	**$ 233.3**	$ 236.3
Depletion and depreciation	**(69.6)**	(77.2)	**(144.2)**	(148.4)
Cash Costs	**$ 45.5**	$ 47.3	**$ 89.1**	$ 87.9
GEOs	**191,052**	192,379	**369,666**	368,116
Cash Costs per GEO sold	**$ 238**	$ 246	**$ 241**	$ 239

Adjusted EBITDA and Adjusted EBITDA per Share

Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP financial measures, which is defined by Franco-Nevada by excluding the following from net income (loss) and earnings (loss) per share ("EPS"):

- Income tax expense/recovery;
- Finance expenses;
- Finance income;
- Depletion and depreciation;
- Impairment charges and reversals 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 Franco-Nevada 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 EPS, our investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the results of the underlying business of Franco-Nevada, 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 Franco-Nevada'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)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Net income	$ 196.5	$ 175.3	$ 378.5	$ 346.8
Income tax expense	36.7	29.4	72.7	49.2
Finance expenses	0.8	1.1	1.7	1.9
Finance income	(2.8)	(1.7)	(3.5)	(2.4)
Depletion and depreciation	69.6	77.2	144.2	148.4
Impairment charges	—	7.5	—	7.5
Foreign exchange loss (gain) and other (income) expenses	0.4	1.2	(5.8)	1.3
Adjusted EBITDA	$ 301.2	$ 290.0	$ 587.8	$ 552.7
Basic weighted average shares outstanding	191.5	191.0	191.4	191.0
Basic earnings per share	$ 1.03	$ 0.92	$ 1.98	$ 1.82
Income tax expense	0.19	0.15	0.38	0.26
Finance expenses	—	0.01	0.01	0.01
Finance income	(0.01)	(0.01)	(0.02)	(0.01)
Depletion and depreciation	0.36	0.40	0.75	0.76
Impairment charges	—	0.04	—	0.04
Foreign exchange loss (gain) and other (income) expenses	—	0.01	(0.03)	0.01
Adjusted EBITDA per share	$ 1.57	$ 1.52	$ 3.07	$ 2.89

Margin

Margin is a non-GAAP ratio which is defined by Franco-Nevada as Adjusted EBITDA divided by revenue. Franco-Nevada uses Margin 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, our investors and analysts use Margin to evaluate the Company's ability to contain costs relative to revenue. Margin is 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. It does not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers.

Calculation of Margin:

(expressed in millions, except Margin)	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Adjusted EBITDA	$ 301.2	$ 290.0	$ 587.8	$ 552.7
Revenue	352.3	347.1	691.1	656.0
Margin	85.5 %	83.5 %	85.1 %	84.3 %

Adjusted Net Income and Adjusted Net Income per Share

Adjusted Net Income and Adjusted Net Income per share are non-GAAP financial measures, which is defined by Franco-Nevada by excluding the following from net income (loss) and EPS:

- Foreign exchange gains/losses and other income/expenses;
- Impairment charges and reversals 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 Franco-Nevada 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 EPS, our investors and analysts use Adjusted Net Income and Adjusted Net Income per share to evaluate the results of the underlying business of Franco-Nevada, 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 Franco-Nevada'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:

	For the three months ended June 30,		For the six months ended June 30,	
(expressed in millions, except per share amounts)	2022	2021	2022	2021
Net income	$ 196.5	$ 175.3	$ 378.5	$ 346.8
Impairment and charges	—	7.5	—	7.5
Foreign exchange loss (gain) and other (income) expenses	0.4	1.2	(5.8)	1.3
Finance income related to repayment of Noront loan	(2.2)	—	(2.2)	—
Tax effect of adjustments	1.1	(1.4)	2.5	(1.5)
Other tax related adjustments:				
Recognition of previously unrecognized deferred tax assets	—	—	—	(10.6)
Adjusted Net Income	$ 195.8	$ 182.6	$ 373.0	$ 343.5
Basic weighted average shares outstanding	191.5	191.0	191.4	191.0
Basic earnings per share	$ 1.03	$ 0.92	$ 1.98	$ 1.82
Impairment charges	—	0.04	—	0.04
Foreign exchange loss (gain) and other (income) expenses	—	0.01	(0.03)	0.01
Finance income related to repayment of Noront loan	(0.01)	—	(0.01)	—
Tax effect of adjustments	—	(0.01)	0.01	(0.01)
Other tax related adjustments:				
Recognition of previously unrecognized deferred tax assets	—	—	—	(0.06)
Adjusted Net Income per share	$ 1.02	$ 0.96	$ 1.95	$ 1.80

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, performance guidance, 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, the performance and plans of third party operators, audits being conducted by the CRA, the expected exposure for current and future assessments and available remedies, and the remedies relating to and consequences of the ruling of the Supreme Court of Panama in relation to the Cobre Panama project, expected future performance of the Tocantinzinho project, the Stream and the Term Loan, and capital requirements, construction and development plans, production estimates and production costs estimates relating to the Tocantinzinho project. In addition, statements (including data in tables) relating to reserves and resources including reserves and resources covered by a royalty, stream or other interest, GEOs or mine lives 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, GEOs or mine lives 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”, “potential for”, “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; the adoption of a global minimum tax on corporations; 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; relinquishment or sale of mineral properties; 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; access to sufficient pipeline capacity; 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; the impact of the COVID-19 (coronavirus) pandemic; 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; the expected application of tax laws and regulations by taxation authorities; the expected assessment and outcome of any audit by any taxation authority; 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. In addition, there can be no assurance as to the outcome of the ongoing audit by the CRA or the Company’s exposure as a result thereof. 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.

Financial Statements
Q2 2022

For the three and six months ended
June 30, 2022

Franco Nevada
The GOLD Investment that WORKS

Franco-Nevada Corporation

Condensed Consolidated Statements of Financial Position

(unaudited, in millions of U.S. dollars)

	At June 30, 2022	At December 31, 2021
ASSETS		
Cash and cash equivalents (Note 4)	$ 910.6	$ 539.3
Receivables	144.3	119.8
Loan receivable (Note 5)	—	39.7
Prepaid expenses and other (Note 6)	47.9	52.6
Current assets	$ 1,102.8	$ 751.4
Royalty, stream and working interests, net (Note 7)	$ 4,998.2	$ 5,149.3
Investments (Note 5)	213.2	235.9
Deferred income tax assets	46.5	49.4
Other assets (Note 8)	49.8	23.9
Total assets	$ 6,410.5	$ 6,209.9
LIABILITIES		
Accounts payable and accrued liabilities	$ 34.9	$ 33.6
Current income tax liabilities	7.5	9.6
Current liabilities	$ 42.4	$ 43.2
Deferred income tax liabilities	$ 135.7	$ 135.4
Other liabilities	5.7	6.1
Total liabilities	$ 183.8	$ 184.7
SHAREHOLDERS' EQUITY		
Share capital (Note 16)	$ 5,657.0	$ 5,628.5
Contributed surplus	17.9	16.1
Retained earnings	740.8	484.9
Accumulated other comprehensive loss	(189.0)	(104.3)
Total shareholders' equity	$ 6,226.7	$ 6,025.2
Total liabilities and shareholders' equity	$ 6,410.5	$ 6,209.9

Commitments and contingencies (Notes 20 and 21)
Subsequent events (Notes 3 (a), 3 (d))

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Income and Comprehensive Income

(unaudited, in millions of U.S. dollars and shares, except per share amounts)

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Revenue (Note 10)	$ 352.3	$ 347.1	$ 691.1	$ 656.0
Costs of sales				
Costs of sales (Note 11)	$ 45.5	$ 47.3	$ 89.1	$ 87.9
Depletion and depreciation	69.6	77.2	144.2	148.4
Total costs of sales	$ 115.1	$ 124.5	$ 233.3	$ 236.3
Gross profit	$ 237.2	$ 222.6	$ 457.8	$ 419.7
Other operating expenses (income)				
General and administrative expenses	$ 5.8	$ 5.4	$ 11.4	$ 9.6
Share-based compensation expenses (Note 12)	—	5.0	4.3	7.0
Impairment charges	—	7.5	—	7.5
Gain on sale of gold bullion	(0.2)	(0.6)	(1.5)	(1.2)
Total other operating expenses	$ 5.6	$ 17.3	$ 14.2	$ 22.9
Operating income	$ 231.6	$ 205.3	$ 443.6	$ 396.8
Foreign exchange (loss) gain and other income (expenses)	$ (0.4)	$ (1.2)	$ 5.8	$ (1.3)
Income before finance items and income taxes	$ 231.2	$ 204.1	$ 449.4	$ 395.5
Finance items (Note 14)				
Finance income	$ 2.8	$ 1.7	$ 3.5	$ 2.4
Finance expenses	(0.8)	(1.1)	(1.7)	(1.9)
Net income before income taxes	$ 233.2	$ 204.7	$ 451.2	$ 396.0
Income tax expense (Note 15)	36.7	29.4	72.7	49.2
Net income	$ 196.5	$ 175.3	$ 378.5	$ 346.8
Other comprehensive (loss) income, net of taxes				
Items that may be reclassified subsequently to profit and loss:				
Currency translation adjustment	$ (49.2)	$ 17.7	$ (27.0)	$ 27.1
Items that will not be reclassified subsequently to profit and loss:				
(Loss) gain on changes in the fair value of equity investments at fair value through other comprehensive income ("FVTOCI"), net of income tax (Note 5)	(76.8)	46.7	(57.1)	65.3
Other comprehensive (loss) income, net of taxes	$ (126.0)	$ 64.4	$ (84.1)	$ 92.4
Comprehensive income	$ 70.5	$ 239.7	$ 294.4	$ 439.2
Earnings per share (Note 17)				
Basic	$ 1.03	$ 0.92	$ 1.98	$ 1.82
Diluted	$ 1.02	$ 0.92	$ 1.97	$ 1.81
Weighted average number of shares outstanding (Note 17)				
Basic	191.5	191.0	191.4	191.0
Diluted	191.9	191.4	191.8	191.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

Franco-Nevada Corporation

Condensed Consolidated Statements of Cash Flows

(unaudited, in millions of U.S. dollars)

	For the six months ended June 30, 2022	2021
Cash flows from operating activities		
Net income	$ 378.5	$ 346.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	144.2	148.4
Share-based compensation expenses	3.0	3.0
Impairment charges	—	7.5
Unrealized foreign exchange loss	—	0.3
Deferred income tax expense	13.2	11.9
Other non-cash items	(6.0)	(2.4)
Acquisition of gold bullion	(23.0)	(21.2)
Proceeds from sale of gold bullion	26.5	17.5
Changes in other assets	(26.7)	(5.7)
Operating cash flows before changes in non-cash working capital	$ 509.7	$ 506.1
Changes in non-cash working capital:		
Increase in receivables	$ (24.5)	$ (22.3)
Decrease (increase) in prepaid expenses and other	2.6	(6.3)
Increase (decrease) in current liabilities	0.1	(8.0)
Net cash provided by operating activities	$ 487.9	$ 469.5
Cash flows used in investing activities		
Acquisition of royalty, stream and working interests	$ (12.8)	$ (733.5)
Acquisition of investments	(47.4)	—
Acquisition of energy well equipment	(0.6)	(0.7)
Proceeds from repayment of loan receivable	42.7	—
Proceeds from sale of investments	1.7	12.7
Net cash used in investing activities	$ (16.4)	$ (721.5)
Cash flows used in financing activities		
Payment of dividends	$ (101.4)	$ (87.0)
Proceeds from draw of revolving credit facilities	—	150.0
Repayment of revolving credit facilities	—	(150.0)
Credit facility amendment costs	—	(0.1)
Proceeds from exercise of stock options	5.2	0.3
Net cash used in financing activities	$ (96.2)	$ (86.8)
Effect of exchange rate changes on cash and cash equivalents	$ (4.0)	$ 2.3
Net change in cash and cash equivalents	$ 371.3	$ (336.5)
Cash and cash equivalents at beginning of period	$ 539.3	$ 534.2
Cash and cash equivalents at end of period	$ 910.6	$ 197.7
Supplemental cash flow information:		
Dividend income received	$ 8.2	$ 13.9
Interest and standby fees paid	$ 1.3	$ 1.3
Income taxes paid	$ 59.3	$ 51.3

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity

(unaudited, in millions of U.S. dollars)

	Share capital (Note 16)	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Total equity
Balance at January 1, 2022	$ 5,628.5	$ 16.1	$ (104.3)	$ 484.9	$ 6,025.2
Net income	—	—	—	378.5	378.5
Other comprehensive loss	—	—	(84.1)	—	(84.1)
Total comprehensive income					$ 294.4
Exercise of stock options	$ 6.7	$ (1.5)	$ —	$ —	$ 5.2
Share-based payments	—	3.3	—	—	3.3
Transfer of gain on disposal of equity investments at FVTOCI	—	—	(0.6)	0.6	—
Dividend reinvestment plan	21.8	—	—	—	21.8
Dividends declared	—	—	—	(123.2)	(123.2)
Balance at June 30, 2022	**$ 5,657.0**	**$ 17.9**	**$ (189.0)**	**$ 740.8**	**$ 6,226.7**
Balance at January 1, 2021	$ 5,580.1	$ 14.0	$ (115.9)	$ (34.4)	$ 5,443.8
Net income	—	—	—	346.8	346.8
Other comprehensive income	—	—	92.4	—	92.4
Total comprehensive income					$ 439.2
Exercise of stock options	$ 0.4	$ (0.1)	$ —	$ —	$ 0.3
Share-based payments	—	3.2	—	—	3.2
Transfer of gain on disposal of equity investments at FVTOCI	—	—	(7.0)	7.0	—
Dividend reinvestment plan	19.5	—	—	—	19.5
Dividends declared	—	—	—	(106.5)	(106.5)
Balance at June 30, 2021	**$ 5,600.0**	**$ 17.1**	**$ (30.5)**	**$ 212.9**	**$ 5,799.5**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 1 - Corporate information

Franco-Nevada Corporation ("Franco-Nevada" or the "Company") is incorporated under the *Canada Business Corporations Act.* The Company is a royalty and stream company focused on precious metals (gold, silver, and platinum group metals) and has a diversity of revenue sources. The Company owns a portfolio of royalty, stream and working interests, covering properties at various stages, from production to early exploration located in South America, Central America & Mexico, United States, Canada, Australia, Europe and Africa.

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) Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of Franco-Nevada and its wholly-owned subsidiaries (its "subsidiaries") (hereinafter together with Franco-Nevada, the "Company"). These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021 and were prepared using the same accounting policies, method of computation and presentation as were applied in the annual consolidated financial statements for the year ended December 31, 2021. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on August 10, 2022.

The financial information included herein reflects all adjustments, consisting only of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the full year. Seasonality is not considered to have a significant impact over the condensed consolidated interim financial statements. Taxes on income in the interim period have been accrued using the tax rates that would be applicable to expected total annual income.

(b) 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. The areas of judgment and estimation are consistent with those reported in the annual consolidated financial statements for the year ended December 31, 2021.

(c) New and Amended Accounting Standards

Certain new accounting standards and interpretations have been published that are currently effective requirements or forthcoming requirements. These standards are not expected to have a material impact on the Company's current or future reporting periods.

Note 3 - Acquisitions and other transactions

(a) Financing Package with G Mining Ventures on the Tocantinzinho Gold Project – Brazil

Subsequent to Q2 2022, on July 18, 2022, the Company's wholly-owned subsidiary, Franco-Nevada (Barbados) Corporation ("FNBC"), acquired a gold stream with reference to production from the Tocantinzinho project, owned by G Mining Ventures Corp. ("G Mining Ventures") and located in Pará State, Brazil (the "Stream"). FNBC will provide a deposit of $250.0 million. Additionally, the Company, through one of its wholly-owned subsidiaries, agreed to provide G Mining Ventures with a $75.0 million secured term loan (the "Term Loan").

Stream deliveries to FNBC are based on gold production from the Tocantinzinho property, according to the following schedule: (i) 12.5% of gold produced until 300,000 ounces of gold have been delivered and, thereafter, (ii) 7.5% of gold produced for the remaining mine life. G Mining Ventures will receive 20% of the spot gold price for each ounce of gold delivered. The $250 million deposit will become available after G Mining Ventures has spent at least $95 million on the Tocantinzinho project from January 1, 2022 and subject to certain other conditions.

The Term Loan is a $75 million, 6-year term loan with an availability period of 3.5-years, drawable quarterly at G Mining Ventures' option following full funding of the Stream. The Term Loan will bear interest at a rate of 3-Month Term Secured Overnight Financing Rate ("3-Month SOFR") +5.75% per annum, reducing to 3-Month SOFR +4.75% after completion tests have been achieved at the project. Amortization will begin in December 2025 with equal quarterly repayments followed by a final 25% repayment upon maturity in June 2028. Fees payable to Franco-Nevada's subsidiary include a standby fee on undrawn amounts of 1.0% per annum and a 2.0% original issue discount payable on principal amounts drawn. Franco-Nevada was granted warrants to purchase 11.5 million common shares of G Mining Ventures ("G Mining Common Shares") with a 5-year term and an exercise price of C$1.90 per G Mining Common Share.

Franco-Nevada also subscribed for 44,687,500 G Mining Common Shares for gross proceeds of $27.5 million at a share price of C$0.80 per G Mining Common Share.

(b) Acquisition of Caserones Royalty – Chile

On April 14, 2022, the Company agreed to acquire, through a wholly-owned subsidiary, an effective 0.4582% NSR on JX Nippon's producing Caserones copper-molybdenum mine located in the Atacama Region of northern Chile for an aggregate purchase price of approximately $37.4 million. To purchase its interest in the Caserones royalty, Franco-Nevada acquired shares in Socieded Legal Minera California Una de la Sierra Peña Negra ("SLM California"). SLM California is a privately held entity whose purpose is to pay Chilean taxes in respect of and distribute proceeds from the Caserones royalty to its shareholders. Franco-Nevada is entitled to royalty payments in respect of the period commencing January 1, 2022.

The Company also completed a private placement with EMX Royalty Corporation ("EMX"), acquiring 3,812,121 units of EMX at C$3.30 per unit for total cost of $10.0 million (C$12.6 million). Each unit consists of one common share of EMX and one warrant to purchase one common share of EMX over five years at an exercise price of C$4.45. EMX used the proceeds from the private placement to acquire an NSR on the Caserones mine on similar terms as Franco-Nevada.

Franco-Nevada's investments in SLM California and EMX are accounted for as equity investments and designated at fair value through other comprehensive income in accordance with IFRS 9 *Financial Instruments*.

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

(c) Acquisition of Additional Castle Mountain Royalty – California, U.S.

On May 2, 2022, the Company, through a wholly-owned subsidiary, acquired an existing 2% NSR on gold and silver produced from the Pacific Clay claims, which comprise a portion of the JSLA pit of Equinox Gold's Castle Mountain project in San Bernardino County, California, for $6.0 million. When combined with the Company's 2.65% NSR on the broader Castle Mountain land position, the Company now has an effective 4.65% NSR on the Pacific Clay claims.

(d) Acquisition of Royalties – Chile

Subsequent to Q2 2022, on July 25, 2022, the Company acquired, through a wholly-owned subsidiary, a portfolio of seven royalties, each with a 2% NSR on precious metals and 1% NSR on base metals, for $1.0 million.

(e) Acquisition of Mineral Rights with Continental Resources, Inc. – U.S.

The Company, through a wholly-owned subsidiary, has a strategic relationship with Continental Resources, Inc ("Continental") to acquire, through a jointly-owned entity (the "Royalty Acquisition Venture"), royalty rights within Continental's areas of operation.

Franco-Nevada recorded contributions to the Royalty Acquisition Venture of $3.6 million in H1 2022 (H1 2021 – $4.1 million). As at June 30, 2022, Franco-Nevada's total cumulative investment in the Royalty Acquisition Venture totaled $432.0 million and Franco-Nevada has remaining commitments of up to $88.0 million. Accounts payable at June 30, 2022 include $0.6 million (December 31, 2021 - $1.7 million) of contributions disbursed after period-end.

The Royalty Acquisition Venture is accounted for as a joint operation in accordance with IFRS 11 *Joint Arrangements*.

Note 4 - Cash and cash equivalents

Cash and cash equivalents comprised the following:

	At June 30, 2022	At December 31, 2021
Cash deposits	$ 541.2	$ 529.7
Term deposits	369.4	9.6
	$ 910.6	$ 539.3

As at June 30, 2022 and December 31, 2021, cash and cash equivalents were primarily held in interest-bearing deposits.

Note 5 - Investments and loan receivable

Investments and loan receivable comprised the following:

	At June 30, 2022	At December 31, 2021
Loan receivable	$ —	$ 39.7
	$ —	$ 39.7
Equity investments	$ 210.6	$ 235.1
Warrants	2.6	0.8
	$ 213.2	$ 235.9

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

(a) Equity investments

Equity investments comprised the following:

	At June 30, 2022	At December 31, 2021
Labrador Iron Ore Royalty Corporation ("LIORC")	$ 139.3	$ 187.4
SLM California	37.4	—
Other	33.9	47.7
	$ 210.6	$ 235.1

During the six months ended June 30, 2022, the Company disposed of equity investments with a cost of $1.1 million (H1 2021 - $4.6 million) for gross proceeds of $1.7 million (H1 2021 - $12.7 million).

The change in the fair value of equity investments recognized in other comprehensive income for the periods ended June 30, 2022 and 2021 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
(Loss) gain on changes in the fair value of equity investments at FVTOCI	$ (88.4)	$ 53.5	$ (65.8)	$ 74.9
Income tax recovery (expense) in other comprehensive income	11.6	(6.8)	8.7	(9.6)
(Loss) gain on changes in the fair value of equity investments at FVTOCI, net of income tax	$ (76.8)	$ 46.7	$ (57.1)	$ 65.3

(b) Loan receivable

The loan receivable was extended to Noront Resources Ltd. ("Noront") as part of the Company's acquisition of royalty rights in the Ring of Fire mining district of Ontario, Canada, in April 2015. On May 4, 2022, following the acquisition of Noront by Wyloo Metals Pty Ltd., the Company received $42.7 million as full repayment of the loan.

Note 6 - Prepaid expenses and other current assets

Prepaid expenses and other current assets comprised the following:

	At June 30, 2022	At December 31, 2021
Gold bullion	$ 30.4	$ 32.4
Prepaid expenses	16.2	18.8
Stream ounces inventory	0.4	0.5
Debt issue costs	0.9	0.9
	$ 47.9	$ 52.6

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 7 - Royalty, stream and working interests

(a) Royalties, streams and working interests

Royalty, stream and working interests, net of accumulated depletion and impairment charges and reversals, comprised the following:

As at June 30, 2022	Cost	Accumulated depletion[1]	Impairment (charges) reversals	Carrying value
Mining royalties	$ 1,580.5	$ (702.1)	$ —	$ 878.4
Streams	4,511.9	(1,979.4)	—	2,532.5
Energy	1,964.2	(740.2)	—	1,224.0
Advanced	363.5	(56.7)	—	306.8
Exploration	69.3	(12.8)	—	56.5
	$ 8,489.4	$ (3,491.2)	$ —	$ 4,998.2

1. Accumulated depletion includes previously recognized impairment charges and reversals.

As at December 31, 2021	Cost	Accumulated depletion[1]	Impairments (charges) reversals	Carrying value
Mining royalties	$ 1,590.2	$ (687.2)	$ —	$ 903.0
Streams	4,511.9	(1,888.9)	—	2,623.0
Energy	1,972.6	(789.8)	75.5	1,258.3
Advanced	365.9	(49.6)	(7.5)	308.8
Exploration	67.1	(10.9)	—	56.2
	$ 8,507.7	$ (3,426.4)	$ 68.0	$ 5,149.3

1. Accumulated depletion includes previously recognized impairment charges and reversals.

Changes in royalty, stream and working interests for the periods ended June 30, 2022 and December 31, 2021 were as follows:

	Mining royalties	Streams	Energy	Advanced	Exploration	Total
Balance at January 1, 2021	$ 406.9	$ 2,653.6	$ 1,214.6	$ 294.0	$ 63.0	$ 4,632.1
Additions	540.0	165.6	24.7	22.7	—	753.0
Transfers	6.3	—	—	—	(6.3)	—
Impairment (charges) and reversals	—	—	75.5	(7.5)	—	68.0
Depletion	(42.7)	(196.2)	(57.9)	(0.6)	—	(297.4)
Impact of foreign exchange	(7.5)	—	1.4	0.2	(0.5)	(6.4)
Balance at December 31, 2021	**$ 903.0**	**$ 2,623.0**	**$ 1,258.3**	**$ 308.8**	**$ 56.2**	**$ 5,149.3**
Additions	$ 6.3	$ —	$ 3.6	$ —	$ 1.1	$ 11.0
Depletion	(20.2)	(90.5)	(32.3)	(0.2)	—	(143.2)
Impact of foreign exchange	(10.7)	—	(5.6)	(1.8)	(0.8)	(18.9)
Balance at June 30, 2022	**$ 878.4**	**$ 2,532.5**	**$ 1,224.0**	**$ 306.8**	**$ 56.5**	**$ 4,998.2**

Of the total net book value as at June 30, 2022, $4,119.6 million (December 31, 2021 - $4,107.5 million) is depletable and $878.6 million (December 31, 2021 - $1,041.8 million) is non-depletable.

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 8 - Other assets

Other assets comprised the following:

	At June 30, 2022	At December 31, 2021
Deposits related to Canada Revenue Agency ("CRA") audits	$ 42.3	$ 15.6
Energy well equipment, net	5.5	5.4
Right-of-use assets, net	1.2	1.5
Debt issue costs	0.7	1.2
Furniture and fixtures, net	0.1	0.2
	$ 49.8	$ 23.9

Deposits related to CRA audits represent security paid in cash by the Company in connection with an audit by the CRA of its 2012-2017 taxation years, as referenced in Note 21.

Note 9 - Debt

Changes in obligations related to the Company's credit facilities were as follows:

		Corporate revolver
Size of facility	$	1,000.0
Balance at January 1, 2021	$	—
Drawdowns		150.0
Repayment		(150.0)
Balance at December 31, 2021	**$**	**—**
Drawdowns	$	—
Repayment		—
Balance at June 30, 2022	**$**	**—**

(a) Corporate Revolver

The Company has a $1.0 billion unsecured revolving term credit facility (the "Corporate Revolver"). The Corporate Revolver has a maturity date of July 9, 2025. Advances under the Corporate Revolver bear interest depending on the currency of the advance and the Company's leverage ratio, and the Corporate Revolver is subject to standby fees even if no amounts are outstanding.

The Company has two standby letters of credit in the amount of $17.9 million (C$23.1 million) against the Corporate Revolver in relation to the audit by the CRA of its 2013-2015 taxation years, as referenced in Note 21.

(b) FNBC Revolver

The Company's subsidiary, FNBC, had a $100.0 million unsecured revolving term credit facility (the "FNBC Revolver"). The FNBC Revolver had a maturity date of March 20, 2022. As the Company did not renew the FNBC Revolver, the facility expired and is no longer available to draw on.

For the three and six months ended June 30, 2022 and 2021

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 10 - Revenue

Revenue classified by commodity, geography and type comprised the following:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Commodity				
Gold[1]	$ 190.7	$ 194.9	$ 378.2	$ 384.9
Silver	35.8	45.0	76.9	92.7
Platinum group metals[1]	17.3	22.0	31.5	41.5
Iron ore[2]	14.6	36.9	33.9	41.9
Other mining assets[3]	2.4	1.0	3.5	2.6
Mining	$ 260.8	$ 299.8	$ 524.0	$ 563.6
Oil	$ 46.2	$ 25.3	$ 85.2	$ 51.2
Gas	37.9	17.9	67.4	32.3
Natural gas liquids	7.4	4.1	14.5	8.9
Energy	$ 91.5	$ 47.3	$ 167.1	$ 92.4
	$ 352.3	$ 347.1	$ 691.1	$ 656.0
Geography				
South America[3]	$ 89.2	$ 116.0	$ 191.4	$ 204.9
Central America & Mexico	84.5	89.9	163.7	158.1
United States	88.5	66.3	161.6	132.6
Canada[1][2]	60.7	46.3	112.4	102.0
Rest of World	29.4	28.6	62.0	58.4
	$ 352.3	$ 347.1	$ 691.1	$ 656.0
Type				
Revenue-based royalties	$ 130.9	$ 111.4	$ 252.2	$ 205.5
Streams[1]	181.3	199.5	365.5	376.4
Profit-based royalties	27.6	22.2	52.4	50.9
Other[2][3]	12.5	14.0	21.0	23.2
	$ 352.3	$ 347.1	$ 691.1	$ 656.0

1. For Q2 2022, revenue includes a loss of $0.3 million and loss of $0.2 million of provisional pricing adjustments for gold and platinum-group metals, respectively (Q2 2021 – losses of $0.1 million and $0.1 million, respectively). For H1 2022, includes a loss of $0.4 million and gain of $0.4 million of provisional pricing adjustments for gold and platinum group metals, respectively (H1 2021 – a loss of $0.3 million and a gain of $0.5 million, respectively)
2. For Q2 2022 and H1 2022, revenue includes dividend income of $4.5 million and $7.0 million, respectively, from the Company's equity investment in LIORC (Q2 2021 and H1 2021 – $8.9 million and $13.9 million, respectively).
3. For Q2 2022 and H1 2022, revenue includes dividend income of $1.2 million from the Company's equity investment in SLM California (Q2 2021 and H1 2021 – nil).

Note 11 - Costs of sales

Costs of sales, excluding depletion and depreciation, comprised the following:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Costs of stream sales	$ 41.3	$ 44.2	$ 81.3	$ 81.3
Mineral production taxes	0.4	0.5	0.9	1.1
Mining costs of sales	$ 41.7	$ 44.7	$ 82.2	$ 82.4
Energy costs of sales	3.8	2.6	6.9	5.5
	$ 45.5	$ 47.3	$ 89.1	$ 87.9

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 12 - Share-based compensation expense

Share-based compensation expenses comprised the following:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Stock options and restricted share units	$ 1.4	$ 1.6	$ 3.0	$ 3.0
Deferred share units	(1.4)	3.4	1.3	4.0
	$ —	$ 5.0	$ 4.3	$ 7.0

Share-based compensation expenses include the amortization expense of equity-settled stock options and restricted share units ("RSUs"), as well as the gain or loss on the mark-to-market of the value of the deferred share units granted to the directors of the Company.

Note 13 - 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.

Compensation for key management personnel of the Company was as follows:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Short-term benefits(1)	$ 0.9	$ 0.9	$ 1.9	$ 1.7
Share-based payments(2)	0.1	5.0	3.5	5.9
	$ 1.0	$ 5.9	$ 5.4	$ 7.6

1. Includes salary, benefits and short-term accrued incentives/other bonuses earned in the period.
2. Represents the expense of stock options and restricted share units and mark-to-market charges on deferred share units during the period.

Note 14 - Finance income and expenses

Finance income and expenses for the periods ended June 30, 2022 and 2021 were as follows:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Finance income				
Interest	$ 2.8	$ 1.7	$ 3.5	$ 2.4
	$ 2.8	$ 1.7	$ 3.5	$ 2.4
Finance expenses				
Standby charges	$ 0.5	$ 0.5	$ 1.1	$ 1.1
Amortization of debt issue costs	0.3	0.3	0.6	0.5
Interest	—	0.2	—	0.2
Accretion of lease liabilities	—	0.1	—	0.1
	$ 0.8	$ 1.1	$ 1.7	$ 1.9

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 15 - Income taxes

Income tax expense for the periods ended June 30, 2022 and 2021 was as follows:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Current income tax expense	$ 30.5	$ 15.2	$ 59.5	$ 37.3
Deferred income tax expense	6.2	14.2	13.2	11.9
Income tax expense	$ 36.7	$ 29.4	$ 72.7	$ 49.2

The Company is undergoing an audit by the CRA of its 2012-2017 taxation years, as referenced in Note 21.

Note 16 - Shareholders' equity

(a) Share capital

The Company's authorized capital stock includes an unlimited number of common shares (191,556,373 common shares issued and outstanding as at June 30, 2022) having no par value and preferred shares issuable in series (issued - nil).

Changes in share capital in for the periods ended June 30, 2022 and December 31, 2021 were as follows:

	Number of shares	Amount
Balance at January 1, 2021	190,956,476	$ 5,580.1
Exercise of stock options	5,614	0.5
Vesting of restricted share units	58,457	6.1
Dividend reinvestment plan	313,845	41.8
Balance at December 31, 2021	**191,334,392**	**$ 5,628.5**
Exercise of stock options	71,741	$ 6.7
Dividend reinvestment plan	150,240	21.8
Balance at June 30, 2022	**191,556,373**	**$ 5,657.0**

(b) Dividends

In Q2 2022 and H1 2022, the Company declared dividends of $0.32 and $0.64 per common share, respectively (Q2 2021 and H1 2021 - $0.30 and $0.56 per common share, respectively).

Dividends paid in cash and through the Company's Dividend Reinvestment Plan ("DRIP") were as follows:

	For the three months ended June 30, 2022	2021	For the six months ended June 30, 2022	2021
Cash dividends	$ 51.3	$ 45.2	$ 101.4	$ 87.0
DRIP dividends	9.7	11.4	21.8	19.5
	$ 61.0	$ 56.6	$ 123.2	$ 106.5

Note 17 - Earnings per share ("EPS")

	For the three months ended June 30,								
	2022					2021			
		Net income	Shares *(in millions)*		Per Share Amount		Net income	Shares *(in millions)*		Per Share Amount
Basic earnings per share	$	196.5	191.5	$	1.03	$	175.3	191.0	$	0.92
Effect of dilutive securities		—	0.4		(0.01)		—	0.4		—
Diluted earnings per share	$	196.5	191.9	$	1.02	$	175.3	191.4	$	0.92

	For the six months ended June 30,									
	2022					2021				
		Net income	Shares *(in millions)*		Per Share Amount		Net income	Shares *(in millions)*		Per Share Amount
Basic earnings per share	$	378.5	191.4	$	1.98	$	346.8	191.0	$	1.82
Effect of dilutive securities		—	0.4		(0.01)		—	0.3		(0.01)
Diluted earnings per share	$	378.5	191.8	$	1.97	$	346.8	191.3	$	1.81

For the three and six months ended June 30, 2022, there were 109,948 stock options (Q2 2021 – 61,594 stock options) excluded from the computation of diluted EPS due to being anti-dilutive. RSUs totaling 66,794 (Q2 2021 - 66,996 RSUs) were excluded from the computation of diluted EPS due to the performance criteria for the vesting of the RSUs not being measurable as at June 30, 2022.

Note 18 - Segment reporting

The chief operating decision-maker organizes and manages the business under two operating segments, consisting of royalty, stream and working interests in each of the mining and energy sectors.

The Company's reportable segments for purposes of assessing performance are presented as follows:

	For the three months ended June 30,										
	2022						2021				
		Mining		Energy		Total		Mining		Energy		Total
Revenue	$	260.8	$	91.5	$	352.3	$	299.8	$	47.3	$	347.1
Expenses												
Costs of sales	$	41.7	$	3.8	$	45.5	$	44.7	$	2.6	$	47.3
Depletion and depreciation		53.7		15.3		69.0		61.1		15.5		76.6
Segment gross profit	$	165.4	$	72.4	$	237.8	$	194.0	$	29.2	$	223.2

	For the six months ended June 30,										
	2022						2021					
		Mining		Energy		Total		Mining		Energy		Total
Revenue	$	524.0	$	167.1	$	691.1	$	563.6	$	92.4	$	656.0
Expenses												
Costs of sales	$	82.2	$	6.9	$	89.1	$	82.4	$	5.5	$	87.9
Depletion and depreciation		110.9		32.3		143.2		120.3		27.0		147.3
Segment gross profit	$	330.9	$	127.9	$	458.8	$	360.9	$	59.9	$	420.8

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

A reconciliation of total segment gross profit to consolidated net income before income taxes is presented below:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Total segment gross profit	**$ 237.8**	$ 223.2	**$ 458.8**	$ 420.8
Other operating (income)/expenses				
General and administrative expenses	**$ 5.8**	$ 5.4	**$ 11.4**	$ 9.6
Share-based compensation expense	**-**	5.0	**4.3**	7.0
Impairment and charges	**-**	7.5	**-**	7.5
Gain on sale of gold bullion	**(0.2)**	(0.6)	**(1.5)**	(1.2)
Depreciation	**0.6**	0.6	**1.0**	1.1
Foreign exchange loss (gain) and other expenses (income)	**0.4**	1.2	**(5.8)**	1.3
Income before finance items and income taxes	**$ 231.2**	$ 204.1	**$ 449.4**	$ 395.5
Finance items				
Finance income	**$ 2.8**	$ 1.7	**$ 3.5**	$ 2.4
Finance expenses	**(0.8)**	(1.1)	**(1.7)**	(1.9)
Net income before income taxes	**$ 233.2**	$ 204.7	**$ 451.2**	$ 396.0

Note 19 - 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 three and six months ended June 30, 2022.

For the three and six months ended June 30, 2022 and 2021

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Assets and Liabilities Measured at Fair Value on a Recurring Basis:

As at June 30, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Receivables from provisional concentrate sales	$ —	$ 7.4	$ —	$ 7.4
Equity investments	169.2	—	41.4	210.6
Warrants	—	2.6	—	2.6
	$ 169.2	$ 10.0	$ 41.4	$ 220.6

As at December 31, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
Receivables from provisional concentrate sales	$ —	$ 4.8	$ —	$ 4.8
Equity investments	231.0	—	4.1	235.1
Warrants	—	0.8	—	0.8
	$ 231.0	$ 5.6	$ 4.1	$ 240.7

The fair values of the Company's remaining financial assets and liabilities, which include cash and cash equivalents, receivables, loan receivables, accounts payable and accrued liabilities, and debt approximate their carrying values due to their short-term nature, historically negligible credit losses, fair value of collateral, or floating interest rate.

The Company has not offset financial assets with financial liabilities.

The valuation techniques that are used to measure fair value are as follows:

(a) Receivables

The fair values of receivables arising from gold and platinum group metal concentrate 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.

(b) Investments

The fair values of publicly-traded 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 Company holds two equity investment that do not have a quoted market price in an active market. The Company has assessed the fair value of the instruments based on a valuation technique using unobservable discounted future cash flows. As a result, the fair value is classified within Level 3 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.

(unaudited, expressed in millions of U.S. dollars, except per share amounts, unless otherwise noted)

Note 20 - Commitments

(a) Commodity purchase commitments

The following table summarizes the Company's commitments pursuant to the associated precious metals agreements as at June 30, 2022:

Interest	Attributable payable production to be purchased Gold	Silver	PGM	Per ounce cash payment (1),(2) 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 Fixed Payment Stream	— % (11)	— % (12)	0 %	$ 418 (13)	$ 6.27 (14)	n/a	40 years	19-Jan-18
Cobre Panama Floating Payment Stream	— % (15)	— % (16)	0 %	20 % (17)	20 % (18)	n/a	40 years	19-Jan-18
Condestable	— % (19)	— % (20)	0 %	20 % (21)	20 % (22)	n/a	40 years	8-Mar-21
Karma	4.875 % (23)	0 %	0 %	20 % (24)	n/a	n/a	40 years	11-Aug-14
Guadalupe-Palmarejo	50 %	0 %	0 %	$ 800	n/a	n/a	40 years	2-Oct-14
Sabodala	— % (25)	0 %	0 %	20 % (26)	n/a	n/a	40 years	25-Sep-20
MWS	25 %	0 %	0 %	$ 400	n/a	n/a	40 years (27)	2-Mar-12
Cooke 4	7 %	0 %	0 %	$ 400	n/a	n/a	40 years	5-Nov-09
Sudbury(28)	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-Palmarejo, 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.
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 until 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 until 29,731,000 ounces of silver delivered. Thereafter, 62.1% of the silver in concentrate.
13 After 1,341,000 ounces of gold delivered, purchase price is the greater of 50% of spot and $418.27 per ounce. As the mill throughput for 30 consecutive days commensurate with annual capacity of 58 million tonnes per annum was not reached by January 1, 2019, Franco-Nevada will receive a 5% annual rate of return until such mill throughput was achieved, through a reduction of the applicable fixed gold price of $100 per ounce or a delivery of additional ounces for no consideration.
14 After 21,510,000 ounces of silver delivered, purchase price is the greater of 50% of spot and $6.27 per ounce.
15 Gold deliveries are indexed to copper in concentrate produced from the project. 30 ounces of gold per every 1 million pounds of copper produced until 202,000 ounces of gold delivered. Thereafter 20.25 ounces of gold per 1 million pounds of copper produced until 429,047 ounces of gold delivered. Thereafter, 15.85% of the gold in concentrate.
16 Silver deliveries are indexed to copper in concentrate produced from the project. 344 ounces of silver per every 1 million pounds of copper produced until 2,460,500 ounces of silver delivered. Thereafter, 444 ounces of silver per 1 million pounds of copper produced until 7,432,750 ounces of silver delivered. Thereafter 15.53% of the silver in concentrate.
17 After 604,000 ounces of gold delivered, purchase price is 50% of the spot price of gold. As the mill throughput for 30 consecutive days commensurate with annual capacity of 58 million tonnes per annum was not reached by January 1, 2019, Franco-Nevada will receive a 5% annual rate of return until such mill throughput was achieved, through a reduction of the applicable fixed gold price of $100 per ounce or a delivery of additional ounces for no consideration.
18 After 9,618,000 ounces of silver delivered, purchase price is 50% of the spot price of silver.
19 Gold deliveries are fixed at 8,760 ounces per annum from January 1, 2021 to December 31, 2025. Thereafter, 63% of the gold in concentrate until a cumulative total of 87,600 ounces of gold delivered. Thereafter, 25% of the gold in concentrate.
20 Silver deliveries are fixed at 291,000 ounces per annum from January 1, 2021 to December 31, 2025. Thereafter, 63% of the silver in concentrate until a cumulative total of 2,910,000 ounces of silver delivered. Thereafter, 25% of the silver in concentrate.
21 Purchase price is 20% of the spot price of gold at the time of delivery.
22 Purchase price is 20% of the spot price of silver at the time of delivery.
23 Gold deliveries were fixed until February 28, 2021. Percentage is now 4.875% of gold production.
24 Purchase price is 20% of the average gold price at the time of delivery.
25 Based on amended agreement with an effective date of September 1, 2020, gold deliveries are fixed at 783.33 ounces per month until 105,750 ounces of gold is delivered. Thereafter, percentage is 6% of gold production (subject to reconciliation after fixed delivery period to determine if Franco-Nevada would have received more or less than 105,750 ounces of gold under the original 6% variable stream for such period, entitling the operator to a credit for an over-delivery applied against future stream deliveries or a one-time additional delivery to Franco-Nevada for an under-delivery).

26 Purchase price is 20% of prevailing market price at the time of delivery.
27 Agreement is capped at 312,500 ounces of gold.
28 The Company is committed to purchase 50% of the precious metals contained in ore from the properties. Payment is based on gold equivalent ounces. For McCreedy West, effective June 1, 2021, purchase price per gold equivalent ounce is determined based on the monthly average gold spot price: (i) when the gold spot price is less than $800 per ounce, the purchase price is the prevailing monthly average gold spot price; (ii) when the gold spot price is greater than $800 per ounce but less than $1,333 per ounce, the purchase price is $800 per ounce; (iii) when the gold spot price is greater than $1,333 per ounce but less than $2,000 per ounce, the purchase price is 60% of the prevailing monthly average gold spot price; and (iv) when the gold spot price is greater than $2,000, the purchase price is $1,200 per ounce.

(b) Capital commitments

The Company is committed to funding its share of the acquisition of mineral rights acquired through the Royalty Acquisition Venture with Continental as described in Note 3 (e).

The Company also has commitments of $12.5 million for contingent payments in relation to its Rosemont/Copper World 0.585% NSR acquired in November 2021, and $8.0 million for contingent payments in relation to its Rio Baker (Salares Norte) royalty.

Subsequent to Q2 2022, as of July 18, 2022, the Company is committed to funding its acquisition of the Stream and its obligations under the Term Loan in relation to the Tocantinzinho project as described in Note 3 (a).

Note 21 - Contingencies

Canada Revenue Agency Audit

The CRA is conducting an audit of Franco-Nevada for the 2012-2017 taxation years.

During the quarter, the Company received a Notice of Reassessment for the 2017 taxation year in relation to the Canadian Domestic Tax matters, as further detailed below in Note 21 (a). The Company has filed a formal Notice of Objection against the reassessment and has posted security in the form of cash for 50% of the reassessed amounts.

Management believes that the Company and its subsidiaries have filed all tax returns and paid all applicable taxes in compliance with Canadian and applicable foreign tax laws and, as a result, no liabilities have been recorded in the financial statements of the Company for the Reassessments (as defined below), or for any potential tax exposure that may arise in respect of these matters. The Company does not believe that the Reassessments are supported by Canadian tax law and jurisprudence and intends to vigorously defend its tax filing positions.

The following table provides a summary of the various CRA audit and reassessment matters further detailed below:

	CRA Position	Taxation Years Reassessed	Potential Exposure for Tax, Interest and Penalties *(in millions)*
Canadian Domestic Tax Matters	Upfront payment made in connection with precious metal stream agreements should be deducted for income tax purposes in a similar manner to how such amount is expensed for financial statement purposes.	2014, 2015, 2016, 2017	For 2014-2017: Tax: $15.5 (C$19.9) Interest and other penalties: $4.4 (C$5.6) If CRA were to reassess the 2018-2021 taxation years on the same basis: Tax: $34.3 (C$44.2) Interest and other penalties: $3.4 (C$4.3)
Transfer Pricing (Mexico)	Transfer pricing provisions in the Act (as defined below) apply such that a majority of the income earned by the Company's Mexican subsidiary should be included in the income of the Company and subject to tax in Canada.	2013, 2014, 2015, 2016	For 2013-2016: Tax: $23.3 (C$29.9) Transfer pricing penalties: $8.0 (C$10.3) for 2013-2015; $1.3 (C$1.7) for 2016 under review Interest and other penalties: $11.0 (C$14.2) The amounts set forth above do not include any potential relief under the Canada-Mexico tax treaty. The Company's Mexican subsidiary ceased operations after 2016 and no reassessments for this issue are expected for subsequent years.
Transfer Pricing (Barbados)	Transfer pricing provisions in the Act (as defined below) apply such that a majority of the income relating to certain precious metal streams earned by the Company's Barbadian subsidiary should be included in the income of the Company and subject to tax in Canada.	2014, 2015, 2016, 2017	For 2014-2017: Tax: $36.1 (C$46.5) Transfer pricing penalties: $1.9 (C$2.5) for 2014-2015; $11.7 (C$15.1) for 2016-2017 under review Interest and other penalties: $11.7 (C$15.0) If CRA were to reassess the 2018-2021 taxation years on the same basis: Tax: $166.6 (C$214.7) Transfer pricing penalties: $62.9 (C$81.0) Interest and other penalties: $16.4 (C$21.1)
FAPI (Barbados)	The FAPI provisions in the Act (as defined below) apply such that a majority of the income relating to precious metal streams earned by the Company's Barbadian subsidiary, in 2012 and 2013, should be included in the income of the Company and subject to tax in Canada.	2012, 2013	For 2012-2013: Tax: $5.9 (C$7.7) Interest and other penalties: $3.1 (C$4.0) Based on CRA's proposal letter, no reassessments for this issue for years after 2013 are expected.

(a) *Canadian Domestic Tax Matters (2014-2017)*

In October 2019, certain wholly-owned Canadian subsidiaries of the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "2014 and 2015 Domestic Reassessments") in which the CRA increased income by adjusting the timing of the deduction of the upfront payments which were made in connection with precious metal stream agreements. The CRA's position is that the upfront payment should be deducted for income tax purposes in a similar manner to how such upfront payment is expensed for financial statement purposes. Consequently, the CRA's position results in a slower deduction of the upfront payment and an acceleration of the payment of Canadian taxes. This results in the Company being subject to an incremental payment of Federal and provincial income taxes for these years of $1.1 million (C$1.4 million) (after applying available non-capital losses and other deductions) plus estimated interest (calculated to June 30, 2022) and other penalties of $0.2 million (C$0.2 million). The Company has filed formal Notices of Objection with the CRA against the 2014 and 2015 Domestic Reassessments, posted security in cash for 50% of the reassessed amounts, as referenced in Note 8, and has commenced an appeal in the Tax Court of Canada with respect to these reassessments.

On September 14, 2021, the Company received a Notice of Reassessment for the 2016 taxation year (the "2016 Domestic Reassessment") on the same basis as the 2014 and 2015 Domestic Reassessments, resulting in an incremental payment of Federal and provincial income taxes of $7.8 million (C$10.0 million) (after applying available non-capital losses and other deductions) plus interest (calculated to June 30, 2022) and applicable penalties of $2.3 million (C$2.9 million). The Company has filed a formal Notice of Objection with the CRA against the 2016 Domestic Reassessment and has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8.

On April 1, 2022, the Company received a Notice of Reassessment for the 2017 taxation year (the "2017 Domestic Reassessment" and, collectively with the 2016 Domestic Reassessment and the 2014 and 2015 Domestic Reassessments, the "Domestic Reassessments") on the same basis as the 2014 and 2015 Domestic Reassessments, resulting in an incremental payment of Federal and provincial income taxes of $6.6 million (C$8.5 million) (after applying available non-capital losses and other deductions) plus interest (calculated to June 30, 2022) and applicable penalties of $1.9 million (C$2.5 million). The Company has filed a formal Notice of Objection with the CRA against the 2017 Domestic Reassessment and has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8.

If the CRA were to reassess the particular Canadian subsidiaries for taxation years 2018 through 2021 on the same basis, the Company estimates that it would be subject to an incremental payment of Canadian tax (after applying available non-capital losses and other deductions) of approximately $34.3 million (C$44.2 million) plus interest (calculated to June 30, 2022) and other penalties of approximately $3.4 million (C$4.3 million).

(b) Mexico (2013-2016)

In December 2018 and December 2019, the Company received Notices of Reassessment from the CRA for the 2013 taxation year (the "2013 Reassessment") and for the 2014 and 2015 taxation years (the "2014 and 2015 Reassessments", collectively with the 2013 Reassessment, the "2013-2015 Reassessments") in relation to its Mexican subsidiary. The reassessments were made on the basis of the transfer pricing provisions in the *Income Tax Act* (Canada) (the "Act") and asserts that a majority of the income earned by the Mexican subsidiary should have been included in the income of the Company and subject to tax in Canada. The 2013-2015 Reassessments result in additional Federal and provincial income taxes of $19.7 million (C$25.3 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $9.8 million (C$12.7 million) but before any relief under the Canada-Mexico tax treaty. The Company has filed formal Notices of Objection with the CRA against the 2013-2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts, as referenced in Note 9 (a).

In December 2020, the CRA issued revised 2013-2015 Reassessments to include transfer pricing penalties of $8.0 million (C$10.3 million). The Company has filed formal Notices of Objection with the CRA against these revised reassessments and has posted security in the form of cash for 50% of the reassessed amounts of penalties, as referenced in Note 8. The Company has commenced an appeal in the Tax Court of Canada with respect to the 2013-2015 Reassessments.

On December 21, 2021, the Company received a Notice of Reassessment for the 2016 taxation year (the "2016 Reassessment") on the same basis as the 2013-2015 Reassessments, resulting in additional Federal and provincial income taxes of $3.6 million (C$4.6 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $1.2 million (C$1.5 million) but before any relief under the Canada-Mexico tax treaty. The Company's Mexican subsidiary ceased operations after 2016 and no reassessments are expected for subsequent years.

The 2016 Reassessment did not include transfer pricing penalties which are currently under review. If the CRA were to apply transfer pricing penalties, the Company estimates that the amount would be approximately $1.3 million (C$1.7 million). The Company has filed a formal Notice of Objection with the CRA against the 2016 Reassessment and has posted security in the form of cash for 50% of the reassessed amounts, as referenced in Note 8.

For taxation years 2013 through 2016, the Company's Mexican subsidiary paid a total of $34.1 million (490.3 million Pesos) in cash taxes, at a 30% tax rate, to the Mexican tax authorities on income earned in Mexico. If required, the Company intends to seek relief from double taxation under the Canada-Mexico tax treaty.

(c) Barbados (2014-2017)

The 2014 and 2015 Reassessments also reassess the Company in relation to its Barbadian subsidiary. The reassessments were made on the basis of the transfer pricing provisions in the Act and assert that a majority of the income relating to certain precious metal streams earned by the Barbadian subsidiary should have been included in the income of the Company and subject to tax in Canada, resulting in additional Federal and provincial income taxes of $5.2 million (C$6.7 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $2.4 million (C$3.1 million). As noted previously, the Company has filed formal Notices of Objection with the CRA against the 2014 and 2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts, as referenced in Note 9 (a).

As noted above, in December 2020, the CRA issued revised 2014 and 2015 Reassessments to include transfer pricing penalties of $1.9 million (C$2.5 million). The Company has filed formal Notices of Objection with the CRA against these revised reassessments and has posted security in the form of cash for 50% of the reassessed amounts of penalties, as referenced in Note 8. The Company has commenced an appeal in the Tax Court of Canada with respect to the 2014-2015 Reassessments.

On December 21, 2021, the Company received the 2016 Reassessment as well as a Notice of Reassessment for the 2017 taxation year (the “2017 Reassessment”, collectively with the 2016 Reassessment, the “2016 and 2017 Reassessments”) that reassess the Company in relation to its Barbadian subsidiary on the same basis as the 2014 and 2015 Reassessments, resulting in additional Federal and provincial income taxes of $30.9 million (C$39.8 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $9.3 million (C$11.9 million). The 2016 and 2017 Reassessments did not include transfer pricing penalties which are currently under review. If the CRA were to apply transfer pricing penalties, the Company estimates that the amounts would be approximately $11.7 million (C$15.1 million). The Company has filed formal Notices of Objection with the CRA against the 2016 and 2017 Reassessments and has posted security in the form of cash for 50% of the reassessed amounts, as referenced in Note 8.

If the CRA were to reassess the Company for taxation years 2018 through 2021 on the same basis and continue to apply transfer pricing penalties, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $166.6 million (C$214.7 million), transfer pricing penalties of approximately $62.9 million (C$81.0 million) plus interest (calculated to June 30, 2022) and other penalties of approximately $16.4 million (C$21.1 million).

(d) Barbados (2012-2013)

In August 2020, the Company received Notices of Reassessment for the 2012 and 2013 taxation years (the “FAPI Reassessments” and, collectively with the Domestic Reassessments, the 2013 Reassessment, the 2014 and 2015 Reassessments, and the 2016 and 2017 Reassessments, the “Reassessments”) in relation to its Barbadian subsidiary. The FAPI Reassessments assert that a majority of the income relating to precious metal streams earned by the Barbadian subsidiary, in those years, should have been included in the income of its Canadian parent company and subject to tax in Canada as Foreign Accrual Property Income (“FAPI”). The CRA has noted that its position may not extend beyond the 2013 taxation year. The FAPI Reassessments result in additional Federal and provincial income taxes of $5.9 million (C$7.7 million) plus estimated interest (calculated to June 30, 2022) and other penalties of $3.1 million (C$4.0 million). The Company has filed formal Notices of Objection with the CRA against the FAPI Reassessments, has posted security in cash for 50% of the reassessed amounts, as referenced in Note 8, and has commenced an appeal in the Tax Court of Canada with respect to these reassessments.

The CRA audit is ongoing and there can be no assurance that the CRA will not further challenge the manner in which the Company or any of its subsidiaries has filed its tax returns and reported its income. In the event that the CRA successfully challenges the manner in which the Company or a subsidiary has filed its tax returns and reported its income, this could potentially result in additional income taxes, penalties and interest, which could have a material adverse effect on the Company.

WORLD GOLD COUNCIL MEMBER

FNV TSX/NYSE

www.FRANCO-NEVADA.com