

# Q2 2022 RESULTS PRESENTATION

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AUGUST 11, 2022

**Franco**  **Nevada**

FNV: TSX | NYSE





Q2 2022

CONFERENCE CALL AND WEBCAST

## Presenters



Paul Brink  
President & CEO



Sandip Rana  
CFO



Eaun Gray  
SVP, Business  
Development



# CAUTIONARY STATEMENT

## Forward Looking Statements

This presentation contains “forward looking information” and “forward looking statements” within the meaning of applicable Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995, respectively, which may include, but are not limited to, statements with respect to future events or future performance, management’s expectations regarding Franco-Nevada’s growth, results of operations, estimated future revenues, performance guidance, carrying value of assets, future dividends and requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue, future demand for and prices of commodities, expected mining sequences, business prospects and opportunities, the performance and plans of third party operators, audits being conducted by the Canada Revenue Agency (“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 expected future performance of the Tocantinzinho project, the Stream and the Term Loan, and capital requirements, construction and development plans, production estimates and production costs estimates relating to the Tocantinzinho project. In addition, statements (including data in tables) relating to reserves and resources including reserves and resources covered by a royalty, stream or other interest, gold equivalent ounces (“GEOs”) or mine lives are forward looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates and assumptions are accurate and that such reserves and resources, mine lives 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”, “potential for”, “scheduled”, “estimates”, “forecasts”, “predicts”, “projects”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Franco-Nevada to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. A number of factors could cause actual events or results to differ materially from any forward looking statement, including, without limitation: fluctuations in the prices of the primary commodities that drive royalty and stream revenue (gold, platinum group metals, copper, nickel, uranium, silver, iron-ore and oil and gas); fluctuations in the value of the Canadian and Australian dollar, Mexican peso and any other currency in which revenue is generated, relative to the U.S. dollar; changes in national and local government legislation, including permitting and licensing regimes and taxation policies and the enforcement thereof; the adoption of a global minimum tax on corporations; regulatory, political or economic developments in any of the countries where properties in which Franco-Nevada holds a royalty, stream or other interest are located or through which they are held; risks related to the operators of the properties in which Franco-Nevada holds a royalty, stream or other interest, including changes in the ownership and control of such operators; relinquishment or sale of mineral properties; influence of macroeconomic developments; business opportunities that become available to, or are pursued by Franco-Nevada; reduced access to debt and equity capital; litigation; title, permit or license disputes related to interests on any of the properties in which Franco-Nevada holds a royalty, stream or other interest; whether or not Franco-Nevada 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 presentation 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; Franco-Nevada’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](http://www.sedar.com) and Franco-Nevada’s most recent Annual Report filed on Form 40-F filed with the SEC on [www.sec.gov](http://www.sec.gov). The forward-looking statements herein are made as of the date herein 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.

## Non-GAAP Measures

Cash Costs, Cash Costs per GEO sold, Adjusted Net Income, Adjusted Net Income per Share, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA per Share, and Adjusted EBITDA Margin are non-GAAP financial measures with no standardized meaning under International Financial Reporting Standards (“IFRS”) and might not be comparable to similar financial measures disclosed by other issuers. For a quantitative reconciliation of each non-GAAP financial measure to the most directly comparable IFRS financial measure, refer to the appendix at the end of this presentation. Further information relating to these Non-GAAP financial measures is incorporated by reference from the “Non-GAAP Financial Measures” section of Franco-Nevada’s MD&A for the three and six months ended June 30, 2022 and filed on August 10, 2022 with the Canadian securities regulatory authorities on SEDAR available at [www.sedar.com](http://www.sedar.com) and with the U.S. Securities and Exchange Commission available on EDGAR at [www.sec.gov](http://www.sec.gov).

## Gold and Gold Equivalent Ounces

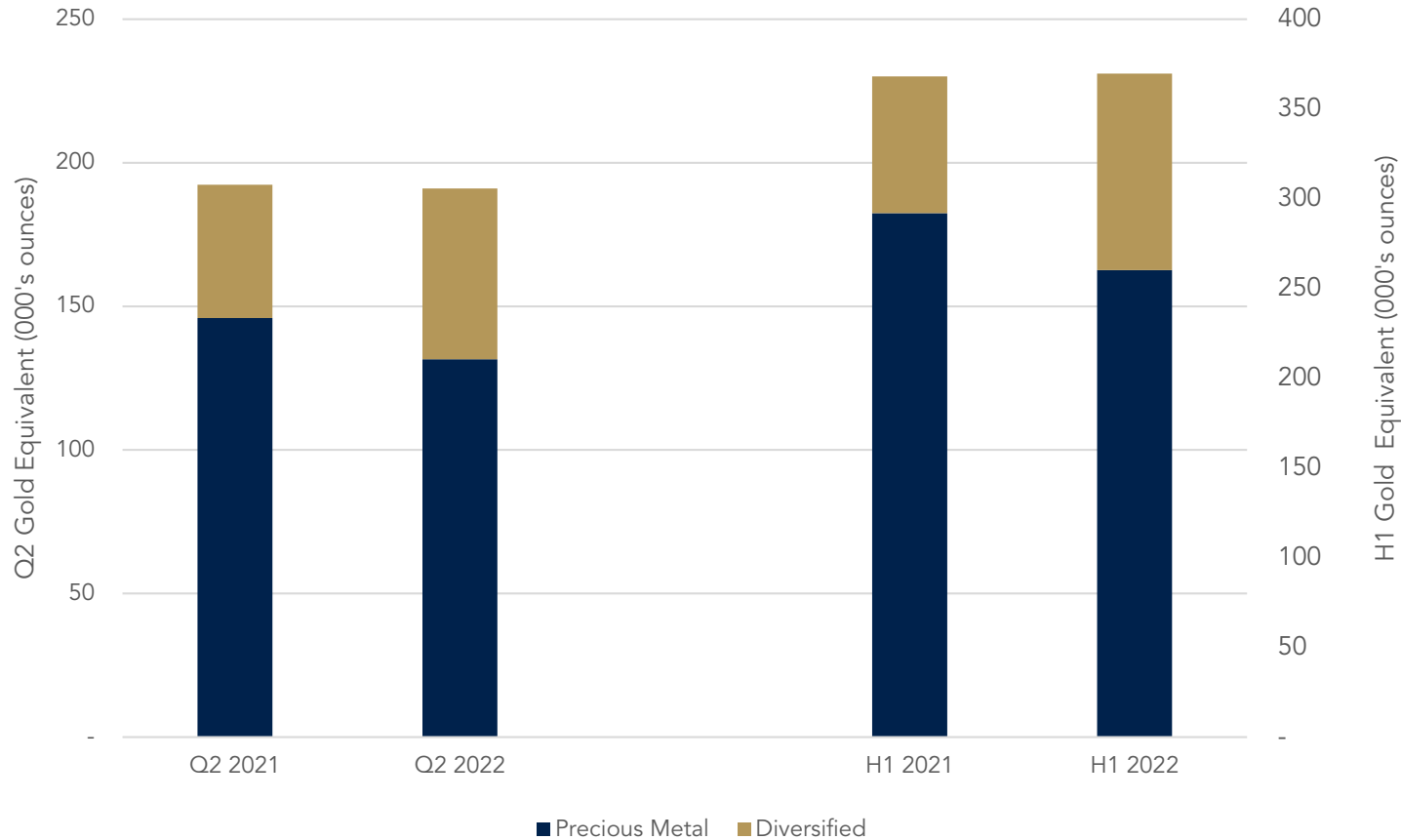
Starting in Q4 2021, revenue from Franco-Nevada’s Energy assets is included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. For further details, please refer to the appendix at the end of this presentation on GEOs and Non-GAAP Measures.

This presentation does not constitute an offer to sell or a solicitation for an offer to purchase any security in any jurisdiction.



# Quarterly Breakdown

(GEOs<sup>1</sup> 000's)



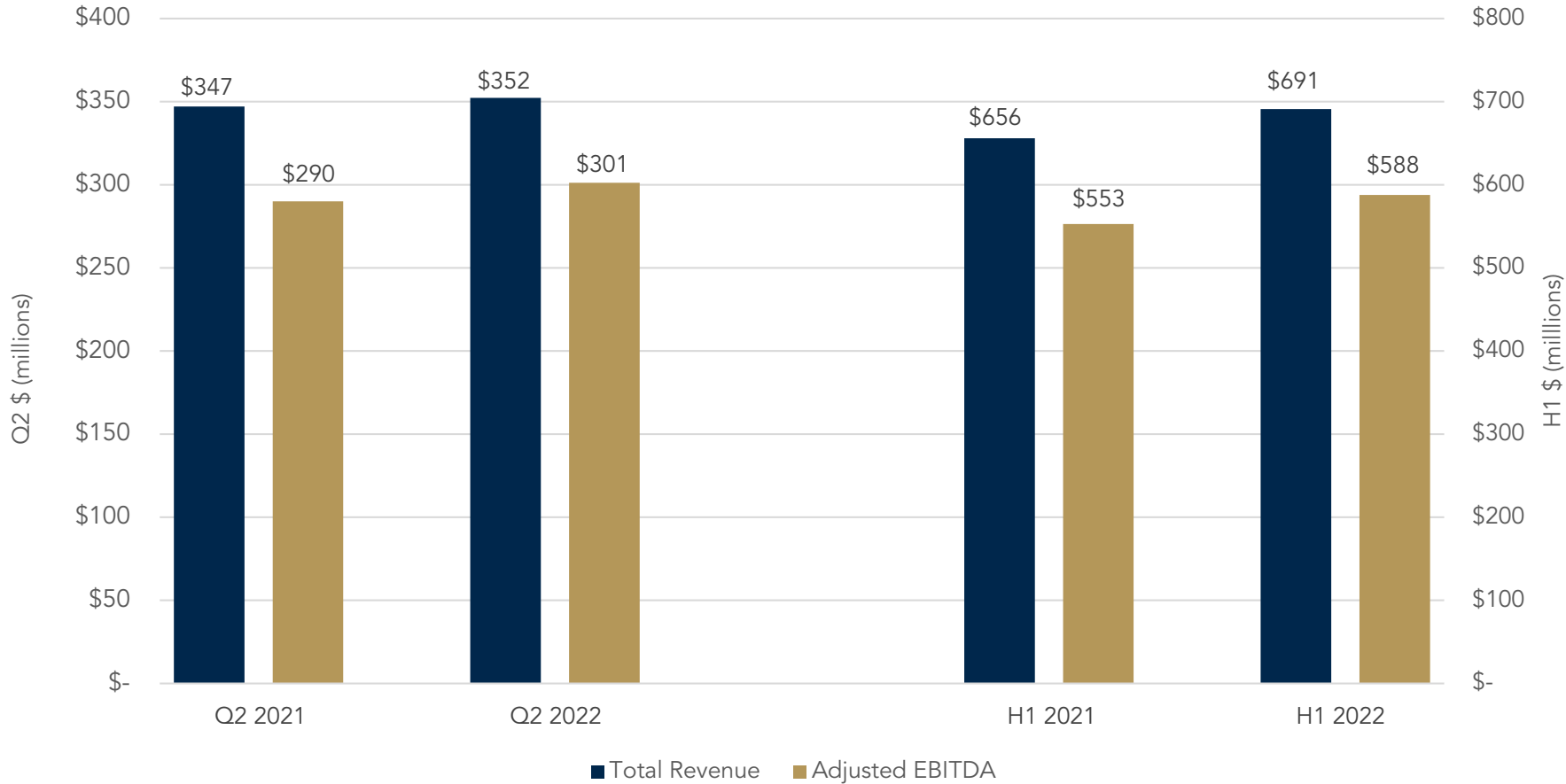
GEOs sold consistent year over year

On track to achieve guidance

1. Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. For further details, please refer to the appendix at the end of this presentation on GEOs and Non-GAAP Measures



# REVENUE AND ADJUSTED EBITDA PERFORMANCE



Portfolio performing well

Benefit of recovery in energy prices

85.5% margin<sup>1</sup> in Q2 2022

1. Please see notes on appendix slide – GEOs and Non-GAAP Measures



## KEY FINANCIAL METRICS TREND

	Q2 2022	Q2 2021	Variance	H1 2022	H1 2021	Variance
Average Gold Price (\$/oz)	\$1,872	\$1,816	3.1%	\$1,873	\$1,805	3.8%
Gold Equivalent Ounces (GEOs) <sup>1</sup>	191,052	192,379	(0.7%)	369,666	368,116	0.4%
Revenue	\$352.3	\$347.1	1.5%	\$691.1	\$656.0	5.4%
Adjusted EBITDA <sup>1</sup> (millions)	\$301.2	\$290.0	3.9%	\$587.8	\$552.7	6.4%
Adjusted EBITDA <sup>1</sup> per share	\$1.57	\$1.52	3.3%	\$3.07	\$2.89	6.2%
Net Income (millions)	\$196.5	\$175.3	12.1%	\$378.5	\$346.8	9.1%
Net Income per share	\$1.03	\$0.92	12.0%	\$1.98	\$1.82	8.8%
Adjusted Net Income <sup>1</sup> (millions)	\$195.8	\$182.6	7.2%	\$373.0	\$343.5	8.6%
Adjusted Net Income <sup>1</sup> per share	\$1.02	\$0.96	6.2%	\$1.84	\$1.80	8.3%
Margin <sup>1</sup>	85.5%	83.5%	1.9%	85.1%	84.3%	0.8%

Record

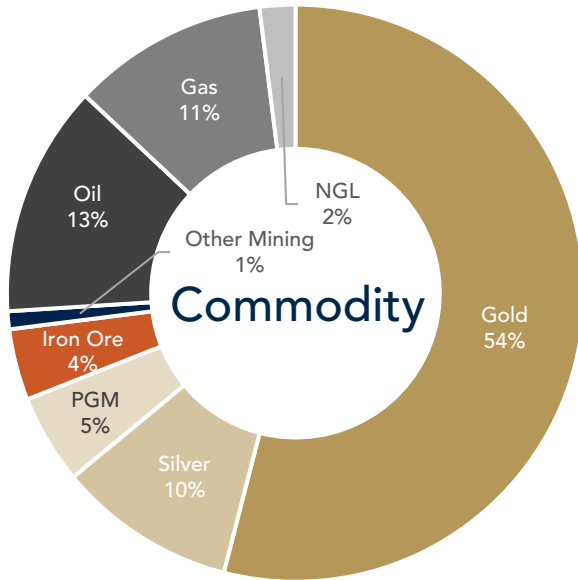
Record

1. Please see notes on appendix slide – GEOs and Non-GAAP Measures

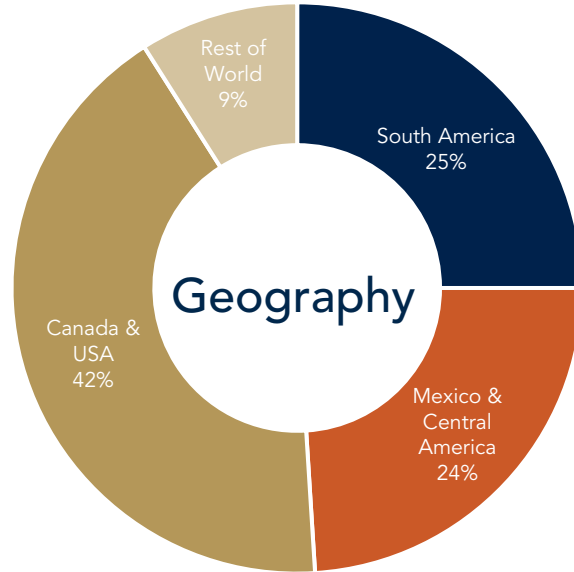


# Diversified with Low Risk

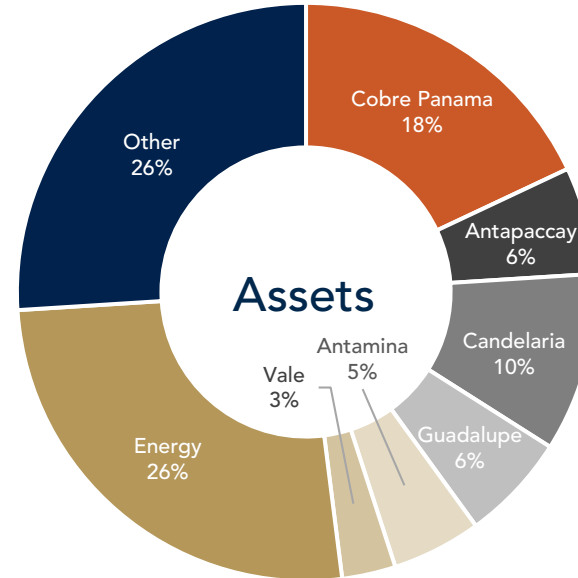
(Q2 2022 Revenue)



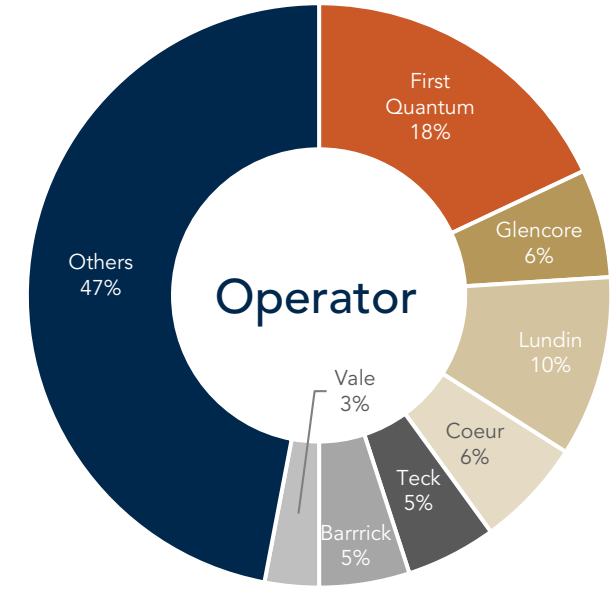
69% from  
Precious Metals



91% from  
Americas



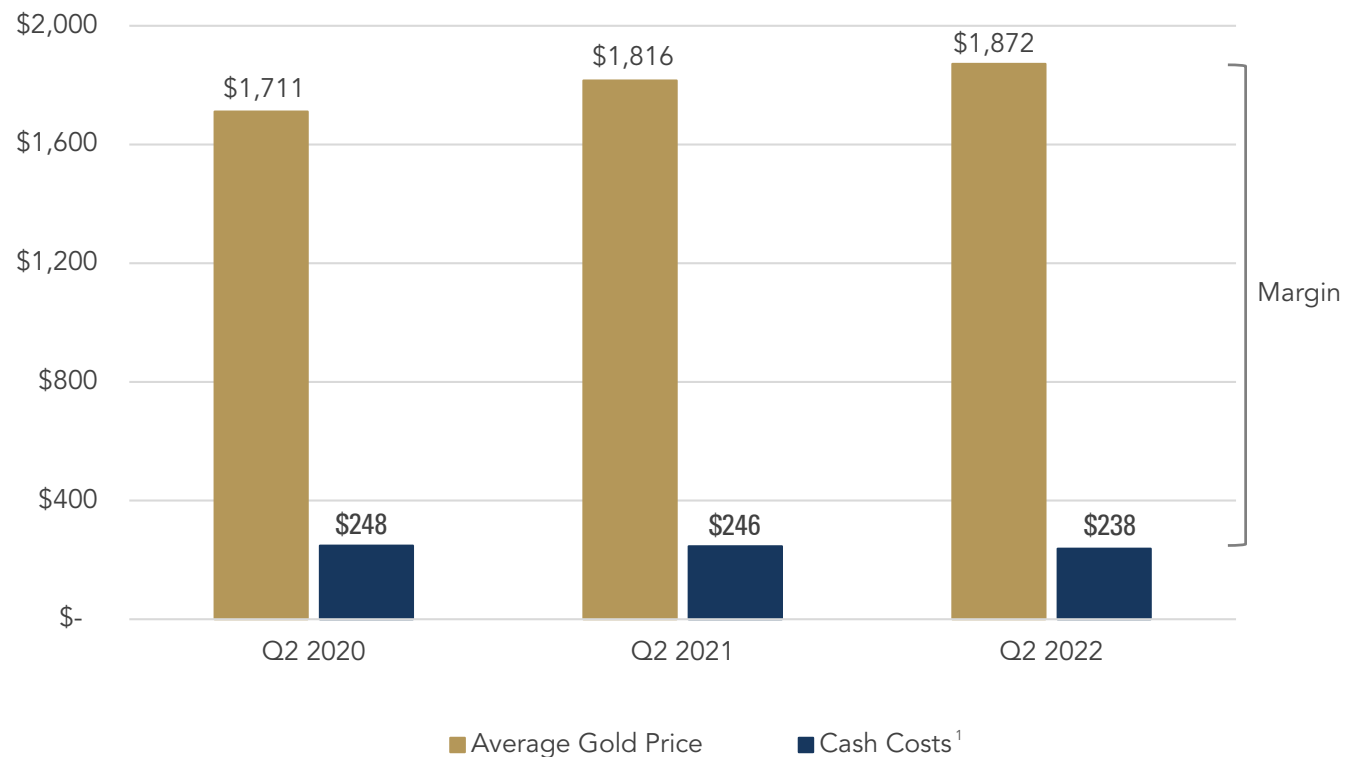
One Asset  
> 10%



Operator  
Diversification



# GROWING GEO MARGIN



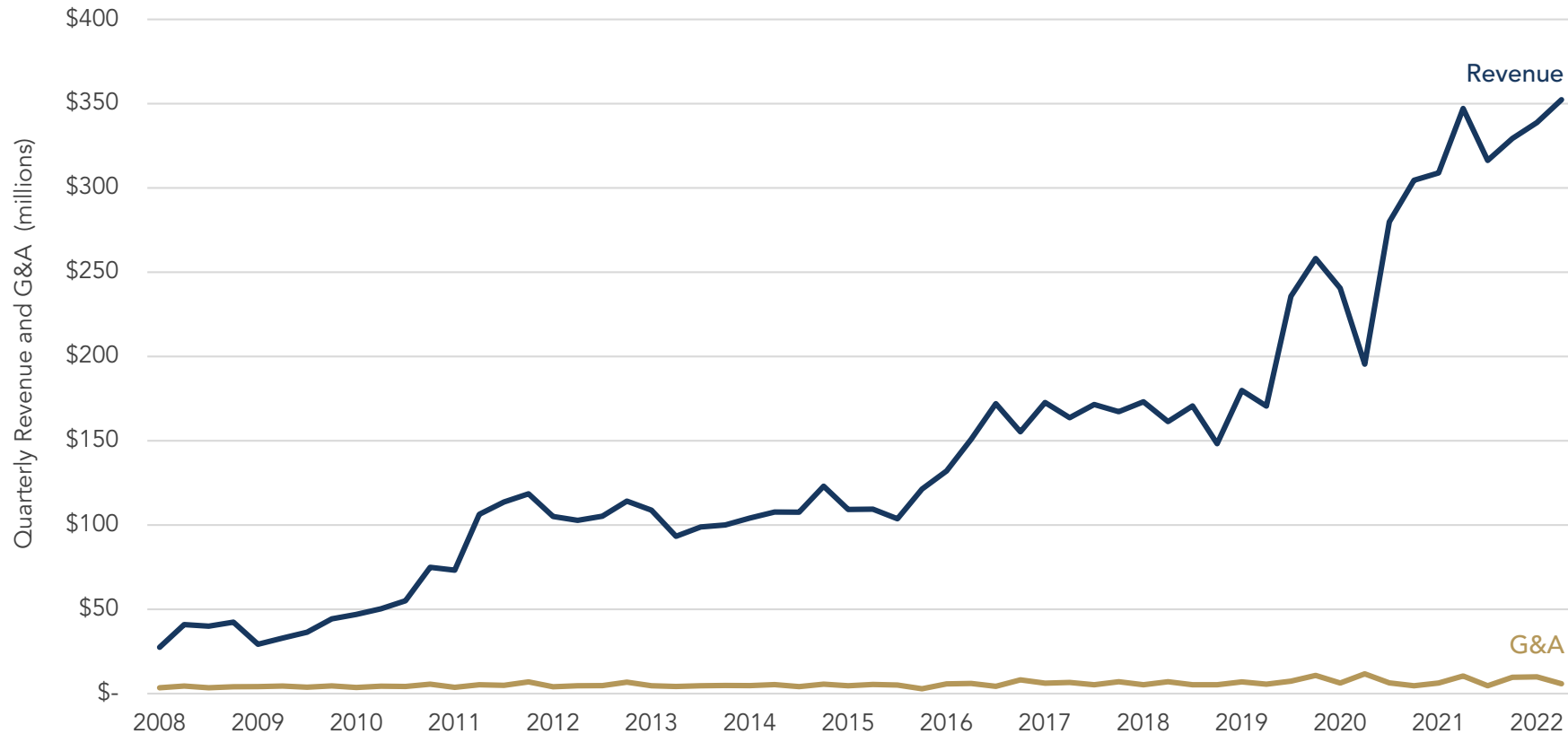
Business model benefits from rise in commodity prices with consistent cost structure

1. Composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Please refer to the appendix at the end of this presentation on GEOs and Non-GAAP Measures.





COST EFFICIENT AND  
SCALABLE



Corporate Administration costs and stock compensation expenses less than 2% of revenue in Q2 2022



## GUIDANCE

Total  
GEOs

### 2021 Actual

**728,237**

- + Record GEOs in 2021
- + Energy revenue guidance exceeded
- + Vale royalty acquisition
- + Highest dividend payout from LIORC

### 2022 Guidance<sup>1</sup>

**680,000-740,000**

- Assumes \$1,750/oz Au, \$20/oz Ag, \$850/oz Pt, \$2,000/oz Pd
- Assumes \$110/t Fe 62% CFR China
- + Assumes \$90/bbl WTI oil and \$6.50/mcf Henry Hub natural gas

### 2026 Outlook<sup>2</sup>

**765,000-825,000**

- + Growth from Precious Metal assets
- + Vale royalty attributable production increase

Precious  
Metal GEOs

### 2021 Actual

**558,397**

- + Cobre Panama
- + Antamina, Guadalupe
- + Condestable Acquisition
- Hemlo

### 2022 Guidance<sup>1</sup>

**510,000-550,000**

- + Tasiast, Subika
- Antamina, Antapaccay, Guadalupe

### 2026 Outlook<sup>2</sup>

**570,000-610,000**

- + Cobre Panama expansion completed
- + New acquisition - Tocantinzinho
- + New mines – Salares Norte, Greenstone (Hardrock), Valentine Lake, Eskay Creek
- + Sudbury still producing
- MWS – cap met in 2024

### Funding Commitments

Up to \$92 million Continental Royalty Acquisition Venture funding of which \$10-20M expected in FY 2022

### Depletion

Estimate \$270-\$300 million

1. 2022 Guidance as maintained on August 10, 2022, using the following updated prices for the remainder of 2022: \$1,750/oz Au, \$20/oz Ag, \$850/oz Pt, \$2,000/oz Pd, \$110/t Fe 62% CFR China, \$90/bbl WTI and \$6.50/mcf Henry Hub natural gas
2. 2026 Outlook as initially published on March 9, 2022 assuming the following prices: \$1,800/oz Au, \$23/oz Ag, \$1,000/oz Pt, \$2,100/oz Pd, \$125/tonne Fe 62% CFR China, \$85/bbl WTI oil and \$3.75/mcf Henry Hub natural gas



# TOCANTINZINHO PROJECT HIGHLIGHTS

Experienced team with track record of successful project delivery

Technically straight-forward project – single open pit with conventional plant

Attractive project economics in recent feasibility study

Underexplored property in a prospective district of a seasoned mining jurisdiction

1. See GMIN website for full details
2. For after-acquired GMIN properties with minerals processed through TZ facilities, (i) if staked or acquired for < \$5 million, the stream applies, or (ii) if acquired for > \$5 million, FNB will have the option to pay for new stream

## Feasibility Study Summary

(Feb. 2022)<sup>1</sup>

Plant Capacity (tpd)	12,600
Development Capex	\$458M
Avg. LOM Strip Ratio (waste : ore)	3.4 : 1
Total Gold Production (Over 10.5 yr mine life)	1.8 Moz
Avg. Annual Au Production	175 koz
Avg. LOM Head Grade	1.31 g/t
Avg. LOM Recovery	90%
AISC	\$681/oz
First Production	H2 2024
Average GEOs (Over first 5 years of full production)	~24,500 GEOs

## Project Location

(Para State, Brazil)

Stream covers the land package with an effective AOI<sup>2</sup>. GMIN team has experience in the region on similar projects as shown





TOCANTINZINHO

\$352.5M COMPREHENSIVE FINANCING PACKAGE

Long-term partnership for future financings and acquisitions (with ROFR)

Equity financing alongside strategic partners (La Mancha and Eldorado)

Construction fully financed (including buffer) following \$481M total financing

Near-term GEO growth for the Franco portfolio

\$250M  
Gold Stream

- 12.5% of gold produced until 300koz of gold have been delivered
- Thereafter, 7.5% of gold produced for the remaining life of mine
- 20% ongoing payment
- Available for draw-down after at least \$95M spent (from January 1, 2022) and subject to certain other conditions relating to permits
- ROFR on royalties / streams on the project
- Partnering on environmental and social initiatives up to \$1M over 4 years

\$75M  
Term Loan

- Term: 6.0 years
- Availability period of 3.5 years, drawable quarterly at G Mining Ventures' option following full funding of the Stream
- Interest: SOFR<sup>1</sup> + 5.75% pre-project completion, reducing to SOFR + 4.75% once completion tests have been achieved
- 1.0% standby fee per annum, 2.0% original issue discount payable on principal amounts drawn and 11.5M warrants

\$27.5M  
Equity

- 44.7 million shares issued at C\$0.80/share
- Customary anti-dilution rights, and 24 month standstill subject to certain exceptions
- Pro-Forma Ownership: 9.9% basic<sup>2</sup>
- ROFR on future G Mining Ventures projects provided that Franco-Nevada maintains at least 5% equity ownership

1. 3-Month Term Secured Overnight Financing Rate

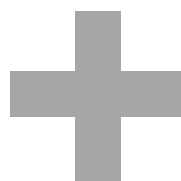
2. Post completion of the second tranche closing



# AVAILABLE CAPITAL



Cash and cash  
equivalents<sup>1</sup>  
**\$911M**



Credit  
Facility<sup>1, 2</sup>  
**≈\$1B**



Available  
capital<sup>3</sup>  
**\$1.9B**  
**DEBT FREE**

- 1. As at June 30, 2022
- 2. \$1B Corporate Revolver
- 3. Funding commitments subsequent to June 30, 2022 will be funded with cash flow from operations

THANK YOU FOR YOUR INTEREST IN

# Franco Nevada



Leading  
track record



Low-risk  
business model



Diversified  
portfolio



Growth  
and optionality

[www.FRANCO-NEVADA.com](http://www.FRANCO-NEVADA.com)

TSX: FNV | NYSE: FNV



# APPENDIX – GEOS AND NON-GAAP MEASURES

1. Starting in Q4 2021, revenue from Franco-Nevada's Energy assets is included in the calculation of GEOs. GEOs for comparative periods have been recalculated to conform with the current presentation. GEOs include Franco-Nevada's attributable share of production from our Mining and Energy assets, after applicable recovery and payability factors. GEOs are estimated on a gross basis for NSR 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, iron ore, oil, gas and other commodities are converted to GEOs by dividing associated revenue, which includes settlement adjustments, by the relevant gold price. The price used in the computation of GEOs earned from a particular asset varies depending on the royalty or stream agreement, which may make reference to the market price realized by the operator, or the average price for the month, quarter, or year in which the commodity was produced or sold.

## Average Prices and Rates

		For the three months ended June 30,		For the six months ended June 30,	
		2022	2021	2022	2021
Gold	(\$/oz)	\$ 1,872	\$ 1,816	\$ 1,873	\$ 1,805
Silver	(\$/oz)	\$ 22.64	\$ 26.69	\$ 23.29	\$ 26.47
Platinum	(\$/oz)	\$ 957	\$ 1,180	\$ 993	\$ 1,170
Palladium	(\$/oz)	\$ 2,092	\$ 2,788	\$ 2,207	\$ 2,593
Iron Ore Fines 62% Fe CFR China	(\$/tonne)	\$ 143	\$ 232	\$ 142	\$ 212
Edmonton Light	(C\$/bbl)	\$ 136.35	\$ 76.16	\$ 127.01	\$ 72.42
West Texas Intermediate	(\$/bbl)	\$ 108.41	\$ 66.09	\$ 101.35	\$ 55.80
Henry Hub	(\$/mcf)	\$ 7.49	\$ 2.97	\$ 6.03	\$ 2.85

2. Non-GAAP financial measures: Cash Costs, Cash Costs per GEO sold, Adjusted Net Income, Adjusted Net Income per Share, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA per share, and Adjusted EBITDA Margin are non-GAAP financial measures with no standardized meaning under IFRS and might not be comparable to similar financial measures disclosed by other issuers. For a quantitative reconciliation of each non-GAAP financial measure to the most directly comparable IFRS financial measure, refer to the following tables. Further information relating to these Non-GAAP financial measures is incorporated by reference from the "Non-GAAP Financial Measures" section of Franco-Nevada's MD&A for the three and six months ended June 30, 2022 and filed on August 10, 2022 with the Canadian securities regulatory authorities on SEDAR available at [www.sedar.com](http://www.sedar.com) and with the U.S. Securities and Exchange Commission available on EDGAR at [www.sec.gov](http://www.sec.gov). Starting in Q4 2021, revenue from Franco-Nevada's Energy assets are included in the calculation of GEOs. Similarly, the composition of Cash Costs and Cash Costs per GEO has been amended to include costs and GEOs related to Franco-Nevada's Energy assets. Cash Costs and Cash Costs per GEO for comparative periods have been recalculated to conform with current presentation.

## Cash Costs

(expressed in millions, except per GEO amounts)

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

## Adjusted Net Income

(expressed in millions, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
<b>Net income</b>	\$ 196.5	\$ 175.3	\$ 378.5	\$ 346.8
Impairment (reversals) and charges	—	7.5	—	7.5
Foreign exchange loss (gain) and other (income) expenses	0.4	1.2	(5.8)	1.3
Finance income related to repayment of Noront loan	(2.2)	—	(2.2)	—
Tax effect of adjustments	1.1	(1.4)	2.5	(1.5)
Other tax related adjustments:				
Recognition of previously unrecognized deferred tax assets	—	—	—	(10.6)
<b>Adjusted Net Income</b>	\$ 195.8	\$ 182.6	\$ 373.0	\$ 343.5
Basic weighted average shares outstanding	191.5	191.0	191.4	191.0
<b>Adjusted Net Income per share</b>	\$ 1.02	\$ 0.96	\$ 1.95	\$ 1.80

## Adjusted Net Income Margin

(expressed in millions, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
<b>Adjusted Net Income</b>	\$ 195.8	\$ 182.6	\$ 373.0	\$ 343.5
<b>Revenue</b>	352.3	347.1	691.1	656.0
<b>Adjusted Net Income Margin</b>	55.6%	52.6%	54.0%	52.4%

## Adjusted EBITDA

(expressed in millions, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
<b>Net income</b>	\$ 196.5	\$ 175.3	\$ 378.5	\$ 346.8
Income tax expense	36.7	29.4	72.7	49.2
Finance expenses	0.8	1.1	1.7	1.9
Finance income	(2.8)	(1.7)	(3.5)	(2.4)
Depletion and depreciation	69.6	77.2	144.2	148.4
Impairment charges	—	7.5	—	7.5
Foreign exchange loss (gain) and other (income) expenses	0.4	1.2	(5.8)	1.3
<b>Adjusted EBITDA</b>	\$ 301.2	\$ 290.0	\$ 587.8	\$ 552.7
Basic weighted average shares outstanding	191.5	191.0	191.4	191.0
<b>Adjusted EBITDA per share</b>	\$ 1.57	\$ 1.52	\$ 3.07	\$ 2.89

## Adjusted EBITDA Margin

(expressed in millions, except Margin)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
<b>Adjusted EBITDA</b>	\$ 301.2	\$ 290.0	\$ 587.8	\$ 552.7
<b>Revenue</b>	352.3	347.1	691.1	656.0
<b>Margin</b>	85.5%	83.5%	85.1%	84.3%