2020

First Quarter Report

For the three months ended
March 31, 2020

Franco Nevada
The GOLD Investment that WORKS



Press Release

Franco Nevada
The GOLD Investment that WORKS



NEWS RELEASE
Toronto, May 6, 2020
(in U.S. dollars unless otherwise noted)

Franco-Nevada Reports Strong Q1 Results

Dividend Increased for 13th Consecutive Year
David Harquail appointed Chair
Paul Brink appointed CEO

"Franco-Nevada's diversified portfolio performed very well in the first quarter adding strong free cash flow to our debt-free balance sheet," stated David Harquail, CEO. "Going forward, we are seeing COVID-19 related production curtailments to a portion of our mining portfolio which will temporarily defer some of our mining revenues. In our energy portfolio, we have seen a sharp drop in commodity prices and drilling activity and an impairment has been taken to reflect our reduced expectations for those assets. Energy is expected to be less than 10% of our revenues this year and weakness in this sector is expected to be more than offset by strength in our gold equivalent assets. It is a testament to our ongoing confidence in both the portfolio and business model that today the Board has increased the dividend for the 13th consecutive year adding to the over $1.2 billion of dividends already paid."

At today's AGM, Pierre Lassonde gave his last address as Chair before taking on the title of Chair Emeritus. The Board thanked Mr. Lassonde for his great leadership to both the industry and for his contribution in creating tremendous value for Franco-Nevada shareholders over the past 12.5 years.

"After 35 years with Franco-Nevada, in one incarnation or another, I would like to thank all of the analysts, brokers, portfolio managers and shareholders who have believed in us and helped us build this great company," stated Pierre Lassonde, Chair. "At a time when financial markets are racked by uncertainty, volatility and violent losses in the face of COVID-19, there is nothing that gives me greater pleasure than to see our share price reach new highs and give our thousands of shareholders that extra support and comfort they deserve by having invested in Franco-Nevada. That, more than anything else, is reward enough for me. Thank you."

Following the meeting, David Harquail was appointed Chair and Paul Brink as President and CEO. Mr. Brink has also joined the Board as a director along with Maureen Jensen who is the former Chair and CEO of the Ontario Securities Commission and a geoscientist.

Q1/2020 Financial Highlights

- 134,941 Gold Equivalent Ounces[1] ("GEOs") sold
- $240.5 million in revenue
- $98.8 million of Net Loss, or $0.52 per share, reflecting after-tax impairment charges of $207.4 million ($271.7 million pre-tax) related to the Company's interests in the SCOOP/STACK and Weyburn
- $109.2 million of Adjusted Net Income[2], or $0.58 per share
- $41.5 million in Cash Costs[3], or $308 per GEO sold
- $192.7 million of Adjusted EBITDA[4], or $1.02 per share

Revenue and GEO Sales by Asset Categories

	Q1/2020		Q1/2019	
	GEO Sales #	**Revenue *(in millions)***	GEO Sales #	Revenue *(in millions)*
Gold	**105,751**	**$ 167.0**	87,578	$ 114.0
Silver	**13,882**	**22.1**	15,298	20.0
PGMs	**13,879**	**22.6**	14,629	19.1
Other Mining Assets	**1,429**	**2.3**	4,544	5.9
Mining	**134,941**	**$ 214.0**	122,049	$ 159.0
Energy	**–**	**26.5**	—	20.8
	134,941	**$ 240.5**	122,049	$ 179.8

For Q1/2020, revenue was sourced 89.0% from gold and gold equivalents (69.4% gold, 9.2% silver, 9.4% PGM and 1.0% other mining assets) and 11.0% from energy (oil, gas and NGLs). The portfolio's objective is to maintain a focus on precious metals (gold, silver and PGM) with a target of no more than 20% in revenue from energy. Geographically, revenue was sourced 86.9% from the Americas (48.9% Latin America, 18.7% U.S. and 19.3% Canada).

Corporate Updates

- **Island Gold Royalty Interest:** On March 20, 2020, Franco-Nevada acquired an existing 0.62% NSR on Alamos Gold Inc.'s Island Gold project in Finan Township in the Province of Ontario for C$19.0 million ($13.4 million).
- **New Independent Director:** At today's annual meeting, Maureen Jensen was elected to Franco-Nevada's Board of Directors. Ms. Jensen has had a distinguished career in senior regulatory and business positions, most recently as Chair and Chief Executive Officer of the Ontario Securities Commission from 2016 to 2020. Ms. Jensen is also a Registered Professional Geoscientist and brings extensive experience and knowledge both in regulatory and governance matters and in geology and mining matters. Franco-Nevada's Board now has three women directors representing one-third of independent directors.
- **At-the-Market Equity Program ("ATM Program"):** In Q1/2020, the Company issued 435,000 shares under its ATM Program for net proceeds of $45.5 million. The ATM Program was established under the Company's 2018 base shelf prospectus which was due to expire in July 2020. On April 28, 2020, the Company renewed its base shelf prospectus. As a result, the old base shelf prospectus and associated ATM Program was terminated. The Company intends to establish a $300 million at-the-market program under the new base shelf prospectus subject to regulatory and stock exchange approval.
- **Credit Facilities:** On February 14, 2020, the Company made full repayment of the $80.0 million it had outstanding under its non-revolving credit facility. On March 10, 2020, the Company amended the Franco-Nevada (Barbados) Corporation revolving credit facility to extend its term by an additional year to March 20, 2021.

COVID-19 Updates

Franco-Nevada supports measures to address the COVID-19 pandemic. All of our employees continue to work remotely and there are no known cases in the Company. The Company is closely monitoring the impact of the COVID-19 pandemic on its portfolio of assets.

- **Gold and Gold Equivalent Mining Assets:** Franco-Nevada has a diversified portfolio that includes 56 producing assets consisting of four larger cash-flowing assets, Antamina, Antapaccay, Candelaria and Cobre Panama and 52 smaller cash-flowing assets. Operations at Cobre Panama and Antamina have been temporarily suspended. Antapaccay and Candelaria continue to operate at normal levels. 11 of the 52 cash-flowing assets have announced temporarily reduced or curtailed production, 5 of which have since resumed activities.
- **Energy Assets:** The Company has also undertaken a review of the carrying value of its Energy assets. As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company recorded after-tax impairments of $207.4 million ($271.7 million pre-tax) related to its interests in the SCOOP/STACK and Weyburn.
- **2020 Guidance:** As previously announced, the Company has withdrawn its GEO sales guidance and energy revenue guidance for 2020 and will provide new guidance once operations in the mining industry and energy markets stabilize.

Q1/2020 Portfolio Updates

Gold Equivalent Ounces Sold: GEOs sold for the quarter were 134,941, an increase of 10.6% from the 122,049 sold in Q1/2019. Cobre Panama, Guadalupe-Palmarejo and Hemlo contributed to the quarter-over-quarter increase, partly offset by lower contributions from Candelaria, Antapaccay and Sabodala.

Latin America:

- **Cobre Panama** *(gold and silver stream)* - Franco-Nevada sold 25,307 GEOs from the mine in Q1/2020. Production in the quarter was impacted by downtime in the crusher circuit. Due to COVID-19, First Quantum placed the Cobre Panama operation on care and maintenance on April 7, 2020. First Quantum now expects Cobre Panama to produce between 210,000 - 235,000 tonnes of copper, compared to 285,000 - 310,000 tonnes previously, assuming a restart of operations by the end of May 2020.
- **Candelaria** *(gold and silver stream)* - Although copper production at the Candelaria mine was higher quarter-over-quarter due to higher copper head grades as more ore was sourced directly from the open-pit and underground mines as opposed to stockpiles, GEOs sold decreased due to the timing of deliveries to Franco-Nevada in Q1/2020.
- **Antapaccay** *(gold and silver stream)* - GEOs sold from Antapaccay were slightly lower quarter-over-quarter due to anticipated lower grades based on the life of mine plan.
- **Antamina** *(22.5% silver stream)* - GEOs sold from Antamina were lower quarter-over-quarter, reflecting lower copper grades, in-line with the life of mine plan. Due to a higher gold-to-silver ratio, the conversion of silver ounces to GEOs was also negatively impacted. On April 13, 2020, Teck Resources announced that the operation was being temporarily suspended due to COVID-19. Timing on the resumption of operations is uncertain at this time.
- **Guadalupe-Palmarejo** (*50% gold stream)* - Sales from Guadalupe-Palmarejo increased quarter-over-quarter, due to higher grades and sales from inventory carried over from Q4/2019. As a result of COVID-19, operations at the mine have been suspended since April 7, 2020.
- **Cerro Moro** *(2% royalty)* - Due to COVID-19, operations at Cerro Moro were temporarily suspended from March 20, 2020 to April 3, 2020.

U.S.:

- **Stillwater** *(5% royalty)* - Stillwater benefited from strong palladium prices and the continued ramp-up of the Blitz project in Q1/2020. On March 23, 2020, Sibanye-Stillwater announced the deferral of non-essential growth capital expenditure at the mine in response to COVID-19, which may impact the development schedule of the Blitz project.
- **South Arturo** *(4-9% royalty)* - South Arturo had a strong quarter of production due to the El Nino underground mine achieving commercial production in October 2019 and processing of ore stockpiles. Additional development of the Phase 1 and Phase 3 open-pit projects and the potential for an on-site heap leach operation are being evaluated.
- **Castle Mountain** *(2.65% royalty)* - Phase 1 production is targeted by Equinox for Q3/2020, which anticipates production of 45,000 ounces per year for 3 years. Phase 1 construction was 50% complete at the end of 2019. Feasibility and permitting for Phase 2 is underway, which anticipates production increasing to approximately 200,000 ounces per year.

Canada:

- **Detour Lake** *(2% royalty)* - Kirkland Lake Gold, which acquired Detour Gold Corporation in January 2020, plans to optimize the Detour Lake mine plan, improve productivity, manage costs and expand production. Due to COVID-19, on March 23, 2020, Kirkland Lake Gold transitioned the mine to reduced operations and suspended exploration drilling. Kirkland Lake has now commenced a gradual recall of its workers at Detour Lake.
- **Kirkland Lake** *(1.5-5.5% royalty & 20% NPI)* - Kirkland Lake Gold reported that construction of the #4 Shaft is continuing at a reduced level, but remains on schedule and budget. Although exploration drilling has been suspended in response to COVID-19, Kirkland Lake still expects to carry out extensive exploration drilling in 2020. Kirkland Lake has now commenced a gradual recall of its workers at Macassa.
- **Hemlo** *(3% royalty & 50% NPI)* - Royalties from Hemlo increased quarter-over-quarter as the operation was modernized and refocused in 2019.
- **Golden Highway** (Holt, Holloway and Taylor mines) - Kirkland Lake announced the temporary suspension of operations at the Holt Complex on April 2, 2020.
- **Valentine Lake** *(2% royalty)* - Marathon Gold announced a positive pre-feasibility study, which supports a 12-year open-pit operation with average gold production of 175,000 ounces per year in the first 9 years, reducing to 54,000 ounces per year in the last 3 years.
- **Canadian Malartic** *(1.5% royalty)* - Due to COVID-19, operations at Canadian Malartic were temporarily suspended from March 24, 2020 to April 15, 2020.

Rest of World:

- **MWS** *(gold stream)* - Due to COVID-19, operations at MWS were suspended on March 26, 2020. On April 15, 2020, AngloGold Ashanti announced it had been granted permission for a limited restart, with a third of its usual workforce.

- **Tasiast** *(2% royalty)* - The Tasiast 24k project currently remains on schedule and on budget and is expected to double capacity by mid-2023. However, timing may be challenged by COVID-19 related restrictions. Unionized employees at the Tasiast mine also initiated a strike action on May 5, 2020.

Energy: Revenue from the energy assets increased to $26.5 million in Q1/2020 compared to $20.8 million in Q1/2019, reflecting contributions from new investments in the Marcellus and in the SCOOP/STACK by the Royalty Acquisition Venture with Continental but offset by lower commodity prices compared to Q1/2019.

U.S.:

- **Marcellus** *(1% royalty)* - The recently acquired royalty contributed $5.8 million to revenue in Q1/2020 and the asset will benefit from its first full year of revenue in 2020.
- **SCOOP/STACK** *(various royalty rates)* - Royalties from SCOOP/STACK increased quarter-over-quarter due to additional contributions from the Royalty Acquisition Venture with Continental. In Q1/2020, Franco-Nevada recorded contributions of $16.8 million to the Royalty Acquisition Venture and its remaining commitment is $127.0 million to be funded in future periods. For 2020, in order to account for recent weakness in the commodity price environment, Franco-Nevada and Continental have collectively agreed to reduce their capital funding commitments to the Royalty Acquisition Venture by approximately half, with Franco-Nevada's share being approximately $35 million for the remainder of 2020. The reduced funding level will target lower prices for acquiring acreage, which will allow the Royalty Acquisition Venture to bolster the land base and provide a stronger platform for a potential future rebound in commodity prices and a resumption of development activity by Continental.
- **Permian Basin** *(various royalty rates)* - Revenue from Franco-Nevada's interests in the Permian Basin increased quarter-over-quarter due to an increase in drilling activity on royalty lands, partly offset by lower realized prices.

Canada:

- **Weyburn** *(NRI, ORR, WI)* - Revenue from Weyburn decreased quarter-over-quarter due to lower realized prices and higher capital and operating costs in the quarter.
- **Orion** *(4% GORR)* - Revenue from Orion decreased quarter-over-quarter due to lower realized prices.

Dividend Declaration

Franco-Nevada is pleased to announce that its Board of Directors has declared a quarterly dividend of $0.26 per share. The dividend is a 4.0% increase from the previous $0.25 per share quarterly dividend and marks the 13th consecutive annual dividend increase for Franco-Nevada shareholders. Canadian investors in Franco-Nevada's IPO in December 2007 are now receiving an effective 9.6% yield on their cost base. The dividend will be paid on June 25, 2020 to shareholders of record on June 11, 2020 (the "Record Date"). The Canadian dollar equivalent is to be determined based on the daily average rate posted by the Bank of Canada on the Record Date. Under Canadian tax legislation, Canadian resident individuals who receive "eligible dividends" are entitled to an enhanced gross-up and dividend tax credit on such dividends.

The Company has a Dividend Reinvestment Plan (the "DRIP"). Participation in the DRIP is optional. The Company will issue additional common shares through treasury at a 3% discount to the Average Market Price, as defined in the DRIP. However, the Company may, from time to time, in its discretion, change or eliminate the discount applicable to treasury acquisitions or direct that such common shares be purchased in market acquisitions at the prevailing market price, any of which would be publicly announced. The DRIP and enrollment forms are available on the Company's website at www.franco-nevada.com. Canadian and U.S. registered shareholders may also enroll in the DRIP online through the plan agent's self-service web portal at www.investorcentre.com/franco-nevada. Canadian and U.S. beneficial shareholders should contact their financial intermediary to arrange enrollment. Non-Canadian and non-U.S. shareholders may potentially participate in the DRIP, subject to the satisfaction of certain conditions. Non-Canadian and non-U.S. shareholders should contact the Company to determine whether they satisfy the necessary conditions to participate in the DRIP.

This press release is not an offer to sell or a solicitation of an offer of securities. A registration statement relating to the DRIP has been filed with the U.S. Securities and Exchange Commission and may be obtained under the Company's profile on the U.S. Securities and Exchange Commission's website at www.sec.gov.

Shareholder Information

The complete Consolidated Interim Financial Statements and Management's Discussion and Analysis can be found today on Franco Nevada's website at www.franco-nevada.com, on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Management will host a conference call tomorrow, Thursday, May 7, 2020 at 10:00 a.m. Eastern Time to review Franco Nevada's Q1/2020 results.

Interested investors are invited to participate as follows:

- *Via Conference Call: Toll-Free: (888) 390-0546; International: (416) 764-8688*
- *Conference Call Replay until May 14, 2020: Toll-Free (888) 390-0541; International (416) 764-8677; Code 621893 #*
- *Webcast: A live audio webcast will be accessible at www.franco-nevada.com*

Corporate Summary

Franco-Nevada Corporation is the leading gold-focused royalty and streaming company with the largest and most diversified portfolio of cash-flow producing assets. Its business model provides investors with gold price and exploration optionality while limiting exposure to many of the risks of operating companies. Franco-Nevada is debt free and uses its free cash flow to expand its portfolio and pay dividends. It trades under the symbol FNV on both the Toronto and New York stock exchanges. Franco-Nevada is the gold investment that works.

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

Sandip Rana
Chief Financial Officer

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NON-IFRS MEASURES: Cash Costs, Adjusted EBITDA, and Adjusted Net Income are intended to provide additional information only and do not have any standardized meaning prescribed under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. For a reconciliation of these measures to various IFRS measures, please see below or the Company's current MD&A disclosure found on the Company's website, on SEDAR and on EDGAR. Comparative information has been recalculated to conform to current presentation.

1 **GEOs** include production from our Mining assets and do not include Energy assets. GEOs are estimated on a gross basis for NSR royalties and, in the case of stream ounces, before the payment of the per ounce contractual price paid by the Company. For NPI royalties, GEOs are calculated taking into account the NPI economics. Silver, platinum, palladium and other mining 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 mining commodity was produced or sold. For Q1/2020, the average commodity prices were as follows: $1,583 gold (Q1/2019 - $1,304), $16.90 silver (Q1/2019 - $15.57), $903 platinum (Q1/2019 - $823) and $2,284 palladium (Q1/2019 - $1,435).

2 **Adjusted Net Income and Adjusted Net Income per share** are non-IFRS financial measures, which exclude the following from net income and earnings per share ("EPS"): impairment charges related to royalty, stream and working interests and investments; gains/losses on the sale of royalty, stream and working interests and investments; foreign exchange gains/losses and other income/expenses; unusual non-recurring items; and the impact of income taxes on these items.

3 **Cash Costs attributable to GEOs sold and Cash Costs per GEO sold** are non-IFRS financial measures. Cash Costs attributable to GEOs sold is calculated by starting with total costs of sales and excluding depletion and depreciation, costs not attributable to GEO sales such as our Energy operating costs, and other non-cash costs of sales such as costs related to our prepaid gold purchase agreement. Cash Costs is then divided by GEOs sold, excluding prepaid ounces, to arrive at Cash Costs per GEO sold.

4 **Adjusted EBITDA and Adjusted EBITDA per share** are non-IFRS financial measures, which exclude the following from net income and EPS: income tax expense/recovery; finance expenses and finance income; depletion and depreciation; non-cash costs of sales; impairment charges related to royalty, stream and working interests and investments; gains/losses on the sale of royalty, stream and working interests and investments; foreign exchange gains/losses and other income/expenses; and unusual non-recurring items.

Forward-Looking Statements

Please refer to Cautionary Statement on Forward-Looking Information on page 37 of this Quarterly Report.

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 May 6, 2020 and should be read in conjunction with Franco-Nevada's unaudited condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2020 and 2019. The unaudited condensed consolidated 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 unaudited consolidated financial statements for the three months ended March 31, 2020 and 2019 and the corresponding notes to the financial statements which are available on our website at www.franco-nevada.com, on SEDAR at www.sedar.com and in Form 6-K filed with the United States Securities and Exchange Commission 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

9 Overview
10 Strategy
11 Highlights
14 Guidance
14 Market overview
15 Selected financial information
16 Revenue by asset
17 Review of quarterly financial performance
21 Impairment of royalties, stream and working interests
23 General and administrative expenses
23 Other income and expenses
24 Summary of quarterly information
25 Balance sheet review
26 Liquidity and capital resources
30 Critical accounting estimates
32 Outstanding share data
32 Internal control over financial reporting and disclosure controls and procedures
33 Non-IFRS financial measures
37 Cautionary statement on forward-looking information

Abbreviations used in this report

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

Abbreviated Definitions

Periods under review

"Q1/2020"	The three-month period ended March 31, 2020
"Q4/2019"	The three-month period ended December 31, 2019
"Q3/2019"	The three-month period ended September 30, 2019
"Q2/2019"	The three-month period ended June 30, 2019
"Q1/2019"	The three-month period ended March 31, 2019

Places and currencies

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

Interest types

"NSR"	Net smelter return royalty
"GR"	Gross royalty
"ORR"	Overriding royalty
"GORR"	Gross overriding royalty
"FH"	Freehold or lessor royalty
"NPI"	Net profits interest
"NRI"	Net royalty interest
"WI"	Working interest

Measurement

"GEO"	Gold equivalent ounces
"PGM"	Platinum group metals
"oz"	Ounce
"oz Au"	Ounce of gold
"oz Ag"	Ounce of silver
"oz Pt"	Ounce of platinum
"oz Pd"	Ounce of palladium
"LBMA"	London Bullion Market Association
"bbl"	Barrel
"boe"	Barrels of oil equivalent
"WTI"	West Texas Intermediate
"mcf"	Thousand cubic feet

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, revenue type and stage of project. The portfolio is actively managed to maintain a focus on precious metals (gold, silver and PGM) and a diversity of revenue sources with a target of not more than 20% of revenue from Energy (oil, gas and NGLs).

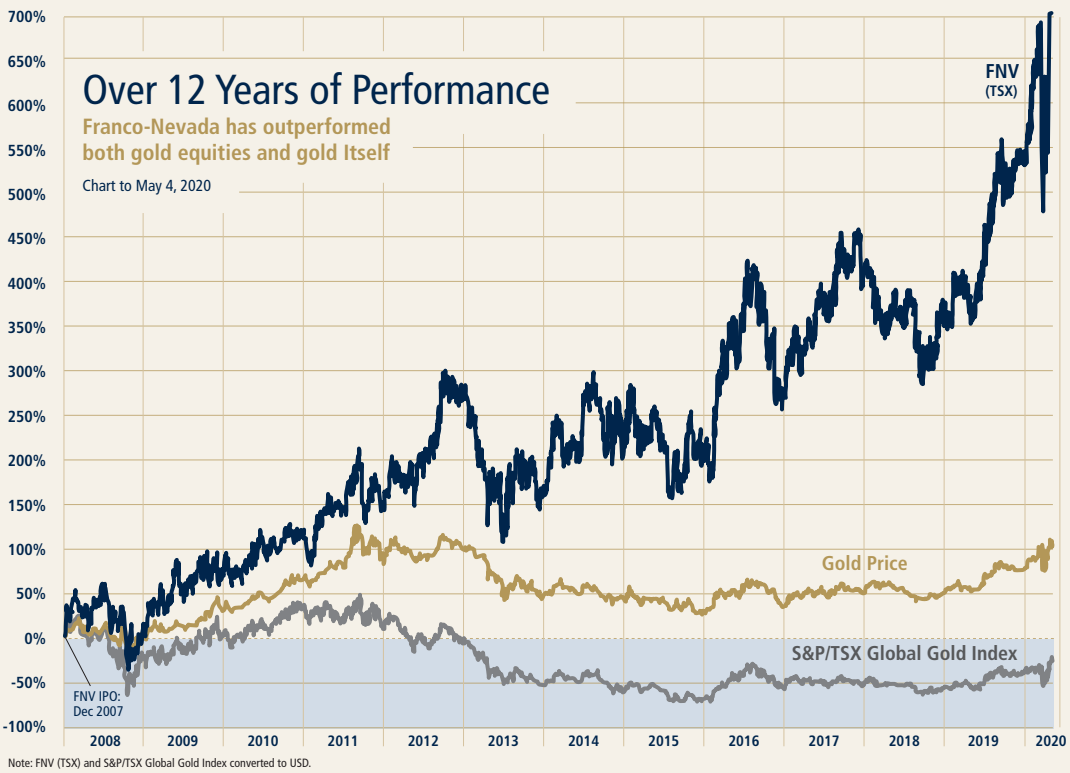
Franco-Nevada Asset Count at May 6, 2020

	Mining	Energy	TOTAL
Producing	56	56	**112**
Advanced	34	–	**34**
Exploration	206	23	**229**
TOTAL	**296**	**79**	**375**

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

Our aspiration is to make Franco-Nevada the "go to" gold stock for the generalist investor. We believe that our emphasis on minimizing risk, paying dividends and maintaining a strong balance sheet along with high governance standards is attractive to generalist investors. In a world confronted by political volatility and financial market instability, we believe making Franco-Nevada a lower risk gold investment that pays dividends and has leverage to gold is the right strategy.

Franco-Nevada's Relative Share Price Performance



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

Strategy

Franco-Nevada's revenue is generated from various forms of agreements, ranging from net smelter return royalties, streams, net profits interests, net royalty interests, working interests and other types of arrangements.

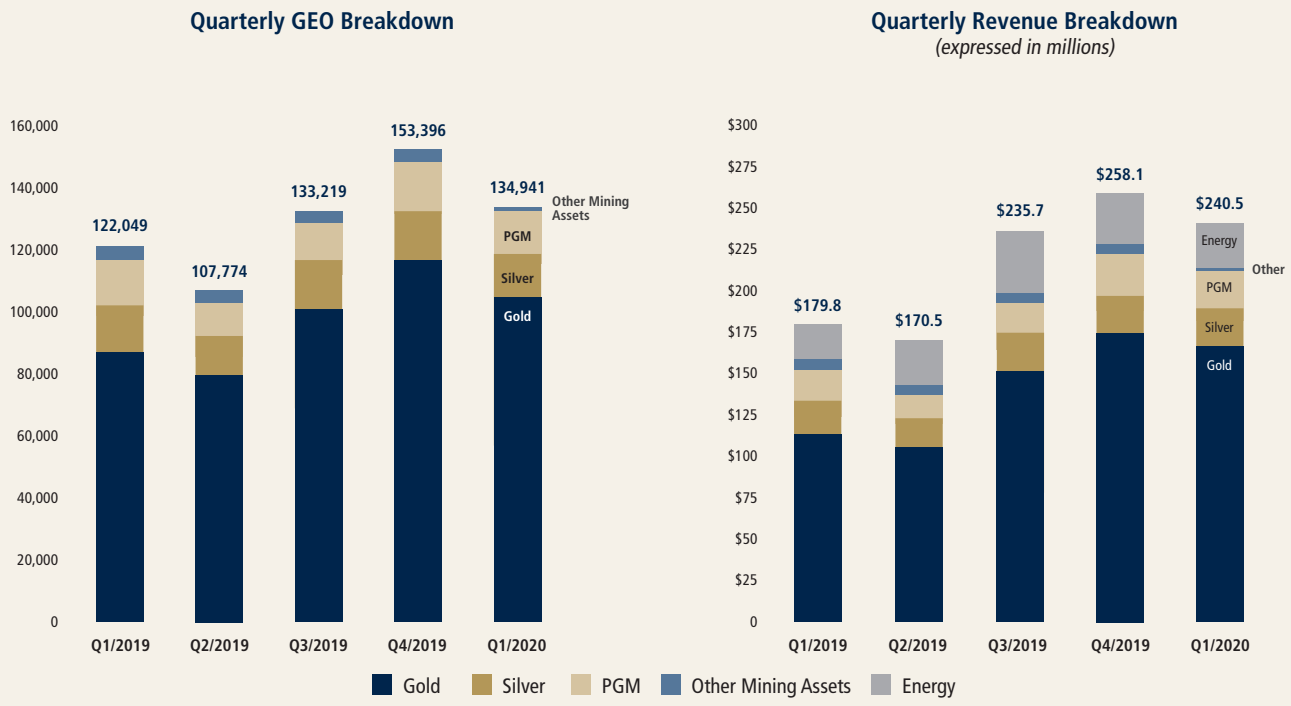
The Company does not operate mines, develop projects or conduct exploration. Franco-Nevada's business model is focused on managing and growing its portfolio of royalties and streams. The advantages of this business model are:

- Exposure to 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 many of the risks associated with operating companies;
- A free cash-flow business with limited cash calls;
- A high-margin business that can generate cash through the entire commodity cycle;
- A scalable and diversified business in which a large number of assets can be managed with a small stable overhead; and
- Management that focuses on forward looking growth opportunities rather than operational or development issues.

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

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

Quarterly Gold Equivalent Ounces and Quarterly Revenue



Franco-Nevada manages its portfolio to maintain a focus on precious metals (gold, silver and PGM) and a diversity of revenue sources with a target of not more than 20% of revenue from Energy (oil, gas and NGLs). In the short term, we may temporarily diverge from the long-term target based on opportunities available. In Q1/2020, 89.0% of revenue was earned from gold and gold equivalents and 11.0% from Energy assets.

One of the strengths of the Franco-Nevada business model is that our business is not generally impacted when producer costs increase as long as the producer continues to operate the underlying asset. Royalty and stream payments/deliveries are based on production levels with no adjustments for the operator's operating costs, with the exception of NPI and NRI royalties, which are based on the profit of the underlying operation. Profit-based royalties accounted for approximately 6.7% of total revenue in Q1/2020.

Highlights

Financial Update - Q1/2020

- **134,941 GEOs**[1] sold in Q1/2020, an increase of 10.6% from 122,049 GEOs in Q1/2019;
- **$240.5 million in revenue**, an increase of 33.8% compared to $179.8 million in Q1/2019;
- **$41.5 million, or $308 per GEO sold, in Cash Costs**[2] attributable to GEO production, compared to $31.0 million, or $254 per GEO, in Q1/2019;
- **$192.7 million, or $1.02 per share, of Adjusted EBITDA**[2], an increase of 36.8% and 36.0%, respectively, compared to $140.9 million, or $0.75 per share, in Q1/2019;
- **80.1% in Margin**[2], compared to 78.4% in Q1/2019;
- **$98.8 million, or $0.52 per share, in net loss**, compared to net income of $65.2 million, or $0.35 per share, in Q1/2019;
- $**207.4 million in after-tax impairment charges** ($271.7 million pre-tax) related to the Company's SCOOP/STACK and Weyburn assets
- **$109.2 million, or $0.58 per share in Adjusted Net Income**[2], an increase of 67.5% and 65.7%, respectively, compared to $65.2 million, or $0.35 per share, in Q1/2019;
- **$195.2 million in net cash provided by operating activities**, an increase of 35.9% compared to $143.6 million in Q1/2019;
- **$1.5 billion in available capital** as at March 31, 2020.

Impact of the COVID-19 Pandemic

Franco-Nevada supports measures to address the COVID-19 pandemic. All of our employees are working remotely, and there are no known cases in the Company. Our business development team has developed work-arounds for various due diligence processes.

The Company is closely monitoring the impact of the COVID-19 pandemic on its portfolio of assets. We remain in close contact with many of our operators who are facing increased challenges due to COVID-19. Further details are provided below in the "Significant Portfolio Updates" section of this MD&A.

In addition, a number of geopolitical and market factors impacting global energy markets (including those related to the COVID-19 pandemic) have contributed to extreme volatility and a significant decrease in the price of oil and gas. As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company has undertaken a review of the carrying value of its Energy assets, and recorded after-tax impairments of $207.4 million ($271.7 million pre-tax) related to its interests in the SCOOP/STACK and Weyburn. Further details are provided in the "Impairment Charges" section of this MD&A.

As previously announced on April 7, 2020, in response to increased uncertainty and volatility as compared to March 9, 2020 when the Company's original guidance was provided, the Company withdrew its GEO sales guidance and energy revenue guidance for 2020. The Company will provide new guidance once operations in the mining industry and energy markets stabilize.

Franco-Nevada is financially strong, debt-free, and well-positioned to make further investments to grow its diversified portfolio of assets. At March 31, 2020, the Company had working capital of $299.5 million, including cash and cash equivalents of $209.8 million, marketable securities of $89.0 million, and credit facilities of $1.1 billion.

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(1) GEOs include production from our Mining assets and do not include Energy assets. GEOs are estimated on a gross basis for NSR royalties and, in the case of stream ounces, before the payment of the per ounce contractual price paid by the Company. For NPI royalties, GEOs are calculated taking into account the NPI economics. Silver, platinum, palladium and other mining 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 mining commodity was produced or sold. For illustrative purposes, please refer to the average commodity price table on page 17 of this Quarterly Report for indicative prices which may be used in the calculation of GEOs for the three months ended March 31, 2020 and 2019, respectively.

(2) Cash Costs, Adjusted Net Income, Adjusted EBITDA, and Margin are non-IFRS financial measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see the "Non-IFRS Financial Measures" section of this MD&A.

Significant Portfolio Updates

Additional updates related to our portfolio of assets are available in our News Release issued on May 6, 2020, available on SEDAR at www.sedar.com, and EDGAR at www.sec.gov.

As a result of the COVID-19 pandemic, temporarily reduced or curtailed production has been announced by the respective operators for the following Mining assets:

- **Cobre Panama:** On April 6, 2020, First Quantum Minerals Ltd. ("First Quantum") announced that the Director General of Health of the Ministry of Health of the Republic of Panama ("MINSA") ordered the temporary suspension of labour activities at the mine as a sanitary control measure due to COVID-19. First Quantum has placed the Cobre Panama operation on care and maintenance until MINSA is satisfied that the quarantine conditions are appropriate. The heightened quarantine conditions require that mining and processing operations be halted. Timing of resumption of operations is uncertain at this time.
- **Antamina:** Until April 13, 2020, Antamina maintained production with a reduced workforce staying in the camp for an extended period. On April 13, 2020, Teck Resources Limited ("Teck") announced that the operation was being temporarily suspended to support Peruvian COVID-19 response efforts and to facilitate a change in workforce. Antamina has completed the safe demobilization of the workforce from site and is working towards a restart, but timing on resuming operations is uncertain at this time. The Peruvian state of emergency has been extended to May 10, 2020.
- **Guadalupe-Palmarejo:** On April 7, 2020, Coeur Mining, Inc. ("Coeur") announced that it had begun taking steps toward the temporary suspension of active mining and processing activities at its Palmarejo gold-silver complex in the State of Chihuahua, Mexico in accordance with a government-mandated decree in response to COVID-19. The decree, issued by the Federal government of Mexico, restricts all non-essential business activities currently through May 30, 2020.
- **MWS:** On March 27, 2020, AngloGold Ashanti Limited ("AngloGold Ashanti") announced that the South African government announced a nationwide lockdown, effective March 26, 2020, resulting in the temporary suspension of mining activities at MWS. On April 15, 2020, AngloGold Ashanti announced that it had been granted permission for the limited restart of MWS, with a third of the usual staff complement. AngloGold Ashanti indicated that the limited restart will help safeguard technical infrastructure and enable a safe and quick resumption of all remaining operations once the lockdown is over.
- **Stillwater:** On March 23, 2020, Sibanye Stillwater Limited ("Sibanye-Stillwater") announced its decision to significantly reduce the number of people at its U.S. sites. While production from current operations is being maintained, contractors involved in growth capital activities were demobilized, thereby likely impacting growth from the Blitz project in 2020 and delaying the project's development schedule.
- **Detour:** On March 22, 2020, Kirkland Lake Gold Ltd. ("Kirkland Lake Gold") transitioned the Detour Lake mine to reduced operations effective March 23, 2020. Continuing activities at the mine include mill processing of reduced feed from the open pit and stockpiled ore, management of water levels during the spring run-off and environmental management activities. All personnel not essential for the performance of these activities are currently off work. Kirkland Lake has commenced a gradual recall of its workers at Detour Lake.
- **Other Mining Assets:** Other assets with temporarily reduced operations or curtailed production include Golden Highway, Kirkland Lake (Macassa), Cerro Moro, Canadian Malartic, Musselwhite, Timmins West, and Island Gold. Cerro Moro and Canadian Malartic have been subsequently authorized to resume operations, while Kirkland Lake has commenced a gradual recall of its workers at Macassa.

With respect to the Company's Energy assets, several operators of the Company's Energy assets have announced significant reductions in planned capital expenditures and curtailed production due to lower market expectations for oil and gas prices, including as a result of the COVID-19 pandemic. As a result, the Company has undertaken a review of the carrying value of its Energy assets, and recorded after-tax impairments of $207.4 million ($271.7 million pre-tax) related to its interest in the SCOOP/STACK and Weyburn. Further details are provided in the "Impairment Charges" section of this MD&A.

Corporate Developments

Acquisition of Island Gold Royalty Interest - Ontario, Canada

On March 20, 2020, Franco-Nevada acquired an existing 0.62% NSR on Alamos Gold Inc.'s Island Gold project in Finan Township in the Province of Ontario for $13.4 million (C$19.0 million).

Acquisition of U.S. Oil & Gas Royalty Rights with Continental Resources, Inc. - SCOOP and STACK, Oklahoma, U.S.A.

In the three months ended March 31, 2020, the Company recorded contributions to the Royalty Acquisition Venture of $16.8 million (Q1/2019 - $51.4 million), which includes $1.3 million included in accrued liabilities funded after quarter-end. As at March 31, 2020, the total cumulative investment in the Royalty Acquisition Venture by the Company totalled $393.0 million and Franco-Nevada has remaining commitments of up to $127.0 million to be funded in future periods. For 2020, in order to account for recent weakness in the commodity price environment, Franco-Nevada and Continental have collectively agreed to reduce their capital funding commitments to the Royalty Acquisition Venture by approximately half, with Franco-Nevada's share being approximately $35 million for the remainder of 2020. The reduced funding level will target lower prices for acquiring acreage, which will allow the Royalty Acquisition Venture to bolster the land base and provide a stronger platform for a potential future rebound in commodity prices and a resumption of development activity by Continental.

Financing

Credit Facilities

As at March 31, 2020, the Company had no amounts outstanding against its $1.0 billion unsecured revolving term credit facility (the "Corporate Revolver"). However, the Company has posted security in the form of standby letters of credit in the amount of $16.3 million (C$23.1 million) in connection with the audit by the Canada Revenue Agency ("CRA") of its 2013 - 2015 taxation years. The standby letters of credit reduce the available balance under the Corporate Revolver.

On March 10, 2020, Franco-Nevada (Barbados) Corporation amended its $100.0 million unsecured revolving credit facility (the "FNBC Revolver") to extend the term by an additional year to March 20, 2021. The amendment also provided a reduction in the applicable margins and standby fees, which depend on the Company's leverage ratio. As at March 31, 2020, the Company had no amounts outstanding against the FNBC Revolver.

On February 14, 2020, the Company made full repayment of the $80.0 million it had outstanding at December 31, 2019 under its non-revolving credit facility (the "Corporate Term Loan"). The Corporate Term Loan is a non-revolving facility, and is therefore no longer available to draw.

At-the-Market Equity Program

On July 19, 2019, the Company established an at-the-market equity program (the "ATM Program") permitting the Company to issue up to an aggregate of $200 million worth of common shares from treasury at prevailing market prices to the public through the Toronto Stock Exchange, the New York Stock Exchange or any other marketplace on which the common shares are listed, quoted or otherwise trade.

In the first quarter of 2020, the Company issued 435,000 common shares under the ATM Program at an average price per common share of $105.84. The gross proceeds to the Company from these issuances were $46.1 million, and the net proceeds were $45.5 million after deducting agent commission costs of $0.5 million and other share issuance costs of $0.1 million.

On April 28, 2020, the Company renewed its base shelf prospectus. As a result, the old base shelf prospectus and associated ATM Program was terminated. The Company intends to establish a $300 million at-the-market program under the new base shelf prospectus subject to regulatory and stock exchange approval.

Dividend Declaration

Franco-Nevada is pleased to announce that its Board of Directors has declared a quarterly dividend of $0.26 per share to be payable on June 25, 2020 to shareholders of record on June 11, 2020. The dividend is a 4.0% increase from the previous $0.25 per share quarterly dividend and marks the 13th consecutive annual dividend increase for Franco-Nevada shareholders.

For the three months ended March 31, 2020, dividends declared of $0.25 per share totaled $47.1 million, of which $36.2 million was paid in cash and $10.9 million was paid in common shares issued under the Company's Dividend Reinvestment Plan (the "DRIP").

Guidance

The following contains forward-looking statements. Reference should be made to the "Cautionary Statement on Forward-Looking Information" section at the end of this MD&A. For a description of material factors that could cause our actual results to differ materially from the forward-looking statements below, please see the "Cautionary Statement" and the "Risk Factors" section of our most recent Annual Information Form filed with the Canadian securities regulatory authorities on www.sedar.com and our most recent Form 40-F filed with the United States Securities and Exchange Commission on www.sec.gov.

The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold, silver, palladium and oil and gas) and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. Please see "Significant Portfolio Updates" for further information on the status of the mining operations underlying certain of the Company's assets.

In addition, a number of geopolitical and market factors impacting global energy markets, including those related to the COVID-19 pandemic, have contributed to extreme volatility and a significant decrease in the price of oil and gas. Excess supply relative to current demand and a lack of available storage have created significant downward pressure on global energy markets, with oil prices and futures contracts having reached historic lows.

In response to the increased uncertainty and volatility as compared to March 9, 2020 when the Company's original guidance was provided, the Company has withdrawn its GEO sales guidance and energy revenue guidance for 2020. The Company will consider providing new guidance once operations in the mining industry and energy markets stabilize.

Market Overview

The prices of precious metals, gold in particular, are the largest factors in determining profitability and cash-flow from operations for Franco-Nevada. Historically, the price of gold has been subject to volatile price movements and is affected by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on the gold price include the level of interest rates, inflation expectations, currency exchange rate fluctuations including the relative strength of the U.S. dollar, and the supply of and demand for gold.

Commodity price volatility also impacts the number of GEOs when converting non-gold commodities to GEOs. Silver, platinum, palladium and other mining 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 mining commodity was produced or sold.

Gold prices increased 21.4%, averaging $1,583/oz, compared to $1,304/oz in Q1/2019, reflecting improved sentiment toward gold as a safe haven in uncertain times. Gold prices ended Q1/2020 at $1,609/oz, approximately 5.6% higher than at the end of Q4/2019.

Silver prices averaged $16.90/oz in 2020, an increase of 8.5% compared to $15.57/oz in Q1/2019. Platinum and palladium prices averaged $903/oz and $2,284/oz, respectively, in Q1/2020, compared to $823/oz and $1,435/oz, respectively, in Q1/2019, an increase of 9.7% and 59.2%, respectively.

During the quarter, a number of geopolitical and market factors outside of the Company's control have contributed to extreme volatility and a significant decrease in the price of oil and gas. WTI prices averaged $45.99/bbl, a 16.2% decrease from Q1/2019, Edmonton Light prices averaged C$52.18/bbl, down 22.7% compared to Q1/2019. Henry Hub natural gas prices averaged $1.87/mcf in Q1/2020 compared to $2.87/mcf in Q1/2019. Volatility in the oil and gas prices continued subsequent to the quarter-end, with Edmonton Light averaging C$12.64/bbl, WTI at $16.52/bbl and Henry Hub natural gas at $1.76/mcf in April 2020.

Selected Financial Information

(in millions, except Average Gold Price, GEOs sold, Margin, per ounce amounts and per share amounts)	For the three months ended March 31, 2020	2019
Statistical Measures		
Average Gold Price	**$ 1,583**	$ 1,304
GEOs sold[1]	**134,941**	122,049
Statement of Comprehensive (Loss) Income		
Revenue	**$ 240.5**	$ 179.8
Depletion and depreciation	**64.4**	60.9
Costs of sales	**43.6**	32.4
Operating (loss) income	**(143.4)**	80.0
Net (loss) income	**(98.8)**	65.2
Basic (loss) earnings per share	**$ (0.52)**	$ 0.35
Diluted (loss) earnings per share	**$ (0.52)**	$ 0.35
Dividends declared per share	**$ 0.26**	$ 0.25
Dividends declared (including DRIP)	**$ 47.1**	$ 44.9
Weighted average shares outstanding	**189.4**	187.0
Non-IFRS Measures		
Cash Costs[2] attributable to GEOs sold	**$ 41.5**	$ 31.0
Cash Costs[2] per GEO sold	**$ 308**	$ 254
Adjusted EBITDA[2]	**$ 192.7**	$ 140.9
Adjusted EBITDA[2] per share	**$ 1.02**	$ 0.75
Margin[2]	**80.1%**	78.4%
Adjusted Net Income[2]	**$ 109.2**	$ 65.2
Adjusted Net Income[2] per share	**$ 0.58**	$ 0.35
Statement of Cash Flows		
Net cash provided by operating activities	**$ 195.2**	$ 143.6
Net cash used in investing activities	**$ (34.5)**	$ (56.3)
Net cash used in financing activities	**$ (77.5)**	$ (84.7)

(expressed in millions)	As at March 31, 2020	As at December 31, 2019
Statement of Financial Position		
Cash and cash equivalents	**$ 209.8**	$ 132.1
Total assets	**4,981.7**	5,280.6
Debt	**–**	80.0
Deferred income tax liabilities	**60.4**	82.4
Total shareholders' equity	**4,876.4**	5,062.2
Working capital[3]	**299.5**	225.3

(1) Refer to Note 1 at the bottom of page 11 of this Quarterly Report for the methodology for calculating GEOs and, for illustrative purposes, to the average commodity price table on page 17 of this Quarterly Report for indicative prices which may be used in the calculations of GEOs for the three months ended March 31, 2020 and 2019, respectively.

(2) Cash costs, Adjusted EBITDA, Margin and Adjusted Net Income are non-IFRS financial measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see the "Non-IFRS Financial Measures" section of this MD&A.

(3) The Company defines Working Capital as current assets less current liabilities.

Revenue by Asset

Our portfolio is well-diversified with GEOs and revenue being earned from 56 Mining assets and 56 Energy assets in various jurisdictions. The following table details revenue earned from our various royalty, stream and working interests for the three months ended March 31, 2020 and 2019:

(expressed in millions) Property	Interest and %	For the three months ended March 31, 2020	2019
GOLD & GOLD EQUIVALENTS			
Latin America			
Cobre Panama	Stream (indexed) Gold & Silver	$ 40.3	$ –
Candelaria	Stream 68% Gold & Silver	19.3	26.4
Antapaccay	Stream (indexed) Gold & Silver	24.5	23.4
Antamina	Stream 22.5% Silver	12.6	12.3
Guadalupe-Palmarejo	Stream 50% Gold	19.8	11.5
Other		1.1	1.4
United States			
Goldstrike	NSR 2-4%, NPI 2.4-6%	$ 4.5	$ 4.4
Stillwater	NSR 5% PGM	9.6	9.2
Gold Quarry	NSR 7.29%	3.8	3.1
Marigold	NSR 1.75-5%, GR 0.5-4%	1.4	2.7
Bald Mountain	NSR/GR 0.875-5%	2.6	2.2
South Arturo	GR 4-9%	1.8	0.1
Other		1.6	1.2
Canada			
Sudbury	Stream 50% PGM & Gold	$ 14.6	$ 11.1
Detour Lake	NSR 2%	4.6	4.1
Hemlo	NSR 3%, NPI 50%	11.6	6.2
Golden Highway	NSR 2-10%	2.7	2.1
Brucejack	NSR 1.2%	1.4	1.2
Kirkland Lake	NSR 1.5-5.5%, NPI 20%	1.5	1.3
Other		3.2	2.0
Rest of World			
MWS	Stream 25%	$ 9.0	$ 6.9
Sabodala	Stream 6%	4.7	7.4
Karma	Stream 4.875%, Fixed to 80,625 oz	6.0	5.8
Tasiast	NSR 2%	3.0	2.7
Subika	NSR 2%	2.5	3.4
Duketon	NSR 2%	2.5	2.4
Edikan	NSR 1.5%	0.9	0.8
Other		2.9	3.7
		$ 214.0	$ 159.0
ENERGY			
United States			
SCOOP/STACK	Various Royalty Rates	$ 8.6	$ 5.5
Permian Basin	Various Royalty Rates	5.3	4.5
Marcellus	GORR 1%	5.8	–
Canada			
Weyburn	NRI 11.71%, ORR 0.44%, WI 2.56%	$ 4.2	$ 7.3
Orion	GORR 4%	0.9	1.7
Other		1.7	1.8
		$ 26.5	$ 20.8
Revenue		$ 240.5	$ 179.8

Review of Quarterly Financial Performance

The prices of precious metals, oil and gas and production from Mining and Energy assets are the largest factors in determining profitability and cash flow from operations for Franco-Nevada. The following table summarizes average commodity prices and average exchange rates during the periods presented.

Quarterly average prices and rates		Q1/2020	Q4/2019	Q1/2019	QOQ (Q1/2020-Q4/2019)	YOY (Q1/2020-Q1/2019)
Gold[1]	($/oz)	**$ 1,583**	$ 1,480	$ 1,304	7.0%	21.4%
Silver[2]	($/oz)	**16.90**	17.31	15.57	(2.4%)	8.5%
Platinum[3]	($/oz)	**903**	907	823	(0.4%)	9.7%
Palladium[3]	($/oz)	**2,284**	1,800	1,435	26.9%	59.2%
Edmonton Light	(C$/bbl)	**52.18**	66.87	67.52	(22.0%)	(22.7%)
West Texas Intermediate	($/bbl)	**45.99**	56.94	54.91	(19.2%)	(16.2%)
Henry Hub	($/mcf)	**1.87**	2.42	2.87	(22.7%)	(34.8%)
CAD/USD exchange rate[4]		**0.7435**	0.7576	0.7522	(1.9%)	(1.2%)

(1) Based on LBMA Gold Price PM Fix.
(2) Based on LBMA Silver Price.
(3) Based on London PM Fix.
(4) Based on Bank of Canada daily rates.

Revenue

Revenue and GEO sales by commodity, geographical location and type of interest for the three months ended March 31, 2020 and 2019 is as follows:

For the three months ended March 31,	Gold Equivalent Ounces[1] 2020	2019	Variance	Revenue *(in millions)* 2020	2019	Variance
Commodity						
Gold	**105,751**	87,578	18,173	**$ 167.0**	$ 114.0	$ 53.0
Silver	**13,882**	15,298	(1,416)	**22.1**	20.0	2.1
PGM	**13,879**	14,629	(750)	**22.6**	19.1	3.5
Other Mining assets	**1,429**	4,544	(3,115)	**2.3**	5.9	(3.6)
Mining	**134,941**	122,049	12,892	**$ 214.0**	$ 159.0	$ 55.0
Energy	–	–	–	**26.5**	20.8	5.7
	134,941	122,049	12,892	**$ 240.5**	$ 179.8	$ 60.7
Geography						
Latin America	**74,094**	57,546	16,548	**$ 117.6**	$ 75.0	$ 42.6
United States	**15,949**	17,558	(1,609)	**45.0**	32.9	12.1
Canada	**24,967**	21,581	3,386	**46.4**	38.8	7.6
Rest of World	**19,931**	25,364	(5,433)	**31.5**	33.1	(1.6)
	134,941	122,049	12,892	**$ 240.5**	$ 179.8	$ 60.7
Type						
Revenue-based royalties	**29,480**	33,610	(4,130)	**$ 68.4**	$ 56.4	$ 12.0
Streams	**94,616**	80,227	14,389	**150.8**	104.7	46.1
Profit-based royalties	**9,271**	3,923	5,348	**16.2**	9.6	6.6
Other	**1,574**	4,289	(2,715)	**5.1**	9.1	(4.0)
	134,941	122,049	12,892	**$ 240.5**	$ 179.8	$ 60.7

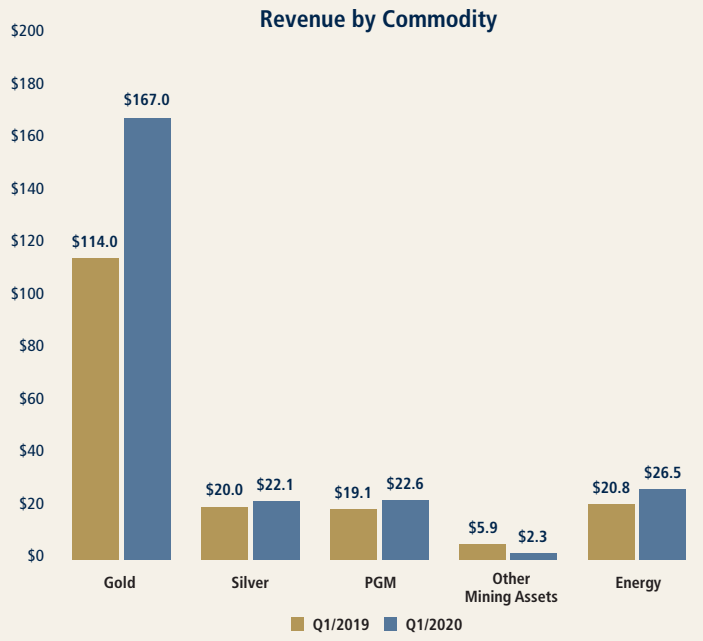
(1) Refer to Note 1 at the bottom of page 11 of this Quarterly Report for the methodology for calculating GEOs and, for illustrative purposes, to the average commodity price table above for indicative prices which may be used in the calculations of GEOs.

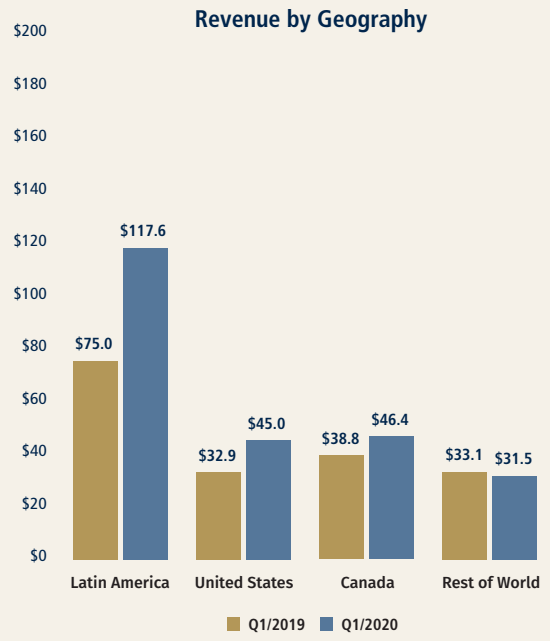
Revenue for Q1/2020 was $240.5 million, up 33.8% from Q1/2019, and comprised $214.0 million from Mining assets and $26.5 million from Energy assets. Our Mining assets benefited from strong gold prices during the quarter. Coupled with the incremental production from our Cobre Panama stream, Mining revenue increased 34.6% quarter-over-quarter. Energy revenue in Q1/2020 increased 27.4% compared to the same period in 2019, primarily reflecting the addition of the Marcellus royalty and royalties from the Royalty Acquisition Venture with Continental.

Mining assets contributed 89.0% of the Company's total revenue in Q1/2020, compared to 88.4% in Q1/2019. Geographically, the Company remains heavily invested in the Americas, representing 86.9% of revenue in Q1/2020, compared to 81.6% in Q1/2019.

Quarterly Revenue by Commodity and Geography - Q1/2019 to Q1/2020

(expressed in millions)

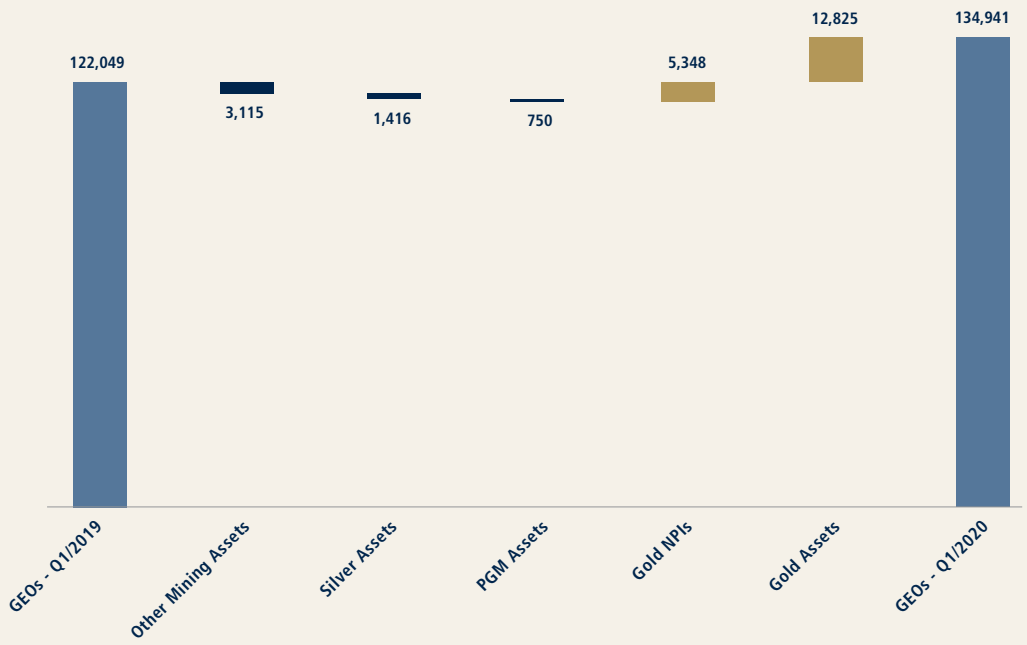




GEO Sales

GEOs sold in Q1/2020 totaled 134,941 ounces, compared to 122,049 GEOs in Q1/2019.

GEOs Sold Reconciliation - Q1/2019 to Q1/2020



The quarter-over-quarter increase was primarily due to the following assets:

- **Cobre Panama** - Franco-Nevada sold 25,307 GEOs in Q1/2020, for which there were no comparatives in Q1/2019 as first deliveries were received in July 2019. Production in the quarter was impacted by downtime in the crusher circuit.
- **Guadalupe-Palmarejo** - 12,690 GEOs sold in Q1/2020 compared to 8,803 GEOs in Q1/2019 due to higher grades.
- **Hemlo** - 7,683 GEOs were sold in Q1/2020, compared to 5,013 GEOs in Q1/2019 due to higher royalty payments from the NPI.

The above increases were partly offset by the following:

- **Candelaria** - 12,030 GEOs sold from the Candelaria stream, down 41% from Q1/2019. Although copper production at the Candelaria mine was higher quarter-over-quarter due to higher copper head grades as more ore was sourced directly from the open pit and underground mines as opposed to stockpiles, GEOs sold decreased due to the timing of deliveries to Franco-Nevada in Q1/2020.
- **Antapaccay** - 15,472 GEOs sold in Q1/2020 compared to 17,916 in Q1/2019 due to lower head grades as expected based on the life of mine plan.
- **Sabodala** - 3,032 GEOs were sold from the Sabodala stream in Q1/2020, compared to 5,625 GEOs sold in Q1/2019, due to the fixed delivery requirements being fulfilled at the end of 2019.

Energy Revenue

Energy assets earned revenue of $26.5 million (78% oil and 22% gas) for the quarter, an increase of 27.4% compared to $20.8 million (92% oil and 8% gas) in Q1/2019. U.S. assets represented 74.3% of Franco-Nevada's Energy revenue. The increase in Energy revenue was primarily due to the following assets:

- **Marcellus** - The royalty from the Marcellus, which was acquired in July 2019, contributed $5.8 million in Q1/2020.
- **SCOOP/STACK** - Royalties from the SCOOP/STACK contributed $8.6 million in Q1/2020 compared to $5.5 million in Q1/2019, due to additional contribution from the Royalty Acquisition Venture with Continental.

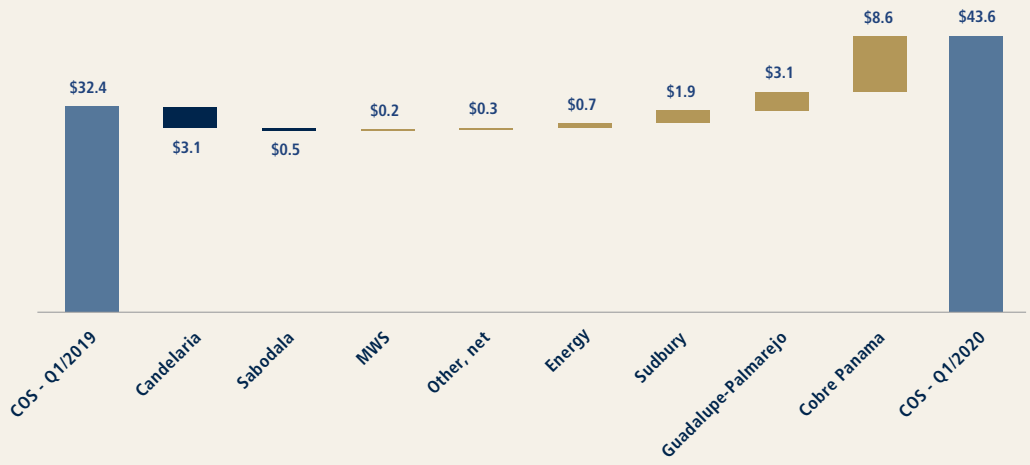
The above increases were partly offset by the following:

- **Weyburn** - Revenue from the Weyburn Unit during the quarter was $4.2 million, compared to $7.3 million in Q1/2019, due to lower realized prices, as well as increased operating and capital expenditures. The realized price from the NRI was C$46.05/boe compared to C$62.41/boe for Q1/2019.

Costs of Sales

Costs of Sales Reconciliation - Q1/2019 to Q1/2020

(expressed in millions)



The following table provides a breakdown of costs of sales incurred in the periods presented:

(expressed in millions)	For the three months ended March 31, 2020	2019	Variance
Costs of stream sales	$ 40.8	$ 30.4	$ 10.4
Mineral production taxes	0.7	0.6	0.1
Mining costs of sales	$ 41.5	$ 31.0	$ 10.5
Energy costs of sales	2.1	1.4	0.7
	$ 43.6	$ 32.4	$ 11.2

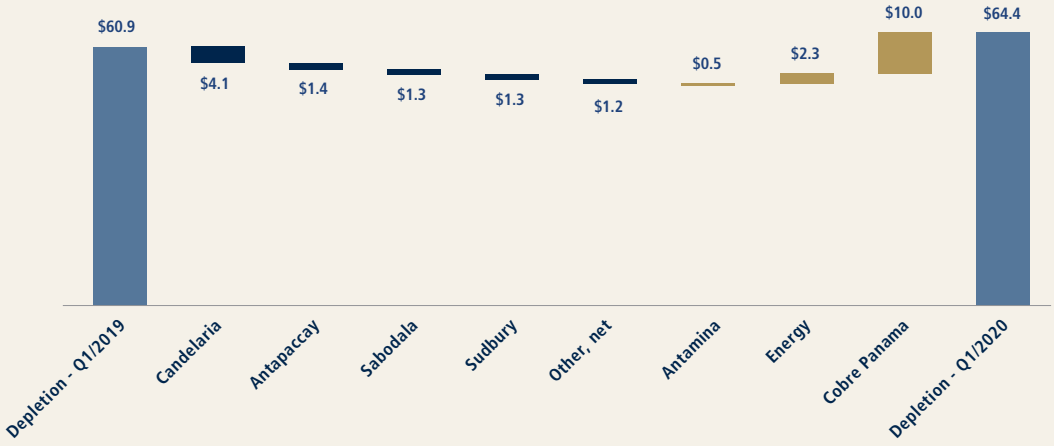
Costs of stream sales increased 34.2% quarter-over-quarter, reflecting a 17.9% increase in stream GEOs sold, from 94,616 GEOs in Q1/2020 compared to 80,227 GEOs in Q1/2019. Costs of sales per ounce also increased as a result of higher metal prices, as certain streams carry a cost per ounce which varies based on spot prices. The Company also received more ounces from the McCreedy West stream, which currently carries a higher cash payment per ounce relative to other streams.

Depletion and Depreciation

Depletion and depreciation expense totaled $64.4 million in Q1/2020, compared to $60.9 million in Q1/2019. While GEOs sold increased quarter-over-quarter, depletion expense increased to a lesser extent as the incremental GEOs were earned from assets carrying lower depletion rates.

Depletion Reconciliation - Q1/2019 to Q1/2020

(expressed in millions)



Impairment Charges

The Company has recorded pre-tax impairments of $271.7 million, or $207.4 million after-tax, related to its interests in the SCOOP/STACK and Weyburn. Refer to the Impairments of Royalties, Streams and Working Interests section of this MD&A for details.

Income Taxes

Income tax recovery for the quarter was $44.9 million in Q1/2020 (Q1/2019 - income tax expense $13.0 million), comprised of a current income tax expense of $14.4 million (Q1/2019 - $9.7 million) and a deferred income tax recovery of $59.3 million (Q1/2019 - income tax expense of $3.3 million). The income tax recovery was mostly related to the impairment charges recorded in the quarter.

The Company is undergoing an audit by the CRA of its 2012-2015 taxation years. Refer to the "Liquidity and Capital Resources - Contingencies" section of this MD&A for further details.

Net Loss

Net loss for Q1/2020 was $98.8 million, or $0.52 per share, compared to net income of $65.2 million, or $0.35 per share, for the same period in 2019. The net loss reflects the impairment charges recorded in the quarter related to the Company's interests in the SCOOP/STACK and Weyburn. Adjusted Net Income, which adjusts for impairment charges, foreign exchange gains and losses and other income and expenses, among other items, was $109.2 million, or $0.58 per share, compared to $65.2 million, or $0.35 per share, earned in Q1/2019.

Impairments of Royalties, Stream and Working Interests

Royalties, streams and working interests are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company noted the presence of impairment indicators and carried out an asset impairment analysis of its Energy assets as at March 31, 2020. The Company recorded impairment charges for Q1/2020 with respect to the following CGUs:

SCOOP/STACK

The Company's interest in the SCOOP/STACK comprises acquisitions of royalty rights through the Royalty Acquisition Venture, a jointly-owned entity with Continental, as well as two packages of royalty rights acquired in December 2016 for a price of $100.0 million, and in November 2017 for $27.6 million.

Weyburn

The Company holds a 11.71% NRI, a 0.44% ORR and a 2.56% WI in the Weyburn Unit, which is located 129km southeast of Regina, Saskatchewan. The 11.71% NRI was acquired on November 13, 2012.

The following table summarizes the impairment losses and estimated recoverable amount by CGU:

(expressed in millions)	Impairment Amount	Recoverable Amount
Royalty, stream and working interests, net		
SCOOP/STACK	$ 207.2	$ 309.2
Weyburn	60.5	162.8
Other assets		
Oil well equipment	$ 4.0	$ 4.7
	$ 271.7	**$ 476.7**

Key assumptions and sensitivity analysis

Key assumptions and estimates used in determining the recoverable amounts of the Company's Energy assets are related to oil prices and discount rates. The future cash flows expected from each CGU were derived from a model developed by management using cash-flows prepared by an independent reserve engineer or a third-party advisor, and expected performance based on publicly-released technical information to predict future performance. For the SCOOP/STACK CGUs, the Company's management made assumptions of future drilling activity to reflect the reduced capital spending by operators in the current environment.

The Company's management made assumptions of future West Texas Intermediate ("WTI") prices to estimate future revenues, based on long-term consensus price estimates obtained from a sample of independent reserve evaluators. For the Weyburn CGU, the differential to Edmonton Light prices assumption was $8.55/barrel, and the U.S. dollar to Canadian dollar foreign exchange rate assumption was $0.72. Forecasted WTI prices as at March 31, 2020 used to determine future cash flows were as follows:

	Remainder of 2020	2021	2022	2023	2024	Average Annual Increase Thereafter
WTI oil price (US$/barrel)	$ 30.00	$ 41.18	$ 49.88	$ 55.87	$ 57.98	2%

The future cash-flows were discounted using an after-tax discount rate which reflects specific market risk factors associated with individual characteristics of the CGU. For the SCOOP/STACK CGUs, the discount rate ranged between 5% for proved producing reserves to 12% for undeveloped contingent resources. For the Weyburn CGU, the discount rate assumed was 9.5%.

A sensitivity analysis showing the impact of a change, in isolation, in the WTI oil price and discount rate assumptions is shown below:

	Increase (Decrease) to Impairment Charges			
	1% Increase in the Discount Rate	1% Decrease in the Discount Rate	10% Decrease in WTI Oil Price	10% Increase in WTI Oil Price
SCOOP/STACK	$ 34.1	$ (39.9)	$ 37.8	$ (37.3)
Weyburn, including oil well equipment	16.9	(19.1)	39.8	(39.0)
	$ 51.0	**$ (59.0)**	**$ 77.6**	**$ (76.3)**

General and Administrative Expenses

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

(expressed in millions)	For the three months ended March 31, 2020	2019	Variance
Salaries and benefits	$ **2.5**	$ 1.9	$ 0.6
Professional fees	**0.6**	0.5	0.1
Office costs	**0.1**	0.1	–
Board of Directors' costs	**0.1**	0.8	(0.7)
Share-based compensation	**1.2**	1.4	(0.2)
Other	**1.7**	2.2	(0.5)
	$ **6.2**	$ 6.9	$ (0.7)

General and administrative expenses represented 2.6% of revenue for Q1/2020 (Q1/2019 - 3.8%). General and administrative expenses, which include business development costs, vary depending upon the level of business development related activity and the timing of completing transactions.

Salaries and benefits during the quarter increased relative to Q1/2019 due to a higher headcount, and the timing of payment of certain bonuses. Board of Directors' fees vary according to the mark-to-market of the value of deferred share units ("DSUs") that are granted to the directors of the Company. While the Company's share price increased over the course of the first quarter of 2020, a weakening of the Canadian dollar relative to the U.S. dollar resulted in a lower recognition of a mark-to-market expense to the DSU liability in Q1/2020.

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 March 31, 2020	2019	Variance
Foreign exchange gain (loss)	$ **(0.3)**	$ –	$ (0.3)
Other income	**0.2**	–	0.2
	$ **(0.1)**	$ –	$ (0.1)

Under IFRS, all foreign exchange gains or losses related to monetary assets and liabilities held in a currency other than the functional currency are recorded in net income as opposed to other comprehensive income. The parent company's functional currency is the Canadian dollar, while the functional currency of certain of the Company's subsidiaries is the U.S. dollar.

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 March 31, 2020	2019	Variance
Finance income			
Interest	$ **0.9**	$ 0.7	$ 0.2
	$ **0.9**	$ 0.7	$ 0.2
Finance expenses			
Interest	$ **0.3**	$ 1.9	$ (1.6)
Standby charges	**0.5**	0.3	0.2
Amortization of debt issue costs	**0.3**	0.2	0.1
Accretion of lease liabilities	**–**	0.1	(0.1)
	$ **1.1**	$ 2.5	$ (1.4)

Finance income is earned on our cash and cash equivalents. Finance income also includes interest income in the amount of $0.6 million accrued on the Noront loan during Q1/2020 (Q1/2019 - $0.6 million). Finance expenses consist of interest expense incurred on our Corporate Revolver and Corporate Term Loan. The Company also incurs standby charges, which represent the costs of maintaining our credit facilities based on the undrawn amounts, and recognizes the amortization of costs incurred with respect to the initial set-up or subsequent amendments of our credit facilities. Finance expenses also includes the accretion expense on lease liabilities, as required under IFRS 16 Leases, effective January 1, 2019.

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)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue	**$ 240.5**	$ 258.1	$ 235.7	$ 170.5	$ 179.8	$ 148.2	$ 170.6	$ 161.3
Costs and expenses[2]	**383.9**	129.1	113.5	91.5	99.8	167.5	104.8	96.4
Operating (loss) income	**(143.4)**	129.0	122.2	79.0	80.0	(19.3)	65.8	64.9
Other (expenses) income	**(0.3)**	1.5	(2.7)	(1.3)	(1.8)	(0.3)	0.1	(0.2)
Income tax (recovery) expense	**(44.9)**	17.2	17.9	13.7	13.0	11.7	13.8	11.1
Net (loss) income	**(98.8)**	113.3	101.6	64.0	65.2	(31.3)	52.1	53.6
Basic (loss) earnings per share	**$ (0.52)**	$ 0.60	$ 0.54	$ 0.34	$ 0.35	$ (0.17)	$ 0.28	$ 0.29
Diluted (loss) earnings per share	**$ (0.52)**	$ 0.60	$ 0.54	$ 0.34	$ 0.35	$ (0.17)	$ 0.28	$ 0.29
Net cash provided by operating activities	**$ 195.2**	$ 184.6	$ 170.4	$ 119.1	$ 143.6	$ 97.8	$ 128.2	$ 111.3
Net cash used in investing activities	**(34.5)**	(1.8)	(344.5)	(33.5)	(56.3)	(285.3)	(89.4)	(90.8)
Net cash (used in) provided by financing activities	**(77.5)**	(142.6)	(133.9)	241.4	(84.7)	182.5	(33.8)	(35.0)
Average Gold Price[3]	**$ 1,583**	$ 1,480	$ 1,474	$ 1,310	$ 1,304	$ 1,228	$ 1,213	$ 1,306
GEOs sold[4]	**134,941**	153,396	133,219	107,774	122,049	104,877	120,021	107,333
Cash Costs[5] attributable to GEOs sold	**$ 41.5**	$ 44.1	$ 36.8	$ 25.6	$ 31.0	$ 21.5	$ 29.9	$ 26.5
Cash Costs[5] per GEO sold	**$ 308**	$ 287	$ 276	$ 238	$ 254	$ 208	$ 254	$ 252
Adjusted EBITDA[5]	**$ 192.7**	$ 201.7	$ 192.9	$ 137.9	$ 140.9	$ 118.7	$ 134.7	$ 126.3
Adjusted EBITDA[5] per share	**$ 1.02**	$ 1.07	$ 1.03	$ 0.74	$ 0.75	$ 0.64	$ 0.72	$ 0.68
Margin[5]	**80.1%**	78.1%	81.8%	80.9%	78.4%	80.1%	79.0%	78.3%
Adjusted Net Income[5]	**$ 109.2**	$ 110.8	$ 101.6	$ 64.0	$ 65.2	$ 44.7	$ 54.6	$ 53.7
Adjusted Net Income[5] per share	**$ 0.58**	$ 0.59	$ 0.54	$ 0.34	$ 0.35	$ 0.24	$ 0.29	$ 0.29

(1) Sum of the quarters may not add up to yearly total due to rounding.
(2) Includes impairment charges on royalty, stream and working interests of $271.7 million and $76.0 million recorded in Q1/2020 and Q4/2018, respectively.
(3) Based on LBMA Gold Price PM Fix.
(4) GEOs include production from our Mining assets and do not include Energy assets. GEOs are estimated on a gross basis for NSR royalties and, in the case of stream ounces, before the payment of the per ounce contractual price paid by the Company. For NPI royalties, GEOs are calculated taking into account the NPI economics. Silver, platinum, palladium and other mining 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 mining commodity was produced or sold. For illustrative purposes, please refer to the average commodity price table on page 17 of this Quarterly Report for indicative prices which may be used in the calculation of GEOs for the three months ended March 31, 2020 and 2019, respectively.
(5) Cash Costs, Adjusted EBITDA, Margin and Adjusted Net Income are non-IFRS measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, please refer to the "Non-IFRS Financial Measures" section of this MD&A.

Balance Sheet Review

Summary Balance Sheet and Key Financial Metrics

(expressed in millions, except debt to equity ratio)	At March 31, 2020	At December 31, 2019
Cash and cash equivalents	$ 209.8	$ 132.1
Current assets	340.1	278.7
Non-current assets	4,641.6	5,001.9
Total assets	$ 4,981.7	$ 5,280.6
Current liabilities	40.6	53.4
Non-current liabilities	64.7	165.0
Total liabilities	$ 105.3	$ 218.4
Total shareholders' equity	$ 4,876.4	$ 5,062.2
Debt	$ –	$ 80.0
Total common shares outstanding	189.9	189.4
Key Financial Metrics		
Working Capital	$ 299.5	$ 225.3
Debt to equity	–	0.02:1

Assets

Total assets were $4,981.7 million at March 31, 2020 compared to $5,280.6 million at December 31, 2019. Our asset base is primarily comprised of non-current assets such as our royalty, stream and working interests, equity investments and loan receivable, while our current assets primarily comprise cash and cash equivalents, and accounts receivable. The decrease in non-current assets reflects a decrease in the carrying amount of the Company's royalty, stream and working interests as a result of impairment charges and depletion and depreciation expense, as well as a decrease in the fair value of equity investments. These decreases were partly offset by the acquisitions of the Island Gold royalty interest and investments in the Royalty Acquisition Venture with Continental.

Liabilities

Total liabilities as at March 31, 2020 primarily comprise $38.6 million of accounts payable and accrued liabilities and $60.4 million deferred income tax liabilities. The decrease in non-current liabilities reflects the repayment of $80.0 million of debt the Company had outstanding at December 31, 2019, which was repaid during Q1/2020.

Shareholders' Equity

Shareholders' equity decreased by $185.8 million as at March 31, 2020 compared to December 31, 2019, reflecting a net loss of $98.8 million and net proceeds of $45.5 million from issuances under the ATM Program, after agent commission costs of $0.5 million and other share issuance costs of $0.1 million. Declared dividends reduced shareholders' equity by $47.1 million, but were partly settled through the issuance of $10.9 million in common shares pursuant to the DRIP. Shareholders' equity also includes a loss on the fair value of investments of $35.3 million, and a loss of $63.6 million in currency translation adjustment in Q1/2020.

Liquidity and Capital Resources

Cash flow for the three months ended March 31, 2020 and 2019 was as follows:

(expressed in millions)	For the three months ended March 31, 2020	2019
Net cash provided by operating activities	$ 195.2	$ 143.6
Net cash used in investing activities	(34.5)	(56.3)
Net cash used in financing activities	(77.5)	(84.7)
Effect of exchange rate changes on cash and cash equivalents	(5.5)	0.3
Net change in cash and cash equivalents	$ 77.7	$ 2.9

Operating Cash Flow

Net cash provided by operating activities was $195.2 million in Q1/2020 (Q1/2019 - $143.6 million). Operating cash flow increased due to higher revenue from our growth in GEO production and Energy assets, coupled with higher metal prices than in the corresponding 2019 period. Also reflected in operating cash flow are proceeds from the sale of gold bullion the Company receives as settlement for certain of its royalties.

Investing Activities

Net cash used in investing activities was $34.5 million in Q1/2020 (Q1/2019 - $56.3 million), which primarily consisted of the acquisition of the Island Gold royalty for a gross purchase price of $13.4 million (C$19.0 million) and the funding of Franco-Nevada's share in the Royalty Acquisition Venture with Continental of $21.1 million. Comparatively, investing activities in Q1/2019 included funding of $38.2 million for the Royalty Acquisition Venture with Continental, and the acquisition of the Salares Norte and Valentine Lake royalties.

Financing Activities

Net cash used in financing activities of $77.5 million in Q1/2020 (Q1/2019 - $84.7 million) includes the $80.0 million repayment of amounts borrowed against the Corporate Term Loan. Financing activities also reflect net proceeds of $45.5 million from the ATM Program, and dividends paid in cash of $36.2 million. Comparatively, net cash used in financing activities in Q1/2019 reflect primarily the partial repayment of the Credit Facility of $50.0 million, and payment of cash dividends of $34.9 million.

Capital Resources

Our cash and cash equivalents totaled $209.8 million as at March 31, 2020 (December 31, 2019 - $132.1 million). In addition, we held investments of $130.9 million as at March 31, 2020 (December 31, 2019 - $183.2 million), of which $89.0 million was held in publicly-traded equity instruments (December 31, 2019 - $141.7 million).

As at May 6, 2020, the Company also has a total of approximately $1.1 billion available under its two revolving credit facilities.

The Corporate Revolver is a $1.0 billion unsecured, revolving credit facility with a five-year term maturing March 22, 2024. Advances under the Corporate Revolver bear interest depending upon the currency of the advance and the Company's leverage ratio. Funds are generally drawn using LIBOR 30-day rates plus 100 basis points. As at March 31, 2020, the Company has two standby letters of credit in the amount of $16.3 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 the "Contingencies" section of this MD&A. The standby letters of credit reduce the available balance under the Corporate Revolver.

The FNBC Revolver is a $0.1 billion unsecured, revolving credit facility. As at March 31, 2020, the available balance under the FNBC Revolver was $0.1 billion. The FNBC Revolver was amended on March 10, 2020 to extend the term by an additional year, such that the maturity date is currently March 20, 2021. Under the amendment, funds are generally drawn using LIBOR 30-day rates plus 125 basis points.

The Company also had a Corporate Term Loan, which was a $160.0 million unsecured, non-revolving credit facility. On February 14, 2020, funds borrowed under the Corporate Term Loan were repaid in full. The Corporate Term Loan is a non-revolving facility, and is therefore no longer available to draw.

Management's objectives when managing capital are to:

(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) ensure that adequate levels of capital are maintained to meet the Company's operating requirements and other current liabilities.

As at March 31, 2020, the majority of funds were held in cash deposits with several financial institutions. Franco-Nevada invests its excess funds in term deposits. Certain investments with maturities upon acquisition of three 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 Mining and Energy interests incurred in our Canadian and Australian entities due to their respective functional currencies. During Q1/2020, the Canadian dollar traded in a range of $0.6898 to $0.7710, closing the quarter at $0.7049, and the Australian dollar traded between $0.5727 and $0.7017, closing the quarter at $0.6142.

Our near-term cash requirements include funding of our commitments towards the Royalty Acquisition Venture with Continental, 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, there are 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 use of our credit facilities. We believe that our current cash resources, available credit facilities 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 metals agreements:

	Attributable Payable Production to be Purchased			Per Ounce Cash Payment [1],[2]				
Interest	Gold	Silver	PGM	Gold	Silver	PGM	Term of Agreement [3]	Date of Contract
Antamina	0%	22.5% [4]	0%	n/a	5% [5]	n/a	40 years	7-Oct-15
Antapaccay	–% [6]	–% [7]	0%	20% [8]	20% [9]	n/a	40 years	10-Feb-16
Candelaria	68% [10]	68% [10]	0%	$400	$4.00	n/a	40 years	6-Oct-14
Cobre Panama 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
Karma	4.875% [19]	0%	0%	20% [20]	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	6% [21]	0%	0%	20% [22]	n/a	n/a	40 years	12-Dec-13
MWS	25%	0%	0%	$400	n/a	n/a	40 years [23]	2-Mar-12
Cooke 4	7%	0%	0%	$400	n/a	n/a	40 years	5-Nov-09
Sudbury[24]	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 15,000 ounces per annum from March 31, 2016 until February 28, 2021 (exclusive of an aggregate 5,625 gold ounces, or 703 gold ounces per quarter, to be delivered as a result of the exercise by the operator of its option to increase the upfront deposit). Thereafter, percentage is 4.875%.
(20) Purchase price is 20% of the average gold price at the time of delivery.
(21) Gold deliveries are fixed at 1,875 ounces per month until December 31, 2019. Thereafter, percentage is 6% of gold produced.
(22) Purchase price is 20% of prevailing market price at the time of delivery.
(23) Agreement is capped at 312,500 ounces of gold.
(24) 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, the fixed price per gold equivalent ounce was increased to $800 per ounce (with no annual inflationary adjustment), effective July 1, 2018 until December 31, 2021.

Acquisition of Royalty Rights with Continental Resources, Inc.

As described in the Corporate Developments section above, the Company has a strategic relationship with a subsidiary of Continental to jointly acquire royalty rights in the SCOOP and STACK plays of Oklahoma. As at March 31, 2020, Franco-Nevada has remaining commitments of up to $127.0 million to be funded in future periods. For 2020, Franco-Nevada and Continental have collectively agreed to reduce their capital funding commitments to the Royalty Acquisition Venture by approximately half, with Franco-Nevada's share being approximately $35 million for the remainder of 2020.

Contingencies

Canada Revenue Agency Audit

The CRA is conducting an audit of Franco-Nevada's 2012-2015 taxation years.

(a) Canadian Domestic Tax Matters (2014-2015):

In October 2019, certain wholly-owned Canadian subsidiaries of the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "Domestic Reassessments") in which the CRA is seeking to increase 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 $1.0 million (C$1.4 million) plus interest and applicable penalties (after applying available non-capital losses and other deductions). The Company has filed formal Notices of Objection with the CRA against the Domestic Reassessments.

If the CRA were to audit and reassess the particular Canadian subsidiaries of the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to an incremental payment of Canadian tax for these years of approximately $22.1 million (C$31.4 million) plus interest and applicable penalties (after applying available non-capital losses and other deductions).

(b) Mexico (2013-2015):

In December 2018, the Company received a Notice of Reassessment from the CRA for the 2013 taxation year (the "2013 Reassessment") in relation to its Mexican subsidiary. The reassessment was 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 Reassessment results in additional Federal and provincial income taxes of $7.6 million (C$10.8 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty.

In December 2019, the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "2014 and 2015 Reassessments", and collectively with the Domestic Reassessments and the 2013 Reassessment, the "Reassessments") on the same basis as the 2013 Reassessment, resulting in additional Federal and provincial income taxes of $9.9 million (C$14.1 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty. The Company has filed a formal Notice of Objection with the CRA against the 2013 Reassessment and the 2014 and 2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts of tax, interest and penalties. Further, the Company has commenced an appeal in the Tax Court of Canada with respect to the 2013 Reassessment.

For taxation years 2013 through 2015, the Company's Mexican subsidiary paid a total of $30.3 million (419.4 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.

If the CRA were to audit and reassess the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $3.2 million (C$4.6 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty. During the years 2016 through 2019, the Company's Mexican subsidiary paid $3.8 million (71.0 million Pesos) in cash taxes, at a 30% tax rate, to the Mexican tax authorities on income earned in Mexico.

(c) Barbados (2014-2015):

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 $4.6 million (C$6.5 million) plus interest and applicable penalties. 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 of tax, interest and penalties.

If the CRA were to audit and reassess the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $73.3 million (C$104.0 million), plus interest and applicable penalties.

Management believes that the Company and its subsidiaries have filed their tax returns and paid all applicable taxes in compliance with Canadian and applicable foreign tax laws and, as a result, no amounts have been recorded in the financial statements of the Company for the Reassessments, or for any potential tax liability 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 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 income 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 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.

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, 2019 and include measurement uncertainty in assessments of impairment of royalty, stream and working interests which are impacted by the following developments during the first quarter of 2020:

(a) Impact of the COVID-19 Pandemic

The current COVID-19 (coronavirus) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold, silver, palladium and oil and gas) and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects have been impacted. To date, a number of mining projects, including certain of those in respect of which Franco-Nevada has assets, have been suspended globally as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the properties in which Franco-Nevada holds a royalty, stream or other interest and from which it receives or expects to receive significant revenue is suspended and remains suspended, it may have a material adverse impact on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada's securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada's securities.

(b) Impact of Recent Global and Market Developments on Oil and Gas Prices

In addition, a number of geopolitical and market factors impacting global energy markets (including those related to the COVID-19 pandemic) have contributed to extreme volatility and a significant decrease in the price of oil and gas (WTI, WCS and NYMEX). Excess supply relative to current demand and a lack of available storage have also created significant downward pressure on global energy markets, with oil prices and futures contracts having reached historic lows. If these conditions continue for a prolonged period, the oil and gas operations in which Franco-Nevada holds oil and gas royalties and working interests are expected to be materially adversely affected, including potentially requiring temporary or permanent suspension or reductions in production.The lower oil and gas prices (WTI, WCS and NYMEX) may adversely impact potential future development as well as operators' cashflow, ability to access additional capital and financial condition. The continuation of low oil and gas prices (WTI, WCS and NYMEX) for a prolonged period may have a material adverse impact on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada's securities.

As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company recorded impairments of $271.7 million related to its interests in the SCOOP/STACK and Weyburn, as detailed in the "Impairment Charges" section of this MD&A.

There is heightened potential for further impairments or reversal of these and possibly other impairments over the remainder of 2020. In the current environment, assumptions about future commodity prices, interest rates and levels of supply and demand of commodities are subject to greater variability than normal, which could significantly affect the valuation of the Company's financial and non-financial assets.

New and Amended Standards Adopted by the Company

The following standard was effective and implemented for the annual period as of January 1, 2020.

Amendments to IFRS 3 *Business Combinations*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* ("IFRS 3"). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. While it is generally expected that the application of the amendments will result in more acquisitions being accounted for as asset acquisitions, the Company will evaluate the impact of the amendments based on the nature and terms of acquisitions the Company may complete in future.

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 May 6, 2020, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	189,945,484
Issuable upon exercise of Franco-Nevada options[(1)]	836,427
Issuable upon vesting of Franco-Nevada RSUs	108,978
Diluted common shares	190,890,889

(1) There were 836,427 stock options under our share compensation plan outstanding to directors, officers, employees and others with exercise prices ranging from C$33.12 to C$129.32 per share.

Franco-Nevada has not issued any preferred shares.

Internal Control Over Financial Reporting and Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining Franco-Nevada's internal control over financial reporting and other financial disclosure and our disclosure controls and procedures.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Franco-Nevada's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Franco-Nevada; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of Franco-Nevada are being made only in accordance with authorizations of management and directors of Franco-Nevada; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Franco-Nevada's assets that could have a material effect on Franco-Nevada's financial statements. Internal control over other financial disclosure is a process designed to ensure that other financial information included in this MD&A, fairly represents in all material respects the financial condition, results of operations and cash flows of Franco-Nevada for the periods presented in this MD&A.

Franco-Nevada's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to Franco-Nevada, including its consolidated subsidiaries, is made known to management by others within those entities, particularly during the period in which this report is prepared and that information required to be disclosed by Franco-Nevada in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Due to its inherent limitations, internal control over financial reporting and other financial disclosure may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

For the three months ended March 31, 2020, 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-IFRS Financial Measures

Cash Costs attributable to GEOs sold and Cash Costs per GEO

Cash Costs attributable to GEOs sold and Cash Costs per GEO sold are non-IFRS financial measures. Cash Costs are calculated by starting with total costs of sales and removing depletion and depreciation, costs not attributable to GEOs sold such as our Energy operating costs, and other non-cash costs of sales such as costs related to our prepaid gold purchase agreement. 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 the Company's ability to generate positive cash flow from its mining royalty, stream and working interests. Management and certain investors also use this information to evaluate the Company'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:

(expressed in millions, except per GEO amounts)	For the three months ended March 31, 2020	2019
Total costs of sales	**$ 108.0**	$ 93.3
Depletion and depreciation	**(64.4)**	(60.9)
Energy operating costs	**(2.1)**	(1.4)
Cash Costs attributable to GEOs sold	**$ 41.5**	$ 31.0
GEOs, excluding prepaid ounces	**134,941**	122,049
Cash Costs per GEO sold	**$ 308**	$ 254

Adjusted EBITDA and Adjusted EBITDA per share

Adjusted EBITDA and Adjusted EBITDA per share are non-IFRS financial measures, which exclude the following from net income and earnings per share ("EPS"):

- Income tax expense/recovery;
- Finance expenses;
- Finance income;
- Depletion and depreciation;
- Non-cash costs of sales;
- Impairment charges related to royalty, stream and working interests;
- Impairment of investments;
- Gains/losses on sale of royalty, stream and working interests;
- Gains/losses on investments;
- Foreign exchange gains/losses and other income/expenses; and
- Unusual non-recurring items.

Management uses Adjusted EBITDA and Adjusted EBITDA per share to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented, to assist with the planning and forecasting of future operating results, and to supplement information in its financial statements. 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 the Company, particularly since the excluded items are typically not included in our guidance, with the exception of depletion and depreciation expense. While the adjustments to net income and EPS in these measures include items that are both recurring and non-recurring, management believes that Adjusted EBITDA and Adjusted EBITDA per share are useful measures of the Company's performance because they adjust for items which may not relate to or have a disproportionate effect on the period in which they are recognized, impact the comparability of our core operating results from period to period, are not always reflective of the underlying operating performance of our business and/or are not necessarily indicative of future operating results. Adjusted EBITDA and Adjusted EBITDA per share are only intended to provide additional information to investors and analysts, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other issuers.

Reconciliation of Net Income to Adjusted EBITDA:

(expressed in millions, except per share amounts)	For the three months ended March 31, 2020	2019
Net (Loss) Income	**$ (98.8)**	$ 65.2
Income tax (recovery) expense	**(44.9)**	13.0
Finance expenses	**1.1**	2.5
Finance income	**(0.9)**	(0.7)
Depletion and depreciation	**64.4**	60.9
Impairment of royalty, stream and working interests	**271.7**	–
Foreign exchange (gains)/losses and other (income)/expenses	**0.1**	–
Adjusted EBITDA	**$ 192.7**	$ 140.9
Basic weighted average shares outstanding	**189.4**	187.0
Basic (loss) earnings per share	**$ (0.52)**	$ 0.35
Income tax (recovery) expense	**(0.24)**	0.07
Finance expenses	**0.01**	0.01
Finance income	**–**	(0.01)
Depletion and depreciation	**0.34**	0.33
Impairment of royalty, stream and working interests	**1.43**	–
Foreign exchange (gains)/losses and other (income)/expenses	**–**	–
Adjusted EBITDA per share	**$ 1.02**	$ 0.75

Margin

Margin is a non-IFRS financial measure which is defined by the Company as Adjusted EBITDA divided by revenue. The Company uses Margin in its annual incentive compensation process to evaluate management's performance in increasing revenue and containing costs. Margin is intended to provide additional information, does not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for a measure of performance in accordance with IFRS.

Reconciliation of Net Income to Margin:

(expressed in millions, except Margin)	For the three months ended March 31, 2020	2019
Net (Loss) Income	**$ (98.8)**	$ 65.2
Income tax (recovery) expense	**(44.9)**	13.0
Finance expenses	**1.1**	2.5
Finance income	**(0.9)**	(0.7)
Depletion and depreciation	**64.4**	60.9
Impairment of royalty, stream and working interests	**271.7**	–
Foreign exchange (gains)/losses and other (income)/expenses	**0.1**	–
Adjusted EBITDA	**$ 192.7**	$ 140.9
Revenue	**240.5**	179.8
Margin	**80.1%**	78.4%

Adjusted Net Income and Adjusted Net Income per share

Adjusted Net Income and Adjusted Net Income per share are non-IFRS financial measures, which exclude the following from net income and EPS:

- Foreign exchange gains/losses and other income/expenses;
- Impairment charges related to royalty, stream and working interests;
- Impairment of investments;
- Gains/losses on sale of royalty, stream and working interests;
- Gains/losses on investments;
- Unusual non-recurring items; and
- Impact of income taxes on these items.

Management uses Adjusted Net Income and Adjusted Net Income per share to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented, to assist with the planning and forecasting of future operating results, and to supplement information in its financial statements. Management believes that in addition to measures prepared in accordance with IFRS such as Net Income and EPS, our investors and analysts use Adjusted Net Income and Adjusted Net Income per share to evaluate the results of the underlying business of the Company, particularly since the excluded items are typically not included in our guidance. While the adjustments to net income and EPS in these measures include items that are both recurring and non-recurring, management believes that Adjusted Net Income and Adjusted Net Income per share are useful measures of the Company's performance because they adjust for items which may not relate to or have a disproportionate effect on the period in which they are recognized, impact the comparability of our core operating results from period to period, are not always reflective of the underlying operating performance of our business and/or are not necessarily indicative of future operating results. Adjusted Net Income and Adjusted Net Income per share are intended to provide additional information to investors and analysts and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS, and may not be comparable to similar measures presented by other issuers.

Reconciliation of Net Income to Adjusted Net Income:

(expressed in millions, except per share amounts)	For the three months ended March 31, 2020	2019
Net (Loss) Income	**$ (98.8)**	$ 65.2
Impairment of royalty, stream and working interests	**271.7**	–
Foreign exchange (gains)/losses and other (income)/expenses	**0.1**	–
Tax effect of adjustments	**(63.8)**	–
Adjusted Net Income	**$ 109.2**	$ 65.2
Basic weighted average shares outstanding	**189.4**	187.0
Basic (loss) earnings per share	**$ (0.52)**	$ 0.35
Impairment of royalty, stream and working interests	**1.44**	–
Foreign exchange (gains)/losses and other (income)/expenses	**–**	–
Tax effect of adjustments	**(0.34)**	–
Adjusted Net Income per share	**$ 0.58**	$ 0.35

Cautionary Statement on Forward-Looking Information

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995, respectively, which may include, but are not limited to, statements with respect to future events or future performance, management's expectations regarding Franco-Nevada's growth, results of operations, estimated future revenues, carrying value of assets, future dividends and requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities, audits being conducted by the CRA, the expected exposure for current and future assessments and available remedies, the remedies relating to and consequences of the ruling of the Supreme Court of Panama in relation to the Cobre Panama project, the aggregate value of Common Shares which may be issued pursuant to the at-the-market ("ATM") program, and the Company's expected use of the net proceeds of the ATM program. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such reserves and resources and GEOs will be realized. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Franco-Nevada to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual events or results to differ materially from any forward-looking statement, including, without limitation: the price at which Common Shares are sold in the ATM program and the aggregate net proceeds received by the Company as a result of the ATM program; 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 Energy); fluctuations in the value of the Canadian and Australian dollar, Mexican Peso and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; regulatory, political or economic developments in any of the countries where properties in which Franco-Nevada holds a royalty, stream or other interest are located or through which they are held; risks related to the operators of the properties in which Franco-Nevada holds a royalty, stream or other interest, including changes in the ownership and control of such operators; influence of macroeconomic developments; business opportunities that become available to, or are pursued by Franco-Nevada; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; whether or not the 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.

Condensed Consolidated Statements of Financial Position

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

	At March 31, 2020	At December 31, 2019
Assets		
Cash and cash equivalents *(Note 4)*	$ 209.8	$ 132.1
Receivables	83.1	97.8
Prepaid expenses and other *(Note 6)*	47.2	48.8
Current assets	$ 340.1	$ 278.7
Royalty, stream and working interests, net *(Note 7)*	$ 4,449.4	$ 4,797.8
Investments and loan receivable *(Note 5)*	130.9	183.2
Deferred income tax assets	52.8	6.8
Other assets *(Note 8)*	8.5	14.1
Total assets	$ 4,981.7	$ 5,280.6
Liabilities		
Accounts payable and accrued liabilities	$ 38.6	$ 41.8
Current income tax liabilities	2.0	11.6
Current liabilities	$ 40.6	$ 53.4
Debt *(Note 9)*	$ –	$ 80.0
Deferred income tax liabilities	60.4	82.4
Other liabilities	4.3	2.6
Total liabilities	$ 105.3	$ 218.4
Shareholders' Equity *(Note 15)*		
Share capital	$ 5,448.7	$ 5,390.7
Contributed surplus	15.2	14.2
Deficit	(310.3)	(164.4)
Accumulated other comprehensive loss	(277.2)	(178.3)
Total shareholders' equity	$ 4,876.4	$ 5,062.2
Total liabilities and shareholders' equity	$ 4,981.7	$ 5,280.6

Contingencies *(Note 19)*

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

Condensed Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

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

	For the three months ended March 31,	
	2020	2019
Revenue *(Note 10)*	**$ 240.5**	$ 179.8
Costs of sales		
Costs of sales *(Note 11)*	**$ 43.6**	$ 32.4
Depletion and depreciation	**64.4**	60.9
Total costs of sales	**$ 108.0**	$ 93.3
Gross profit	**$ 132.5**	$ 86.5
Other operating expenses (income)		
Impairment of royalty, streams and working interests *(Note 7)*	**$ 271.7**	$ –
General and administrative expenses	**6.2**	6.9
Gain on sale of gold bullion	**(2.0)**	(0.4)
Total other operating expenses (income)	**$ 275.9**	$ 6.5
Operating (loss) income	**$ (143.4)**	$ 80.0
Foreign exchange gain (loss) and other income (expenses)	**$ (0.1)**	$ –
(Loss) Income before finance items and income taxes	**$ (143.5)**	$ 80.0
Finance items *(Note 13)*		
Finance income	**$ 0.9**	$ 0.7
Finance expenses	**(1.1)**	(2.5)
Net (loss) income before income taxes	**$ (143.7)**	$ 78.2
Income tax (recovery) expense *(Note 14)*	**(44.9)**	13.0
Net (loss) income	**$ (98.8)**	$ 65.2
Other comprehensive (loss) income		
Items that may be reclassified subsequently to profit and loss:		
Currency translation adjustment	**$ (63.6)**	$ 14.0
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 (loss) ("FVTOCI"), net of income tax *(Note 5)*	**(35.3)**	22.9
Other comprehensive (loss) income	**$ (98.9)**	$ 36.9
Comprehensive (loss) income	**$ (197.7)**	$ 102.1
(Loss) earnings per share *(Note 16)*		
Basic	**$ (0.52)**	$ 0.35
Diluted	**$ (0.52)**	$ 0.35
Weighted average number of shares outstanding *(Note 16)*		
Basic	**189.4**	187.0
Diluted	**189.8**	187.3

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

Condensed Consolidated Statements of Cash Flows

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

	For the three months ended March 31,	
	2020	2019
Cash flows from operating activities		
Net (loss) income	**$ (98.8)**	$ 65.2
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depletion and depreciation	**64.4**	60.9
Share-based payments	**1.2**	1.4
Impairment of royalty, stream and working interests	**271.7**	–
Unrealized foreign exchange loss (gain)	**0.5**	(0.1)
Deferred income tax (recovery) expense	**(59.3)**	3.3
Other non-cash items	**(2.5)**	0.3
Acquisition of gold bullion	**(8.8)**	(7.6)
Proceeds from sale of gold bullion	**13.5**	11.2
Operating cash flows before changes in non-cash working capital	**$ 181.9**	$ 134.6
Changes in non-cash working capital:		
Decrease in receivables	**$ 14.7**	$ 6.9
Decrease (increase) in prepaid expenses and other	**7.1**	(1.5)
(Decrease) Increase in current liabilities	**(8.5)**	3.6
Net cash provided by operating activities	**$ 195.2**	$ 143.6
Cash flows from investing activities		
Acquisition of royalty, stream and working interests	**$ (34.3)**	$ (57.3)
Acquisition of energy well equipment	**(0.2)**	(0.3)
Proceeds from sale of investments	**–**	1.3
Net cash used in investing activities	**$ (34.5)**	$ (56.3)
Cash flows from financing activities		
Repayment of revolving credit facilities	**–**	(50.0)
Repayment of term loan	**(80.0)**	–
Proceeds from at-the-market equity offering	**37.5**	–
Credit facility amendment costs	**–**	(0.8)
Payment of dividends	**(36.2)**	(34.9)
Proceeds from exercise of stock options	**1.2**	1.0
Net cash used in financing activities	**$ (77.5)**	$ (84.7)
Effect of exchange rate changes on cash and cash equivalents	**$ (5.5)**	$ 0.3
Net change in cash and cash equivalents	**$ 77.7**	$ 2.9
Cash and cash equivalents at beginning of period	**$ 132.1**	$ 69.7
Cash and cash equivalents at end of period	**$ 209.8**	$ 72.6
Supplemental cash flow information:		
Cash paid for interest expense and loan standby fees	**$ 0.8**	$ 2.2
Income taxes paid	**$ 18.4**	$ 7.0

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 15)*	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance at January 1, 2020	$ 5,390.7	$ 14.2	$ (178.3)	$ (164.4)	**$ 5,062.2**
Net loss	–	–	–	(98.8)	**(98.8)**
Other comprehensive loss	–	–	(98.9)	–	**(98.9)**
Total comprehensive loss	$ 5,390.7	$ 14.2	$ (277.2)	$ (263.2)	**$ (197.7)**
At-the-market equity offering	45.5	–	–	–	**45.5**
Exercise of stock options	1.6	(0.4)	–	–	**1.2**
Share-based payments	–	1.4	–	–	**1.4**
Dividend reinvestment plan	10.9	–	–	–	**10.9**
Dividends declared	–	–	–	(47.1)	**(47.1)**
Balance at March 31, 2020	**$ 5,448.7**	**$ 15.2**	**$ (277.2)**	**$ (310.3)**	**$ 4,876.4**
Balance at January 1, 2019	$ 5,158.3	$ 15.6	$ (220.3)	$ (321.7)	$ 4,631.9
Net income	–	–	–	65.2	65.2
Other comprehensive income	–	–	36.9	–	36.9
Total comprehensive income	$ 5,158.3	$ 15.6	$ (183.4)	$ (256.5)	$ 102.1
Acquisition of Salares Norte	27.0	–	–	–	27.0
Loss on disposal of equity investments at FVTOCI	–	–	3.2	(3.2)	–
Exercise of stock options	1.2	(0.3)	–	–	0.9
Share-based payments	–	1.5	–	–	1.5
Dividend reinvestment plan	10.0	–	–	–	10.0
Dividends declared	–	–	–	(44.9)	(44.9)
Balance at March 31, 2019	**$ 5,196.5**	**$ 16.8**	**$ (180.2)**	**$ (304.6)**	**$ 4,728.5**

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

Notes to the Condensed Consolidated Financial Statements

For the three months ended March 31, 2020 and 2019
(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 with a target of no more than 20% of revenue from energy (oil, gas and natural gas liquids). The Company owns a portfolio of royalty, stream and working interests, covering properties at various stages, from production to early exploration located in Latin America, 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 unaudited 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, 2019 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, 2019, except as referenced in *Note 2(b)*. These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2020.

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 months ended March 31, 2020 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, 2019 and include measurement uncertainty in assessments of impairment of royalty, stream and working interests which are impacted by the following developments during the first quarter of 2020.

Impact of the current COVID-19 pandemic

The current COVID-19 (coronavirus) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold, silver, palladium and oil and gas) and has raised the prospect of an extended global recession. As well, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects have been impacted. To date, a number of mining projects, including certain of those in respect of which Franco-Nevada has assets, have been suspended globally as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the properties in which the Company holds a royalty, stream or other interest and from which it receives or expects to receive significant revenue is

suspended and remains suspended, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities.

Impact of recent global and market developments on oil and gas prices

In addition, a number of geopolitical and market factors impacting global energy markets (including those related to the COVID-19 pandemic) have contributed to extreme volatility and a significant decrease in the price of oil and gas (WTI, WCS and NYMEX). Excess supply relative to current demand and a lack of available storage have also created significant downward pressure on global energy markets, with oil prices and futures contracts having reached historic lows. If these conditions continue for a prolonged period, the oil and gas operations in which Franco-Nevada holds oil and gas royalties and working interests are expected to be materially adversely affected, including potentially requiring temporary or permanent suspension or reductions in production. The lower oil and gas prices (WTI, WCS and NYMEX) may adversely impact potential future development as well as operators' cashflow, ability to access additional capital and financial condition. The continuation of low oil and gas prices (WTI, WCS and NYMEX) for a prolonged period may have a material adverse impact on Franco-Nevada's profitability, results of operations, financial condition and the trading price of Franco-Nevada's securities.

As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company recorded impairments of $271.7 million in the three-months ended March 31, 2020, as detailed in *Note 7(b)*.

There is heightened potential for further impairments of these assets or impairments of other assets or a reversal of these impairments over the remainder of 2020. In the current environment, assumptions about future commodity prices, interest rates and levels of supply and demand of commodities are subject to greater variability than normal, which could significantly affect the valuation of the Company's financial and non-financial assets.

(c) New and amended standards adopted by the Company

The following standard was effective and implemented for the annual period as of January 1, 2020.

Amendments to IFRS 3 *Business Combinations*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* ("IFRS 3"). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. While it is generally expected that the application of the amendments will result in more acquisitions being accounted for as asset acquisitions, the Company will evaluate the impact of the amendments based on the nature and terms of acquisitions the Company may complete in future periods.

Note 3 - Acquisitions and other transactions

(a) Acquisition of Island Gold Royalty Interest - Ontario, Canada

On March 20, 2020, the Company acquired an existing 0.62% NSR on Alamos Gold Inc.'s Island Gold project in Finan Township in the Province of Ontario for $13.4 million (C$19.0 million).

The acquisition of the Island Gold royalty has been accounted for as an asset acquisition.

(b) Acquisition of U.S. Oil & Gas Mineral Rights with Continental Resources, Inc. ("Continental") - SCOOP and STACK, Oklahoma, USA

The Company, through a wholly-owned subsidiary, has a strategic relationship with Continental to acquire, through a jointly-owned entity (the "Royalty Acquisition Venture"), royalty rights in the SCOOP and STACK plays of Oklahoma.

In the three months ended March 31, 2020, the Company recorded contributions to the Royalty Acquisition Venture of $16.8 million (Q1/2019 - $51.4 million), which includes $1.3 million included in accrued liabilities funded after period-end. As at March 31, 2020, the cumulative investment in the Royalty Acquisition Venture totalled $393.0 million and Franco-Nevada has remaining commitments of up to $127.0 million to be funded in future periods.

Note 4 - Cash and Cash Equivalents

As at March 31, 2020 and December 31, 2019, cash and cash equivalents were primarily held in interest-bearing deposits.

Cash and cash equivalents comprised the following:

	At March 31, 2020	At December 31, 2019
Cash deposits	$ **161.6**	$ 118.7
Term deposits	**48.2**	13.4
	$ **209.8**	$ 132.1

Note 5 - Investments and loan receivable

Investments comprise the following: (i) equity interests in various public and non-public entities which the Company acquired through the open market or through transactions; (ii) warrants in various publicly-listed companies; and (iii) a loan receivable extended to Noront Resources Ltd. as part of the Company's acquisition of royalty rights in the Ring of Fire mining district of Ontario, Canada, in April 2015. The loan has a maturity date of September 30, 2022.

Investments and loan receivable comprised the following:

	At March 31, 2020	At December 31, 2019
Equity investments	$ **92.9**	$ 145.6
Loan receivable	**35.2**	34.6
Warrants	**2.8**	3.0
	$ **130.9**	$ 183.2

The change in the fair value of equity investments recognized in other comprehensive income (loss) for the periods ended March 31, 2020 and 2019 were as follows:

	For the three months ended March 31, 2020	2019
(Loss) gain on change in the fair value of equity investments at FVTOCI	$ (40.7)	$ 26.3
Deferred tax recovery (expense) in other comprehensive income	5.4	(3.4)
(Loss) gain on change in the fair value of equity investments at FVTOCI, net of tax	$ (35.3)	$ 22.9

Note 6 - Prepaid expenses and other current assets

Prepaid expenses and other current assets comprised the following:

	At March 31, 2020	At December 31, 2019
Gold bullion	$ 23.5	$ 26.2
Prepaid expenses	20.6	17.5
Stream ounces inventory	2.5	4.4
Debt issue costs	0.6	0.7
	$ 47.2	$ 48.8

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, comprised the following:

As at March 31, 2020	Cost	Accumulated Depletion [1]	Impairment	Carrying Value
Mining royalties	$ 1,027.3	$ (617.8)	$ –	$ 409.5
Streams	4,348.7	(1,587.9)	–	2,760.8
Energy	1,767.4	(436.8)	(267.7)	1,062.9
Advanced	196.5	(31.3)	–	165.2
Exploration	62.7	(11.7)	–	51.0
	$ 7,402.6	$ (2,685.5)	$ (267.7)	$ 4,449.4

(1) Accumulated depletion includes previously recognized impairment charges.

As at December 31, 2019	Cost	Accumulated Depletion [1]	Impairment	Carrying Value
Mining royalties	$ 1,035.7	$ (620.1)	$ –	$ 415.6
Streams	4,346.3	(1,542.3)	–	2,804.0
Energy	1,756.4	(402.8)	–	1,353.6
Advanced	203.2	(32.3)	–	170.9
Exploration	66.2	(12.5)	–	53.7
	$ 7,407.8	$ (2,610.0)	$ –	$ 4,797.8

(1) Accumulated depletion includes previously recognized impairment charges.

Changes in royalty, stream and working interests for the periods ended March 31, 2020 and December 31, 2019 were as follows:

	Mineral Royalties	Streams	Energy	Advanced	Exploration	Total
Balance at January 1, 2019	$ 450.1	$ 2,967.6	$ 966.6	$ 129.8	$ 41.5	$ 4,555.6
Additions	–	–	419.0	46.0	11.9	476.9
Transfers	5.9	–	–	(5.9)	–	–
Depletion	(46.0)	(163.6)	(49.0)	(0.9)	(0.2)	(259.7)
Impact of foreign exchange	5.6	–	17.0	1.9	0.5	25.0
Balance at December 31, 2019	$ 415.6	$ 2,804.0	$ 1,353.6	$ 170.9	$ 53.7	$ 4,797.8
Additions *(Note 3)*	13.4	–	18.8	–	–	32.2
Impairments	–	–	(267.7)	–	–	(267.7)
Depletion	(8.6)	(43.2)	(11.7)	(0.2)	–	(63.7)
Impact of foreign exchange	(10.9)	–	(30.1)	(5.5)	(2.7)	(49.2)
Balance at March 31, 2020	**$ 409.5**	**$ 2,760.8**	**$ 1,062.9**	**$ 165.2**	**$ 51.0**	**$ 4,449.4**

Of the total net book value as at March 31, 2020, $3,461.1 million (December 31, 2019 - $3,743.8 million) is depletable and $988.3 million (December 31, 2019 - $1,054.0 million) is non-depletable..

(b) Impairments of royalties, streams and working interests

Royalties, streams and working interests are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. As a result of reduced production and capital spend by the operators of the Company's Energy assets due to lower market expectations for oil and gas prices, the Company noted the presence of impairment indicators and carried out an asset impairment analysis of its Energy assets as at March 31, 2020. Impairments in the carrying value of each cash-generated unit ("CGU") are measured and recorded to the extent that the carrying value of each CGU exceeds its estimated recoverable amount, which is the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"), which is generally calculated using an estimate of future discounted cash-flows.

The Company recorded impairment charges for Q1/2020 with respect to the following CGUs:

SCOOP/STACK

The Company's interest in the SCOOP/STACK comprises acquisitions of royalty rights through the Royalty Acquisition Venture, a jointly-owned entity with Continental, as well as two packages of royalty rights acquired in December 2016 for a price of $100.0 million, and in November 2017 for $27.6 million.

Weyburn

The Company holds a 11.71% NRI, a 0.44% ORR and a 2.56% WI in the Weyburn Unit, which is located 129km southeast of Regina, Saskatchewan. The 11.71% NRI was acquired on November 13, 2012.

The following table summarizes the impairment losses and estimated recoverable amount by CGU:

	Impairment Amount	Recoverable Amount
Royalty, stream and working interests, net		
SCOOP/STACK	$ 207.2	$ 309.2
Weyburn	60.5	162.8
Other assets		
Oil well equipment	$ 4.0	$ 4.7
	$ 271.7	**$ 476.7**

Key assumptions and sensitivity analysis

Key assumptions and estimates used in determining the recoverable amounts of the Company's Energy assets are related to oil prices and discount rates. The future cash flows expected from each CGU were derived from a model developed by management using cash-flows prepared by an independent reserve engineer or a third-party advisor, and expected performance based on publicly-released technical information to predict future performance. For the SCOOP/STACK CGUs, the Company's management made assumptions of future drilling activity to reflect the reduced capital spending by operators in the current environment.

The Company's management made assumptions of future West Texas Intermediate ("WTI") prices to estimate future revenues, based on long-term consensus price estimates obtained from a sample of independent reserve evaluators. For the Weyburn CGU, the differential to Edmonton Light prices assumption was $8.55/barrel, and the U.S. dollar to Canadian dollar foreign exchange rate assumption was $0.72. Forecasted WTI prices as at March 31, 2020 used to determine future cash flows were as follows:

	Remainder of 2020	2021	2022	2023	2024	Average Annual Increase Thereafter
WTI oil price (US$/barrel)	$ 30.00	$ 41.18	$ 49.88	$ 55.87	$ 57.98	2%

The future cash-flows were discounted using an after-tax discount rate which reflects specific market risk factors associated with individual characteristics of the CGU. For the SCOOP/STACK CGUs, the discount rate ranged between 5% for proved producing reserves to 12% for undeveloped contingent resources. For the Weyburn CGU, the discount rate assumed was 9.5%.

A sensitivity analysis showing the impact of a change, in isolation, in the WTI oil price and discount rate assumptions is shown below:

	Increase (Decrease) to Impairment Charges			
	1% Increase in the Discount Rate	1% Decrease in the Discount Rate	10% Decrease in WTI Oil Price	10% Increase in WTI Oil Price
SCOOP/STACK	$ 34.1	$ (39.9)	$ 37.8	$ (37.3)
Weyburn, including oil well equipment	16.9	(19.1)	39.8	(39.0)
	$ 51.0	**$ (59.0)**	**$ 77.6**	**$ (76.3)**

Note 8 - Other assets

Other assets comprised the following:

	At March 31, 2020	At December 31, 2019
Energy well equipment, net	**$ 4.4**	$ 9.3
Right-of-use assets, net	**2.1**	2.5
Furniture and fixtures, net	**0.4**	0.4
Debt issue costs	**1.6**	1.9
	$ 8.5	$ 14.1

Note 9 - Debt

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

	Corporate Revolver	Corporate Term Loan	FNBC Revolver	Total
Size of facility	**$ 1,000.0**	**$ 160.0**	**$ 100.0**	**$ 1,260.0**
Balance at January 1, 2019	$ 210.0	$ –	$ –	$ 210.0
Drawdowns	275.0	160.0	–	435.0
Repayment	(485.0)	(80.0)	–	(565.0)
Balance at December 31, 2019	$ –	$ 80.0	$ –	$ 80.0
Repayment	–	(80.0)	–	(80.0)
Balance at March 31, 2020	**$ –**	**$ –**	**$ –**	**$ –**

(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 March 22, 2024.

The Company has two standby letters of credit in the amount of $16.3 million (C$23.1 million) against the Corporate Revolver in relation to the audit by the Canada Revenue Agency ("CRA") of its 2013-2015 taxation years, as referenced in *Note 19*.

Advances under the Corporate Revolver can be drawn as follows:

U.S. dollars

- Base rate advances with interest payable monthly at the Canadian Imperial Bank of Commerce ("CIBC") base rate, plus between 0.00% and 1.05% per annum depending upon the Company's leverage ratio; or
- LIBOR loans for periods of 1, 2, 3 or 6 months with interest payable at a rate of LIBOR, plus between 1.00% and 2.05% per annum, depending on the Company's leverage ratio.

Canadian dollars

- Prime rate advances with interest payable monthly at the CIBC prime rate, plus between 0.00% and 1.05% per annum, depending on the Company's leverage ratio; or
- Bankers' acceptances for a period of 30 to 180 days with a stamping fee calculated on the face amount between 1.00% and 2.05%, depending on the Company's leverage ratio.

All loans are readily convertible into loans of other types, described above, on customary terms and upon provision of appropriate notice. Borrowings under the Corporate Revolver are guaranteed by certain of the Company's subsidiaries and are unsecured.

The Corporate Revolver is subject to a standby fee of 0.20% to 0.41% per annum, depending on the Company's leverage ratio, even if no amounts are outstanding under the Corporate Revolver.

(b) Corporate Term Loan

On April 17, 2019, the Company entered into an unsecured credit facility (the "Corporate Term Loan") in the amount of $160.0 million to pay down amounts previously borrowed under the Corporate Revolver. The Corporate Term Loan had a maturity date of April 17, 2021. Advances were drawn as a one-month LIBOR loan with interest payable at a rate of LIBOR plus 0.85%. The Company has fully repaid the amount borrowed against the Corporate Term Loan.

(c) FNBC Revolver

The Company's subsidiary, Franco-Nevada (Barbados) Corporation ("FNBC"), has an unsecured revolving term credit facility (the "FNBC Revolver"). The FNBC Revolver provides for the availability over a one-year period of up to $100.0 million in borrowings.

On March 10, 2020, the FNBC Revolver was amended to provide an extension of the maturity date by an additional year to March 20, 2021. Advances, under the amended terms of the FNBC Revolver, can be drawn in U.S. dollars as follows:

- Base rate advances with interest payable monthly at the CIBC base rate, plus 0.25% per annum; or
- LIBOR loans for periods of 1, 2, 3 or 6 months with interest payable at a rate of LIBOR plus 1.25% per annum.

All loans are readily convertible into loans of other types on customary terms and upon provision of appropriate notice.

The FNBC Revolver is subject to a standby fee of 0.25% per annum, even if no amounts are outstanding.

Note 10 - Revenue

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

	For the three months ended March 31,	
	2020	2019
Commodity		
Gold[1]	**$ 167.0**	$ 114.0
Silver	**22.1**	20.0
Platinum-group metals[1]	**22.6**	19.1
Other mining commodities	**2.3**	5.9
Mining	**$ 214.0**	$ 159.0
Energy	**26.5**	20.8
	$ 240.5	$ 179.8
Geography		
Latin America	**$ 117.6**	$ 75.0
United States	**45.0**	32.9
Canada[1]	**46.4**	38.8
Rest of World	**31.5**	33.1
	$ 240.5	$ 179.8
Type		
Revenue-based royalties	**$ 68.4**	$ 56.4
Streams[1]	**150.8**	104.7
Profit-based royalties	**16.2**	9.6
Other	**5.1**	9.1
	$ 240.5	$ 179.8

(1) Includes revenue of $0.2 million and $3.1 million of provisional pricing adjustments for gold and platinum-group metals, respectively (Q1/2019 - a credit of $0.3 million and revenue of $2.6 million, respectively).

Note 11 - Costs of sales

Costs of sales comprised the following:

	For the three months ended March 31, 2020	2019
Costs of stream sales	$ 40.8	$ 30.4
Mineral production taxes	0.7	0.6
Mining costs of sales	$ 41.5	$ 31.0
Energy costs of sales	2.1	1.4
	$ 43.6	$ 32.4

Note 12 - 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 March 31, 2020	2019
Short-term benefits[1]	$ 0.8	$ 0.8
Share-based payments[2]	1.6	1.4
	$ 2.4	$ 2.2

(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 13 - Finance income and expenses

Finance income and expenses for the periods ended March 31, 2020 and 2019 were as follows:

	For the three months ended March 31, 2020	2019
Finance income		
Interest	$ 0.9	$ 0.7
	$ 0.9	$ 0.7
Finance expenses		
Interest	$ 0.3	$ 1.9
Standby charges	0.5	0.3
Amortization of debt issue costs	0.3	0.2
Accretion of lease liabilities	–	0.1
	$ 1.1	$ 2.5

Note 14 - Income taxes

Income tax expense for the periods ended March 31, 2020 and 2019 was as follows:

	For the three months ended March 31, 2020	2019
Current income tax expense	$ 14.4	$ 9.7
Deferred income tax (recovery) expense	(59.3)	3.3
	$ (44.9)	$ 13.0

Note 15 - Shareholders' equity

(a) Share capital

The Company's authorized capital stock includes an unlimited number of common shares (189,945,484 common shares issued and outstanding as at March 31, 2020) having no par value and preferred shares issuable in series (issued - nil).

Changes in share capital in the three months ended March 31, 2020 and year ended December 31, 2019 were as follows:

	Number of shares	Amount
Balance at January 1, 2019	186,692,481	$ 5,158.3
At-the-market equity offering	1,433,400	136.0
Acquisition of Salares Norte	366,499	27.0
Exercise of stock options	283,863	17.3
Vesting of restricted share units	46,375	3.3
Dividend reinvestment plan *(Note 15(c))*	558,770	48.8
Balance at December 31, 2019	189,381,388	$ 5,390.7
At-the-market equity offering *(Note 15(b))*	435,000	45.5
Exercise of stock options	30,330	1.6
Dividend reinvestment plan *(Note 15(c))*	98,766	10.9
Balance at March 31, 2020	**189,945,484**	**$ 5,448.7**

(b) At-the-Market Equity Program

On July 19, 2019, the Company established an at-the-market equity program (the "ATM Program") permitting the Company to issue up to an aggregate of $200 million worth of common shares from treasury at prevailing market prices to the public through the Toronto Stock Exchange, the New York Stock Exchange or any other marketplace on which the common shares are listed, quoted or otherwise trade. The volume and timing of distributions under the ATM Program is determined at the Company's sole discretion, subject to applicable regulatory limitations and blackout periods.

During the three months ended March 31, 2020, the Company issued 435,000 common shares at an average price per common share of $105.84. The gross proceeds to the Company from these issuances were $46.1 million, and the net proceeds were $45.5 million after deducting agent commission costs of $0.5 million and other share issuance costs of $0.1 million.

(c) Dividends

The Company declared dividends of $0.26 per common share in the three months ended March 31, 2020 (Q1/2019 - $0.25 per common share).

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

	For the three months ended March 31, 2020	2019
Cash dividends	**$ 36.2**	$ 34.9
DRIP dividends	**10.9**	10.0
	$ 47.1	$ 44.9

Note 16 - Earnings per share ("EPS")

	For the three months ended March 31, 2020			2019		
	Net income	**Shares *(in millions)***	**Per Share Amount**	Net income	Shares *(in millions)*	Per Share Amount
Basic (loss) earnings per share	**$ (98.8)**	**189.4**	**$ (0.52)**	$ 65.2	187.0	$ 0.35
Effect of dilutive securities	**–**	**0.4**	**–**	–	0.3	–
Diluted (loss) earnings per share	**$ (98.8)**	**189.8**	**$ (0.52)**	$ 65.2	187.3	$ 0.35

For the three months ended March 31, 2020, there were no stock options (Q1/2019 - 97,789 stock options) excluded in the computation of diluted EPS due to the strike price exceeding the average share price during the year. However, a weighted average of 104,089 stock options (Q1/2019 - 153,824 stock options) was excluded due to being anti-dilutive. RSUs totaling 65,360 (Q1/2019 - 69,442 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 March 31, 2020.

Note 17 - 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 March 31,					
	2020			2019		
	Mining	Energy	Total	Mining	Energy	Total
Revenue	**$ 214.0**	**$ 26.5**	**$ 240.5**	$ 159.0	$ 20.8	$ 179.8
Income/(expenses)						
Costs of sales	**$ 41.5**	**$ 2.1**	**$ 43.6**	$ 31.0	$ 1.4	$ 32.4
Depletion and depreciation	**52.0**	**11.7**	**63.7**	50.7	9.4	60.1
Segment gross profit	**$ 120.5**	**$ 12.7**	**$ 133.2**	$ 77.3	$ 10.0	$ 87.3

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

	For the three months ended March 31,	
	2020	2019
Total segment gross profit	**$ 133.2**	$ 87.3
Other operating (income)/expenses		
Impairment of royalty, streams and working interests	**$ 271.7**	$ –
General and administrative expenses	**6.2**	6.9
Gain on sale of bullion	**(2.0)**	(0.4)
Depreciation	**0.7**	0.8
Foreign exchange (gain) loss and other (income) expenses	**0.1**	–
Income before finance items and income taxes	**$ (143.5)**	$ 80.0
Finance items		
Finance income	**$ 0.9**	$ 0.7
Finance expenses	**(1.1)**	(2.5)
Net (loss) income before income taxes	**$ (143.7)**	$ 78.2

Note 18 - 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 months ended March 31, 2020.

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

As at March 31, 2020	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	$ –	$ 18.6	$ –	**$ 18.6**
Equity investments	89.0	–	3.9	**92.9**
Warrants	–	2.8	–	**2.8**
	$ 89.0	**$ 21.4**	**$ 3.9**	**$ 114.3**

As at December 31, 2019	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	$ –	$ 16.4	$ –	$ 16.4
Equity investments	141.7	–	3.9	145.6
Warrants	–	3.0	–	3.0
	$ 141.7	$ 19.4	$ 3.9	$ 165.0

Assets Measured at Fair Value on a Non-Recurring Basis:

As at March 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Royalty, stream and working interests	$ –	$ –	$ 472.0	**$ 472.0**
Oil well equipment	–	–	4.7	**4.7**
	$ –	**$ –**	**$ 476.7**	**$ 476.7**

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 one equity investment that does not have a quoted market price in an active market. The Company has assessed the fair value of the instrument 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.

(c) Royalty, stream, and working interests

The fair values of royalty, stream, and working interests are determined primarily using a market approach using unobservable discounted future cash-flows. As a result, the fair values are classified within Level 3 of the fair value hierarchy.

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.

Note 19 - Contingencies

Canada Revenue Agency Audit:

The CRA is conducting an audit of Franco-Nevada's 2012-2015 taxation years.

(a) Canadian Domestic Tax Matters (2014-2015):

In October 2019, certain wholly-owned Canadian subsidiaries of the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "Domestic Reassessments") in which the CRA is seeking to increase 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 $1.0 million (C$1.4 million) plus interest and applicable penalties (after applying available non-capital losses and other deductions). The Company has filed formal Notices of Objection with the CRA against the Domestic Reassessments.

If the CRA were to audit and reassess the particular Canadian subsidiaries of the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to an incremental payment of Canadian tax for these years of approximately $22.1 million (C$31.4 million) plus interest and applicable penalties (after applying available non-capital losses and other deductions).

(b) Mexico (2013-2015):

In December 2018, the Company received a Notice of Reassessment from the CRA for the 2013 taxation year (the "2013 Reassessment") in relation to its Mexican subsidiary. The reassessment was 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 Reassessment results in additional Federal and provincial income taxes of $7.6 million (C$10.8 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty.

In December 2019, the Company received Notices of Reassessment for the 2014 and 2015 taxation years (the "2014 and 2015 Reassessments", and collectively with the Domestic Reassessments and the 2013 Reassessment, the "Reassessments") on the same basis as the 2013 Reassessment, resulting in additional Federal and provincial income taxes of $9.9 million (C$14.1 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty. The Company has filed a formal Notice of Objection with the CRA against the 2013 Reassessment and the 2014 and 2015 Reassessments and has posted security in the form of a standby letter of credit for 50% of the reassessed amounts of tax, interest and penalties, as referenced in *Note 9(a)*. Further, the Company has commenced an appeal in the Tax Court of Canada with respect to the 2013 Reassessment.

For taxation years 2013 through 2015, the Company's Mexican subsidiary paid a total of $30.3 million (419.4 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.

If the CRA were to audit and reassess the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $3.2 million (C$4.6 million) plus interest and applicable penalties but before any relief under the Canada-Mexico tax treaty. During the years 2016 through 2019, the Company's Mexican subsidiary paid $3.8 million (71.0 million Pesos) in cash taxes, at a 30% tax rate, to the Mexican tax authorities on income earned in Mexico.

(c) Barbados (2014-2015):

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 $4.6 million (C$6.5 million) plus interest and applicable penalties. 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 of tax, interest and penalties, as referenced in *Note 9(a)*.

If the CRA were to audit and reassess the Company for taxation years 2016 through 2019 on the same basis, the Company estimates that it would be subject to additional Canadian tax for these years of approximately $73.3 million (C$104.0 million), plus interest and applicable penalties.

Management believes that the Company and its subsidiaries have filed their tax returns and paid all applicable taxes in compliance with Canadian and applicable foreign tax laws and, as a result, no amounts have been recorded in the financial statements of the Company for the Reassessments, or for any potential tax liability 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 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 income 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.

Corporate Information

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Paul Brink
President & CEO

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Listings of Common Shares

Toronto Stock Exchange: FNV
New York Stock Exchange: FNV

Share Capital

As at May 6, 2020

Common shares outstanding	189,945,484
Reserved for:	
Options & other	912,421
Fully diluted:	190,857,905

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* Effective as of May 6, 2020

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