

FRANCO-NEVADA CORPORATION
COMPENSATION AND CORPORATE
GOVERNANCE COMMITTEE CHARTER

PURPOSE

The Compensation and Corporate Governance (the “**Committee**”) is appointed by the Board of Directors of Franco-Nevada Corporation (the “**Company**”) to:

- develop and recommend to the Board of Directors criteria for selecting new directors,
- assist the Board of Directors by identifying individuals qualified to become members of the Board of Directors,
- recommend to the Board of Directors the director nominees for the next annual meeting of shareholders and for each committee of the Board of Directors and to fill vacancies among the directors,
- develop and recommend to the Board of Directors the Company’s approach to corporate governance issues,
- assist the Board of Directors in its annual review of the Board’s performance, the effectiveness of the directors and the contribution of individual directors and oversight of the evaluation of management’s performance,
- review and make recommendations to the Board of Directors with respect to the compensation of directors,
- undertake such other initiatives that may be necessary and desirable to enable the Board of Directors to provide effective corporate governance,
- review and recommend to the Board of Directors the appointment of officers of the Company,
- discharge the Board of Director’s responsibilities relating to compensation of the executives of the Company and its subsidiaries and affiliates (the “**Franco-Nevada Group**”), and
- approve and evaluate the compensation plans, policies and programs of senior executives of, or which are otherwise of significance to, the Franco-Nevada Group.

REPORTS

The Committee shall report to the Board of Directors of the Company on a regular basis, and in any event at least annually, with an assessment of the Board of Director’s performance and discuss the report with the full Board of Directors following the end of each fiscal year. The Committee shall prepare a report on the system of corporate governance practices of the Franco-Nevada Group for inclusion in the annual report or other public disclosure documents of the

Company. The Committee also shall report to the Board of Directors of the Company as to the extent (if any) to which the Company does not comply with the standards of corporate governance under applicable legislation (including the rules promulgated by applicable securities regulators) and the rules of the Toronto Stock Exchange (the “TSX”) and any other applicable stock exchanges, if any.

Additionally, the Committee shall report to the Board of Directors of the Company on a regular basis and, in any event, before the public disclosure by the Company, in its management information circular, or as required by continuous disclosure legislation, of directors’ and officers’ remuneration.

The Committee shall also prepare the report on the Company’s executive compensation as required by applicable legislation.

COMPOSITION

The members of the Committee shall be two or more individuals who are appointed (and may be replaced) by the Board of Directors of the Company. Each of the members of the Committee shall meet applicable standards for director independence as defined by applicable legislation (including the rules promulgated by applicable securities regulators) and the rules of the TSX and any other applicable stock exchanges, if any. In addition, no more than one-third of the members of the Committee shall be current Chief Executive Officers of publicly traded corporations.

RESPONSIBILITIES

Director Candidates

The Committee shall:

- Review annually the competencies, skills and personal qualities required of directors to add value to the Franco-Nevada Group in light of the opportunities and risks facing the Franco-Nevada Group and the Franco-Nevada Group’s proposed strategies, the need to ensure that a majority of the Board of Directors is comprised of individuals who meet applicable independence requirements, and the policies of the Board of Directors with respect to director tenure, retirement and succession and director commitments.
- Review annually the competencies and skills that the Board considers each existing director to possess and that each new nominee will bring to the Board.
- In co-operation with the Board of Directors, establish and oversee an appropriate orientation and education program for new directors in order to familiarize them with the Franco-Nevada Group and its business (including the Franco-Nevada Group’s reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and external auditors).
- Seek individuals qualified (in context of the Franco-Nevada Group’s needs and any formal criteria established by the Board of Directors) to become members of the Board of Directors for recommendation to the Board of Directors.

- Review and recommend to the Board of Directors the membership and allocation of directors to the various committees of the Board of Directors.
- Establish procedures for the receipt of comments from all directors to be included in an annual assessment of the Board of Director's performance.
- If the need should arise, approve the engagement of independent advisors for individual directors at the expense of the Company.
- At least annually, review and make recommendations to the Board of Directors with respect to the compensation of directors, the Chairman and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.
- Have the sole authority to appoint and, if appropriate, terminate any search firm to be used to identify director candidates and any compensation consultant to be used to assist in the evaluation of director compensation and to approve the search firm's and compensation consultant's fees and other retention terms.

Corporate Governance and Compliance

The Committee shall:

- Review from time to time the size of the Board of Directors and number of directors who are independent for the purpose of applicable requirements.
- At least annually, review the adequacy of the Company's corporate governance practices, Code of Business Conduct and Ethics, Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities and other significant policies of the Company and recommend any proposed changes thereto to the Board of Directors for approval.
- Monitor applicable standards for director independence.
- At least annually, audit the practices of the Board of Directors (including separate meetings of non-management directors) to ensure compliance of the Company's corporate governance practices.
- At least annually, review the powers, mandates and performance, as well as the membership, of the various committees of the Board of Directors and, if appropriate, make recommendations to the Board of Directors relating thereto.
- At least annually, review the relationship between senior management and the Board of Directors and, if appropriate, make recommendations to the Board of Directors with a view to ensuring that the Board of Directors is able to function independently of management.
- Periodically review with the Board of Directors the succession plans relating to the position of the Chief Executive Officer and other senior positions and make

recommendations to the Board of Directors with respect to the selections of individuals to occupy these positions.

- Monitor the Company's Code of Business Conduct and Ethics and be responsible for granting any waivers from the application of that Code and review management's monitoring of compliance with that Code.
- Ensure that this Charter is posted on the Company's web site and include a reference thereto in the Company's annual report.

Compensation

The Committee shall:

- Have the sole authority to recommend to the independent directors of the Company the compensation of the Chief Executive Officer, considering (among other things) the input of the Board of Directors.
- At least annually, review and approve the position description of the Chief Executive Officer and the performance goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend to the Board of Directors the Chief Executive Officer's compensation levels based on that evaluation. In determining any long-term incentive component of the Chief Executive Officer compensation, the Committee shall consider the Franco-Nevada Group's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and awards given to the Chief Executive Officer in past years, with a view to maintaining a compensation program for the Chief Executive Officer at a fair and competitive level consistent with the best interests of the Franco-Nevada Group.
- At least annually, review and make recommendations to the Board of Directors with respect to the compensation of all members of the Board of Directors and non-CEO executive officers, including incentive-compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements and change in control arrangements or provisions, and any special or supplemental benefits. In reviewing and making recommendations to the Board of Directors, the Committee shall ensure that a process is in place to maintain a compensation program for the senior executives and directors of the Franco-Nevada Group at a fair and competitive level, consistent with the best interests of the Franco-Nevada Group.
- Review all executive compensation disclosure before the Company publicly discloses this information.
- Periodically review and, when necessary, make recommendations to the Board of Directors regarding, the role and design of incentive compensation programs and equity-based compensation programs for the Franco-Nevada Group's employees.
- Ensure compliance of the Company's compensation policies and practices with its enterprise risk management goals.

- Fix and determine (and, as it determines to be appropriate, delegate the authority to fix and determine) awards to employees of stock or stock options pursuant to any of the Franco-Nevada Group's employee stock option or stock-related plans now or from time to time in effect and exercise such other power and authority as may be permitted or required under those plans.
- At least annually, review key human resources policies and programs in place and under development to ensure that programs related to manpower planning, management development, succession planning, career path planning and performance evaluation are effectively integrated with the strategy of the Franco-Nevada Group.
- At least annually, review and approve the Franco-Nevada Group's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits and long-term incentives.
- Review management's policies and practices for ensuring that the Franco-Nevada Group complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.

MEETINGS

The Committee shall meet as circumstances require, but no less than annually. All members of the Committee should strive to be at all meetings. The Committee will have an *in camera* session at every meeting. The Committee shall meet separately, periodically, with management and may request any officer or employee of the Franco-Nevada Group or the Franco-Nevada Group's outside counsel to attend meetings of the Committee or with any members of, or advisors to, the Committee.

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

INDEPENDENT ADVICE

In discharging its mandate, the Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal or other advisors as the Committee determines to be necessary to permit and to carry out its duties. The Committee shall have the sole authority to appoint and, if appropriate, terminate any compensation consultant to be used to assist in the evaluation of senior executive compensation and to approve the consultant's fees and other retention terms.

ANNUAL EVALUATION

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

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

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