PLATINUM GROUP METALS LTD
Form F-10/A
December 20, 2013

Use these links to rapidly review the document
TABLE OF CONTENTS

As filed with the Securities and Exchange Commission on December 19, 2013.

Registration No. 333-192726

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO
FORM F-10

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PLATINUM GROUP METALS LTD.

(Exact name of Registrant as specified in its charter)

British Columbia	**1099**	**Not Applicable**
(Province or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number, if applicable)

Bentall Tower 5, 550 Burrard Street, Suite 788, Vancouver, British Columbia, Canada V6C 2B5
(604) 899-5450

(Address and telephone number of Registrant's principal executive offices)

DL Services Inc., 701 Fifth Avenue, Suite 6100, Seattle, WA 98104,
(206) 903-8800

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies to:

R. Michael Jones	Daniel M. Allen	Christopher Doerksen	Kathleen Keilty	Riccardo A. Leofanti
Platinum Group Metals Ltd.	Gowling Lafleur	Dorsey & Whitney LLP	Blake, Cassels &	Skadden, Arps, Slate,
Bentall Tower 5	Henderson LLP	701 Fifth Avenue	Graydon LLP	Meagher & Flom LLP
550 Burrard Street	Bentall Tower 5	Suite 6100	595 Burrard Street	222 Bay Street

Suite 788 Vancouver, BC V6C 2B5 (604) 899-5450	550 Burrard Street Suite 2300, Bentall 5 Vancouver, BC V6C 2B5 (604) 683-6498	Seattle, WA 98104 USA (206) 903-8800	Three Bentall Centre Vancouver, BC V7X 1L3 (604) 631-3300	Suite 1750 Toronto, ON M5K 1J5 (416) 777-4700

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after this registration statement becomes effective

Province of British Columbia
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box below):

A. ý upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. o at some future date (check the appropriate box below)

1. o pursuant to Rule 467(b) on ( ) at ( ) (designate a time not sooner than 7 calendar days after filing).
2. o pursuant to Rule 467(b) on ( ) at ( ) (designate a time 7 calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ( ).
3. o pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
4. o after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. o

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

PROSPECTUS

PLATINUM GROUP METALS LTD.

CAN$175,230,000

148,500,000 Common Shares

Platinum Group Metals Ltd. (the "**Company**") is offering (the "**Offering**") 148,500,000 common shares (the "**Offered Shares**") at a price of CAN$1.18 per Offered Share (the "**Offering Price**").

The outstanding common shares of the Company (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "PTM" and on the NYSE MKT, LLC (the "**NYSE MKT**") under the symbol "PLG". On December 18, 2013, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was CAN$1.16 and the closing price of the Common Shares on the NYSE MKT was US$1.07. The TSX has conditionally approved, and the NYSE MKT has approved, the listing of the Offered Shares. Listing on the TSX will be subject to the Company fulfilling all of the requirements of the TSX on or before March 7, 2014.

Investing in the Offered Shares involves significant risks. See "Risk Factors" beginning on page 6 of the Prospectus.

	Per Offered Share		Total	
Price to the Public	CAN$	1.18	CAN$	175,230,000
Underwriter's Fee[(1)]	CAN$	0.059	CAN$	8,761,500
Proceeds to the Company (Before Expenses)	CAN$	1.121	CAN$	166,468,500

(1) Please see the section entitled "Plan of Distribution" for a complete description of the compensation payable to the Underwriters.

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated as of December 10, 2013 between the Company and BMO Nesbitt Burns Inc., GMP Securities L.P., CIBC World Markets Inc., RBC Dominion Securities Inc., Barclays Capital Canada Inc., PI Financial Corp., Raymond James Ltd. and Dundee Securities Ltd. (collectively, the "**Underwriters**"), the Company has granted the Underwriters an option (the "**Over-Allotment Option**") to purchase up to 22,275,000 additional Common Shares (the "**Over-Allotment Shares**") to cover over-allotments, if any.

This Offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare this Prospectus in accordance with Canadian disclosure requirements. Prospective investors should be aware that such requirements are different from those of the United States. Financial statements incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of Offered Shares may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be fully described herein.

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of British Columbia, Canada, that some of its officers and directors are residents of Canada, and that a substantial portion of the assets of the Company and said persons are located outside the United States.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the Offered Shares or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the Offered Shares through the facilities of CDS Clearing and Depository Services Inc. is expected to occur on or about December 31, 2013 or such other date as may be agreed between the Company and the Underwriters, but in any event not later than 42 days following the date of a final receipt for the Canadian final prospectus relating to the Offering (the "**Closing Date**").

Joint Book-Running Managers

BMO Capital Markets **GMP Securities**

CIBC **RBC Capital Markets** **Barclays**

PI Financial (US) Corp. **Raymond James (USA) Ltd.** **Dundee Securities Ltd.**

The date of this Prospectus is December 19, 2013.

TABLE OF CONTENTS

The Company's consolidated financial statements for the financial year ended August 31, 2013 that are incorporated by reference into this Prospectus have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS**").

Unless otherwise indicated, all information in this Prospectus assumes no exercise of the Over-Allotment Option.

Unless the context otherwise requires, references in this Prospectus to the "**Company**" include Platinum Group Metals Ltd. and each of its subsidiaries.

Investors should rely only on the information contained in or incorporated by reference into this Prospectus. The Company has not authorized anyone to provide investors with different information. Information contained on the Company's website shall not be deemed to be a part of this Prospectus or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Offered Shares. Neither the Company nor the Underwriters are making an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the face page of this Prospectus. The Company's business, operating results, financial condition and prospects may have changed since that date; however, if, after a receipt for the final Prospectus is issued but before the completion of the distribution under the final Prospectus, a material change (as such term is defined under applicable Canadian securities laws) occurs in the business, operations or capital of the Company, the Company must file an amendment to the Prospectus as soon as practicable but in any event within ten days after the day the material change occurs.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities laws (collectively, "**Forward-Looking Statements**"). All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will, may, could or might occur in the future are Forward-Looking Statements. The words "expect," "anticipate," "estimate," "may," "could," "might," "will," "would," "should," "intend," "believe," "target," "budget," "plan," "strategy," "goals," "objectives," "projection" or the negative of any of these words and similar expressions are intended to identify Forward-Looking Statements, although these words may not be present in all Forward-Looking Statements. Forward-Looking Statements included or incorporated by reference in this Prospectus include, without limitation, statements with respect to:

- revenue, cash flow and cost estimates and assumptions;
- production estimates and assumptions, including production rate, grade per tonne and smelter recovery;
- project economics;
- project debt financing;
- future metal prices and exchange rates;
- mineral reserve and mineral resource estimates;
- production timing; and
- potential changes in the ownership structure of the Company's projects.

Forward-Looking Statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-Looking Statements in respect of capital costs, operating costs, production rate, grade per tonne and smelter recovery are based upon the estimates in the technical reports referred to in this Prospectus and in the documents incorporated by reference herein and ongoing cost estimation work, and the Forward-Looking Statements in respect of metal prices and exchange rates are based upon the three year trailing average prices and the assumptions contained in such technical reports and ongoing estimates.

Forward-Looking Statements are subject to a number of risks and uncertainties that may cause the actual events or results to differ materially from those discussed in the Forward-Looking Statements, and even if events or results discussed in the Forward-Looking Statements are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things:

- inability of the Company to find an additional and suitable joint venture partner for the Project 1 (defined herein) and Project 3 (defined herein) platinum mines;
- failure of the Company or its joint venture partners to fund their respective pro-rata share of funding obligations;

additional financing requirements;

history of losses and ability to continue as a going concern;

the Company's negative cash flow;

no known mineral reserves on most of the Company's properties and delays in, or inability to achieve, planned commercial production;

discrepancies between actual and estimated mineral reserves and mineral resources, between actual and estimated development and operating costs, between actual and estimated metallurgical recoveries and between actual and estimated production;

fluctuations in the relative value of the Canadian dollar as compared to the South African Rand and the United States dollar;

metals price volatility;

difficulty enforcing certain judgments involving United States federal securities laws;

the Company's potential guarantee obligations under the proposed New Project Loan Facility (as defined herein), if consummated;

delays in the start-up of the Project 1 platinum mine which could result in a default under the New Project Loan Facility, if consummated;

the ability of the Company to retain its key management employees;

the ability of the Company to procure the services of skilled and experienced personnel;

conflicts of interest;

any disputes or disagreements with the Company's joint venture partners;

the costs of increasing Black Economic Empowerment ("**BEE**") in the Company's mining and prospecting operations;

exploration, development and mining risks and the inherently dangerous nature of the mining industry, including environmental hazards, industrial accidents, unusual or unexpected formations, safety stoppages (whether voluntary or regulatory), pressures, mine collapses, cave ins or flooding and the risk of inadequate insurance or inability to obtain insurance to cover these risks and other risks and uncertainties;

property and mineral title risks including defective title to mineral claims or property;

changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, South Africa or other countries in which the Company does or may carry out business in the future;

equipment shortages and the ability of the Company to acquire the necessary access rights and infrastructure for its mineral properties;

environmental regulations and the ability to obtain and maintain necessary permits, including environmental authorizations;

extreme competition in the mineral exploration industry;

- risks of doing business in South Africa, including but not limited to labour, economic and political instability and potential changes to legislation;
- global financial conditions; and
- the other risks disclosed under the heading "Risk Factors" in this Prospectus.

These factors should be considered carefully, and investors should not place undue reliance on the Company's Forward-Looking Statements. In addition, although the Company has attempted to identify important factors that could cause actual actions or results to differ materially from those described in Forward-Looking Statements, there may be other factors that cause actions or results not to be as anticipated, estimated or intended.

The mineral resource and mineral reserve figures referred to in this Prospectus and the documents incorporated herein by reference are estimates and no assurances can be given that the indicated levels of platinum, palladium, rhodium and gold will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the mineral resource and mineral reserve estimates included in this Prospectus and the documents incorporated by reference are well established, by their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Any inaccuracy or future reduction in such estimates could have a material adverse impact on the Company.

Any Forward-Looking Statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any Forward-Looking Statement, whether as a result of new information, future events or results or otherwise.

RESERVE AND RESOURCE DISCLOSURE

Due to the uncertainty that may be attached to inferred mineral resource estimates, it cannot be assumed that all or any part of an inferred mineral resource estimate will be upgraded to an indicated or measured mineral resource estimate as a result of continued exploration. Confidence in an inferred mineral resource estimate is insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of economic viability sufficient for public disclosure, except in certain limited circumstances set out in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Inferred mineral resource estimates are excluded from estimates forming the basis of a feasibility study.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

CAUTIONARY NOTE TO UNITED STATES INVESTORS

Estimates of mineralization and other technical information included or incorporated by reference herein have been prepared in accordance with NI 43-101. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission ("**SEC**") Industry Guide 7. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority. As a result, the reserves reported by the Company in accordance with NI 43-101 may not qualify as "reserves" under SEC standards. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Additionally, disclosure of "contained ounces" in a resource is permitted disclosure under Canadian securities laws; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measurements. Accordingly, information contained in this Prospectus and the documents incorporated by reference herein containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of United States federal securities laws and the rules and regulations thereunder.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in all of the provinces of Canada (collectively, the "Commissions"). *Copies of the documents incorporated herein by reference may be obtained on request without charge from Frank Hallam at Suite 788, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5, telephone (604) 899-5450* and are also available electronically at www.sedar.com.

Table of Contents

The following documents of the Company, filed by the Company with the Commissions, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

a) the annual information form of the Company dated November 26, 2013 for the financial year ended August 31, 2013 (the "**Annual Information Form**" or "**AIF**");

b) the audited consolidated financial statements of the Company as at and for the financial year ended August 31, 2013, together with the notes thereto and the auditor's report thereon;

c) management's discussion and analysis of the Company dated November 26, 2013 for the financial year ended August 31, 2013 (the "**MD&A**");

d) the management information circular of the Company dated for reference November 16, 2012 prepared for the purposes of the annual general meeting of the Company held on January 8, 2013;

e) the material change report of the Company dated December 9, 2013 announcing the Offering;

f) the material change report of the Company dated December 9, 2013 reporting drilling intersects at the Waterberg Extension Project (as defined hereunder);

g) the material change report of the Company dated November 26, 2013 announcing that the Company has filed on SEDAR the NI 43-101 technical report titled "Technical Report on the Exploration of the Waterberg Extension Project, South Africa" with an effective date of November 12, 2013;

h) the material change report of the Company dated November 14, 2013 reporting the first available assay results from drilling on the Waterberg Extension Project in two intersections confirming the extension of the Super F zone;

i) the material change report of the Company dated November 11, 2013 announcing that the Company has entered into a new mandate letter with Barclays Bank PLC, Absa Corporate and Investment Bank, a division of Absa Bank Limited, Caterpillar Financial SARL and Societe Generale (London Branch), whereby the parties have agreed to use commercially reasonable efforts to arrange for up to a US$195 million project finance loan to develop the Project 1 platinum mine;

j) the material change report of the Company dated October 21, 2013 announcing that drilling on the Waterberg Extension Project has successfully confirmed the extension of the Bushveld Complex and the layered sequence of the F zone rock package for 4.0 kilometers of strike length beyond the previously known northern limits of the Waterberg deposit;

k) the material change report of the Company dated October 18, 2013 announcing that at a meeting of the shareholders of Maseve Investments 11 Pty Ltd., the operating company of the Project 1 platinum mine, Company representatives were informed by a representative of Africa Wide Mineral Prospecting and Exploration (Pty) Ltd. ("**Africa Wide**") that Africa Wide, a subsidiary of Wesizwe Platinum Ltd. ("**Wesizwe**"), would not be funding a 213 million Rand (approximately US$21.8 million) cash call for their 26% share of a six month forward budget for the Project 1 platinum mine;

l) the material change report of the Company dated October 17, 2013 announcing the filing of a technical report entitled "Revised and Updated Mineral Resource Estimate for the Waterberg Platinum Project, South Africa";

m) the material change report of the Company dated October 2, 2013 announcing that the Department of Mineral Resources of South Africa has granted prospecting rights and consent for prospecting to commence on the Waterberg Extension Project rights; and

n) the material change report of the Company dated September 3, 2013 announcing an updated independent inferred resource estimate for the Waterberg Joint Venture.

In addition to any document required to be incorporated by reference in this Prospectus under applicable securities laws, any document of the type referred to above (excluding confidential material change reports) or referenced in Item 11.1 of Form 44-101F1 *Short Form Prospectus* of the Canadian Securities Administrators filed by the Company with a securities commission or similar regulatory authority in Canada after the date of

Table of Contents

this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus. In addition, any document filed by the Company with, or furnished by the Company to, the SEC pursuant to the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), subsequent to the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus and the registration statement of which this Prospectus forms a part (in the case of any Report on Form 6-K, if and to the extent expressly provided in such report).

Any statement contained in a document incorporated or deemed to be incorporated by reference herein is not incorporated by reference to the extent that any such statement is modified or superseded by a statement herein or in any subsequently filed document that is also or is deemed to be incorporated by reference herein. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute a part of this Prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this Prospectus.

ADDITIONAL INFORMATION

A registration statement on Form F-10 has been filed by the Company with the SEC in respect of the distribution of the Offered Shares. The registration statement, of which this Prospectus constitutes a part, contains additional information not included in this Prospectus, certain items of which are contained in the exhibits to such registration statement, pursuant to the rules and regulations of the SEC. Information omitted from this Prospectus but contained in the registration statement is available on the SEC's website under the Company's profile at *www.sec.gov*. You should refer to the registration statement and the exhibits for further information.

In addition to the Company's continuous disclosure obligations under the securities laws of the provinces of Canada, the Company is subject to the information requirements of the U.S. Exchange Act and in accordance therewith the Company files with or furnishes to the SEC reports and other information. The reports and other information that the Company files with or furnishes to the SEC are prepared in accordance with the disclosure requirements of Canada, which differ in certain respects from those of the United States. As a foreign private issuer, the Company is exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements, and the Company's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act. In addition, the Company may not be required to publish financial statements as promptly as U.S. companies. Copies of any documents that the Company has filed with the SEC may be read at the SEC's public reference room at Room 1500, 100 F Street N.E., Washington, D.C., 20549. Copies of the same documents may also be obtained from the public reference room of the SEC by paying a fee. Please call the SEC at 1-800-SEC-0330 or access its website at *www.sec.gov* for further information about the public reference room.

The SEC's Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**") Internet site also contains reports and other information about the Company and any public documents that the Company files electronically with the SEC. The EDGAR site can be accessed at *www.sec.gov*.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been or will be filed with the SEC as part of the registration statement on Form F-10 of which this Prospectus forms a part: (a) the documents referred to under the heading "Documents Incorporated by Reference"; (b) consents of each of the following: PricewaterhouseCoopers LLP; Charles Muller; Gordon Cunningham; Timothy Spindler; Byron Stewart; Kenneth Lomberg; Alan Goldschmidt; and R. Michael Jones; (c) the Underwriting Agreement; and (d) powers of attorney from certain of the Company's directors and officers (included on the signature pages of the registration statement).

Table of Contents

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is a corporation governed by the *Business Corporations Act* (British Columbia). All of the Company's officers and directors, and some or all of the Underwriters and experts named in this Prospectus, are residents of Canada or otherwise reside outside of the United States, and all or a substantial portion of their assets, and a significant portion of the Company's assets, are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon the Company or such directors, officers, Underwriters and experts who are not residents of the United States or to enforce against them judgments of a U.S. court predicated solely upon civil liability under U.S. federal securities laws or the securities laws of any state within the United States. The Company has filed with the SEC an appointment of agent for service of process on Form F-X. Under the Form F-X, the Company has appointed DL Services Inc., located at Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104-7043, as its agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC and any civil suit or action brought against or involving the Company in a United States court arising out of, related to or concerning the Offering.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless stated otherwise or the context otherwise requires, all references to dollar amounts in this Prospectus are references to Canadian dollars. All references to "CAN$" are to Canadian dollars, all references to "US$" are to United States dollars and all references to "R" or "Rand" are to South African Rand.

The following table sets forth the rate of exchange for the United States dollar expressed in Canadian dollars in effect at the end of each of the periods indicated, the average of the exchange rates in effect on the last day of each month during each of the periods indicated, and the high and low exchange rates during each of the periods indicated in each case based on the noon rate of exchange as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars.

	Twelve Months Ended August 31		
	2013	**2012**	**2011**
Average rate for period	1.0111	1.0092	0.9892
Rate at end of period	1.0553	0.9863	0.9784
High for period	1.0576	1.0604	1.0520
Low for period	0.9710	0.9752	0.9449

The noon rate of exchange on December 18, 2013 as reported by the Bank of Canada for the conversion of United States dollars into Canadian dollars was US$1.00 equals CAN$1.0645.

The following table sets forth the rate of exchange for the South African Rand expressed in Canadian dollars in effect at the end of each of the periods indicated, the average of the exchange rates in effect on the last day of each month during each of the periods indicated, and the high and low exchange rates during each of the periods indicated in each case based on the noon rate of exchange as reported by the Bank of Canada for conversion of Rand into Canadian dollars.

	Twelve Months Ended August 31		
	2013	**2012**	**2011**
Average rate for period	0.1108	0.1262	0.1428
Rate at end of period	0.1029	0.1176	0.1397
High for period	0.1200	0.1393	0.1510
Low for period	0.1003	0.1170	0.1352

The noon rate of exchange on December 18, 2013 as reported by the Bank of Canada for the conversion of Rand into Canadian dollars was one Rand equals CAN$0.1028.

Table of Contents

BUSINESS OF THE COMPANY

The Company is a platinum focused exploration and development company conducting work primarily on mineral properties it has staked or acquired by way of option agreements or applications in the Republic of South Africa and in Canada.

The Company's material subsidiaries are two wholly-owned companies, one majority-owned company and a 49.9% holding in a fourth company, all of which are incorporated under the company laws of the Republic of South Africa.

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(1) In October 2013 Africa Wide failed to meet its US$21.8 million share of a cash call for Project 1. Based on the dilution formula contained in the shareholders' agreement among PTM RSA (as defined below), Wesizwe, (through its subsidiary Africa Wide) and Maseve (the "**Maseve Shareholders Agreement**"), the Company has calculated that once it has paid its 74% share of the approved cash call into Maseve, Africa Wide will be diluted by 4.98% to a holding in Maseve of 21.02%. However, Africa Wide has calculated its dilution at 3.55%, reducing its shareholdings in Maseve, in its opinion, to 22.45%. At meetings of the shareholders of Maseve and the board of directors of Maseve held on November 11, 2013, resolutions were passed to unanimously approve the issuance of shares in Maseve to PTM RSA once it has paid its 74% share of the approved cash call into Maseve, which would dilute Africa Wide by 3.55%, with the possible further dilution of another 1.43% being referred to arbitration for determination according to the terms of the Maseve Shareholders Agreement.

The Company conducts its South African exploration and development work through its wholly-owned direct subsidiary, Platinum Group Metals (RSA) (Pty) Limited ("**PTM RSA**"). PTM RSA holds the Company's interests in Project 1 ("**Project 1**") and Project 3 ("**Project 3**") of what was formerly the Western Bushveld Joint Venture through its holdings (see note to the corporate chart above) in Maseve Investments 11 (Pty) Limited ("**Maseve**").

PTM RSA also holds 100% of the shares of Wesplats Holding (Pty) Limited, a holding company set up to acquire surface rights, and a 37% interest in Wildebeest Platinum (Pty) Limited, a company set up to hold prospecting rights for the exploration joint venture among the Company, Sable Platinum Mining (Pty) Ltd. and Umnotho NREF Joint Venture, a BEE group. The Company also owns 49.9% of Mnombo Wethu Consultants (Pty) Limited ("**Mnombo**"), a BEE company, which holds a 26% participating interest in both the Waterberg JV Project (defined below) and the Waterberg Extension Project (defined below) (together, the "**Waterberg Projects**").

Currently, the Company considers three of its mineral projects to be material: Project 1, the Waterberg JV Project and the Waterberg Extension Project. The Company also holds interests in various early-stage exploration projects located in Canada and in South Africa. The Company continues to evaluate exploration opportunities both on currently owned properties and on new prospects.

Project 1 and Project 3

Project 1 and Project 3 are located on the Western Limb of the Bushveld Complex, 110 kilometers west northwest of Pretoria and 120 kilometers from Johannesburg. The approximately 47 km^2 of mining rights

1

Table of Contents

comprising Project 1 and Project 3 are owned 100% by project operating company Maseve, in which both the Company and Wesizwe, through its subsidiary Africa Wide, have ownership interests.

The majority of the Company's exploration and development activities to date have been focused on Project 1 in order to advance it into development. Project 3 hosts indicated and inferred mineral resources, but feasibility and development work are not expected to commence until Project 1 is in production. On July 7, 2008, the Company announced the results of a feasibility study on Project 1. On November 25, 2009, the Company published an updated feasibility study on Project 1 entitled "Updated Technical Report (Updated Feasibility Study) Western Bushveld Joint Venture Project 1 (Elandsfontein and Frischgewaagd)" dated November 20, 2009 with an effective date of October 8, 2009 (the "**2009 UFS**"). On April 4, 2012, Maseve was issued a letter of grant for a formal mining right for Project 1 (the "**Mining Right**") by the Department of Mineral Resources of the Government of South Africa ("**DMR**"). The Mining Right was notarially executed on the commencement date of May 15, 2012 and registered on August 3, 2012. During 2012 and into early 2013, the Company continued with, and completed, Phase 1 development at Project 1. The Phase 1 development program was budgeted at R856.83 million (approximately US$100 million at the time, of which the Company's share was US$74 million). Including the effect of both increases and decreases in scope, Phase 1 was completed in March 2013 at a total cost of R777.20 million; however a further amount of R81.3 million related to deferred expenditures for electrical services is still expected to be incurred, bringing the Phase 1 total cost essentially to budget. Phase 1 included surface infrastructure, lay down areas, electrical and water connections, twin decline development and some lateral development.

Phase 2 development at Project 1 commenced in early 2013 and is expected to cost approximately US$406 million on a peak funding amount basis, subject to the potential effect of delays in certain expenditures on Project 1 as described further below. Phase 2 includes the completion of an additional twin decline access into the deposit and a milling, concentrating and tailings facility. The Company intends to apply a portion of the net proceeds of the Offering to partially fund its portion of the estimated Phase 2 development costs. See "Use of Available Funds". Plant and facility construction and commissioning are estimated to take up to two years to complete. Full commercial production is estimated to occur after a two year ramp-up period subsequent to the commissioning of the plant. The above anticipated aggregate funding requirement does not consider the potential impact on peak funding of a procurement freeze on new capital spending currently enacted on Project 1. See " Africa Wide Dilution Project 1 and Project 3" and "Risk Factors".

Africa Wide Dilution Project 1 and Project 3

On October 18, 2013, Wesizwe, through its subsidiary Africa Wide, informed the Company that it would not be funding its approximate US$21.8 million share of a project budget and cash call for Project 1 that had been unanimously approved by the Maseve board of directors. As a result of the failure to fund its share of the cash call, Africa Wide's interest in Maseve, and therefore Project 1 and Project 3, will be diluted in accordance with the terms of the Maseve Shareholders' Agreement.

Based on the dilution formula contained in the Maseve Shareholders' Agreement the Company has calculated that once it has paid its 74% share of the approved cash call into Maseve, Africa Wide will be diluted by 4.98%, to a holding in Maseve of 21.02%. Africa Wide has instead calculated its dilution at 3.55%, reducing its shareholding, in its opinion, to 22.45%. At meetings of the shareholders of Maseve and the board of directors of Maseve held on November 11, 2013, resolutions were passed to unanimously approve the issuance of shares in Maseve to PTM RSA once it has paid its 74% share of the approved cash call into Maseve, which would dilute Africa Wide by 3.55%, with the possible further dilution of another 1.43% sent to arbitration for determination according to the terms of the Maseve Shareholders' Agreement. As a result of this decision, the Company and the New Arrangers (defined below) agreed to replace the Original Proposed Loan Facility (defined below) for Project 1 with the New Project Loan Facility (defined below) and the Company has delayed certain expenditures on Project 1. The delays combined with potential delays in ramping up mining ore may result in a decision to further delay the completion of mill construction and the first concentrate sales, which would negatively impact peak funding requirements. The Company anticipates that it will be required to fund 100% of Maseve's ongoing cash calls, which will result in further dilution of Africa Wide's interest in Maseve.

As Africa Wide is the Company's BEE partner for Project 1, and legislation and regulations in South Africa require a 26% equity interest by a BEE entity in order to maintain the Mining Right in good standing, the

Table of Contents

Company advised the DMR on October 19, 2013 of Africa Wide's decision to not fund the cash call and the dilution implications as a result thereof. On October 24, 2013, the DMR provided the Company with a letter stating that it will apply the provisions of the Mineral and Petroleum Resources Development Act, 28 of 2002 ("**MPRDA**") related to any administrative processes or decisions to be conducted or taken within a reasonable time and in accordance with the principles of lawfulness, reasonableness and procedural fairness in giving the Company the opportunity to remedy the effect of Africa Wide's dilution. The Company is currently working on a plan to sell the diluted percentage interest in Maseve previously held by Africa Wide to an alternative, qualified BEE company. The Company is currently considering Mnombo as the BEE company for such transaction. The Company currently owns 49.9% of the issued and outstanding shares of Mnombo and Mnombo acts as the Company's BEE partner in respect of their Waterberg JV Project and the Waterberg Extension Project. See "Risk Factors".

New Project Loan Facility

On December 6, 2012 the Company announced that a syndicate of lead arrangers, appointed in August 2011, had obtained credit committee approval for a US$260 million project loan facility (the "**Original Proposed Loan Facility**") to Maseve for the construction of the Project 1 platinum mine. Closing and draw down of the Original Proposed Loan Facility was subject to the negotiation and execution of final documentation and satisfaction of conditions precedent. On November 8, 2013, the Company entered into a new mandate letter to replace the Original Proposed Loan Facility with Barclays Bank PLC, Absa Corporate and Investment Bank, a division of Absa Bank Limited, Caterpillar Financial SARL and Societe Generale (London Branch) (the "**New Arrangers**") for a US$195 million project loan facility (the "**New Project Loan Facility**") to Maseve to partially fund construction on Project 1. The new mandate letter replaces the mandate letter and related documents prepared in connection with the Original Proposed Loan Facility. The new mandate letter requires the New Arrangers to use commercially reasonable efforts to arrange the New Project Loan Facility, and is subject to a number of conditions precedent, including the credit committee and other internal approvals of each of the New Arrangers, the finalization of a facility agreement and related documents, certain corporate restructuring transactions, the New Arrangers' financial and continued technical due diligence of the Company, any other obligor and Project 1, and the sale of, and receipt of necessary regulatory approvals for, Africa Wide's diluted interest in Maseve to a qualified BEE entity. Subject to approval from the DMR, Mnombo is currently documented in the new mandate letter as the qualified BEE entity for this sale transaction. Should the Company choose to sell Africa Wide's diluted interest in Maseve to a different qualified BEE entity to replace Africa Wide, the approval of the New Arrangers would be required. The New Project Loan Facility will require, among other conditions, the Company to provide an estimated US$75 million cost over-run facility, to implement a metal hedging program, to guarantee the obligations of Maseve, to obtain a guarantee from Mnombo, to pledge to the New Arrangers the Company's interest in the capital of Maseve and the Company's interest in the Waterberg Projects and to satisfy specified financial tests going forward.

Waterberg JV Project

The Company's second material mineral project is the newly discovered Waterberg platinum deposit, where the Company is the operator of the Waterberg joint venture project (the "**Waterberg JV Project**") with the Japan Oil, Gas and Metals National Corporation ("**JOGMEC**") and Mnombo.

The Waterberg JV Project is comprised of a contiguous granted prospecting right area of approximately 255 km^2 located on the North Limb of the Bushveld Complex, approximately 70 kilometers north of the town of Mokopane (formerly Potgietersrus). In October 2009, PTM RSA entered into an agreement with JOGMEC and Mnombo (the "**JOGMEC Agreement**") whereby JOGMEC could earn up to a 37% participating interest in the project for an optional work commitment of US$3.2 million over four years, while at the same time Mnombo could earn a 26% participating interest in exchange for matching JOGMEC's expenditures on a 26/74 basis (US$1.12 million). In April 2012, JOGMEC completed their US$3.2 million earn in requirement to earn a 37% interest in the Waterberg JV Project. Following JOGMEC's earn-in, which was completed in April 2012, the Company funded Mnombo's 26% share of costs for US$1.12 million until the earn-in phase of the joint venture ended in May 2012. The Waterberg JV Project is currently owned 37% by the Company, 37% by JOGMEC and 26% by Mnombo (the Company owns 49.9% of the issued and outstanding shares of Mnombo). The Waterberg JV Project and the Waterberg Extension Project are managed and explored according to separate technical

Table of Contents

committees and are currently planned for separate development according to the needs, requirements and objectives of the two distinct ownership groups.

PTM RSA applied for the original 137 km^2 prospecting right for the Waterberg JV Project area in 2009 and in September 2009 the DMR granted PTM RSA a prospecting right until September 1, 2012 for the requested area. Application for the renewal of this prospecting right for a further three years has been made. Under the MPRDA, the prospecting right remains valid pending the grant of the renewal. Two further prospecting rights were granted to PTM RSA for the Waterberg JV Project and were executed on October 2, 2013. These prospecting rights are valid until October 1, 2018 and may each be renewed for a further period of three years thereafter. Applications for further prospecting rights were made on February 7, 2012 for additional minerals over the majority of the farms covering the prospecting right areas of the Waterberg JV Project.

On November 7, 2011, the Company entered into an agreement with Mnombo whereby the Company acquired 49.9% of the issued and outstanding shares of Mnombo from its shareholders in exchange for cash payments totaling R1.2 million and agreeing to pay for Mnombo's 26% share of project costs to feasibility (bringing the Company's share of project costs to 63%). When combined with the Company's 37% direct interest in the Waterberg JV Project, the 12.974% indirect interest held by the Company through Mnombo brings the Company's effective interest in the Waterberg JV Project to approximately 50%. To the Company's knowledge, Mnombo remains over 50% held for the benefit of historically disadvantaged persons or historically disadvantaged South Africans ("**HDSAs**"), as defined respectively by the MPRDA and the Amendment of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry ("**Mining Charter**") and is a qualified BEE corporation under the Broad Based Black Economic Empowerment Act, 2003 (the "**BEE Act**"). See "Risk Factors".

An approved post earn-in 2012 budget for the joint venture was initially set by the joint venture partners at US$8.37 million. In February 2013, the joint venture partners increased the post earn-in budget to US$13.0 million. A further 2013 budget in the amount of US$7.0 million was later approved.

As of August 31, 2013, approximately US$18.6 million has been spent on the joint venture. The Company has funded the Company's and Mnombo's combined 63% share of this work for a cost of US$11.7 million with the remaining US$6.88 million funded by JOGMEC. As of August 31, 2013, an amount of US$0.5 million was due and receivable from JOGMEC. This amount was subsequently received and there are no amounts due from JOGMEC at the date of this Prospectus. The Company has approved its own budget for calendar 2013 to fund its 63% share (including Mnombo's 26% share) of 2013 work expenditures for the joint venture. Mechanized mining methods and infrastructure requirements for the Waterberg JV Project are being studied as part of a preliminary economic assessment being conducted by WorleyParsons TWP as approved as part of the 2013 budget.

On September 4, 2012, the Company announced an initial mineral resource for the Waterberg JV Project. The details are contained in the technical report entitled "Updated Exploration Results and Mineral Resource Estimate for the Waterberg Platinum Project, South Africa (Latitude 23° 21' 53"S, Longitude 28° 48' 23"E)" with an effective date of November 5, 2012 (the "**Updated Waterberg Report**"), prepared by Kenneth Lomberg, B.Sc. (Hons) Geology, B. Com., M. Eng. Pr.Sci.Nat., MGSSA, of Coffey Mining (SA) Pty Ltd. ("**Coffey**"). In the report the independent qualified person recommends a forward 2013 budget in the amount of $10.0 million, which the Company is undertaking with the joint venture partners as described above.

On November 5, 2012, the Company announced that new drill intercepts have approximately doubled the strike length of the Waterberg JV Project. The F mineralized layers have been intercepted in boreholes up to 2.7 kilometers north of the initial mineral resource area. The Company published the Updated Waterberg Report on November 23, 2012.

On February 1, 2013 the Company announced an updated inferred mineral resource estimate on the Waterberg JV Project. On March 18, 2013, the Company filed the associated NI 43-101 technical report. The report, entitled "Revised and Updated Mineral Resource Estimate for the Waterberg Platinum Project, South Africa (Latitude 23° 22' 01"S, Longitude 28° 49' 42"E)" (the "**Revised and Updated Waterberg Report**") is dated effective February 1, 2013 and was prepared by Kenneth Lomberg, B.Sc. (Hons) Geology, B. Com., M. Eng. Pr.Sci.Nat., MGSSA, of Coffey supporting the disclosure of the updated inferred mineral resource estimate.

Table of Contents

On September 3, 2013 the Company announced a further updated inferred mineral resource estimate on the Waterberg JV Project. On October 17, 2013 the Company filed the associated NI 43-101 technical report. The report, entitled "Revised and Updated Mineral Resource Estimate for the Waterberg Platinum Project, South Africa (Latitude 23° 22' 01"S, Longitude 28° 49' 42"E)" (the "**Second Revised and Updated Waterberg Report**") is dated effective September 2, 2013 and was prepared by Kenneth Lomberg, B.Sc. (Hons) Geology, B. Com., M. Eng. Pr.Sci.Nat., MGSSA, of Coffey supporting the disclosure of the updated inferred mineral resource estimate. On December 12, 2013 the Company filed a NI 43-101 technical report entitled "Amended and Combined Technical Report, Waterberg Joint Venture and Waterberg Extension Projects, South Africa (Latitude 23° 22' 01"S, Longitude 28° 49' 42"E)" (the "**Combined Waterberg Report**") combining the Second Revised and Updated Waterberg Report and the Waterberg Extension Report (as defined below). Kenneth Lomberg, B.Sc. (Hons) Geology, B. Com., M. Eng. Pr.Sci.Nat., MGSSA, of Coffey prepared the Combined Waterberg Report. The Combined Waterberg Report recommends ongoing exploration and engineering work on the Waterberg JV Project.

The Company has been advised by JOGMEC that a formal auction process has begun for the sale of JOGMEC's 37% interest in the Waterberg JV Project to a successful bidder from a group of qualified Japanese trading firms. This is in keeping with JOGMEC's mandate as determined by the Japanese Ministry of Economy, Trade and Industry. Subsequent to the discovery on the Waterberg JV Project a qualified Japanese firm nominated JOGMEC's interest in the Waterberg JV Project for sale. In accordance with its mandate, the nomination requires that JOGMEC initiate a formal auction and sale process. As a result, the Company anticipates a new Japanese firm will become a 37% joint venture partner in early 2014. The Company expects this new partner will participate in the Waterberg JV Project technical committee and in the formulation of the 2014 work program for the Waterberg JV Project.

Waterberg Extension Project

The Company's third material project is the area currently comprised of three contiguous prospecting rights with a combined area of approximately 489 km^2 adjacent and to the north of the Waterberg JV Project (the "**Waterberg Extension Project**"). Two of the prospecting rights were executed on October 2, 2013 and each is valid for a period of five years, expiring on October 1, 2018. The third prospecting right was executed on October 23, 2013 and is valid for a period of five years, expiring on October 22, 2018. The Company has the exclusive right to apply for renewals of the prospecting rights for periods not exceeding three years each and the exclusive right to apply for a mining right over these prospecting right areas. The Waterberg Extension Project is located on the north limb of the Bushveld Complex, approximately 85 kilometers north of the town of Mokopane (formerly Potgietersrus), Limpopo Province. There are two further prospecting right applications for periods of five years each covering a further 330.56 km^2 in process with the DMR for addition to the Waterberg Extension Project, none of which is directly on the trend of the primary exploration target. Six drill rigs are now active on the Waterberg Extension Project.

Applications for further prospecting rights were made on February 7, 2012 for additional minerals over the majority of the farms covering the prospecting right areas of the Waterberg Extension Project.

The Waterberg Extension Project is conducted in a joint venture with Mnombo. The Company holds a direct 74% interest and Mnombo holds a 26% interest in the Waterberg Extension Project, leaving the Company with an 86.974% effective interest by way of its 49.9% shareholding in Mnombo. Mnombo is responsible for 26% of ongoing costs on the Waterberg Extension Project, however the Company is currently carrying all of Mnombo's costs relating to the Waterberg Extension Project. To the Company's knowledge, Mnombo remains over 50% held for the benefit of HDSAs, as defined respectively by the MPRDA and the BEE Act. See "Risk Factors".

The Company has funded the Company's and Mnombo's combined 100% share of work on the Waterberg Extension Project for a cost of $0.347 million as of August 31, 2013. As of August 31, 2013 there was no receivable due from Mnombo. Exploration work on the Waterberg Extension Project did not begin in a material way until subsequent to August 31, 2013. The Company has approved a budget of US$500,000 for calendar 2013 to fund work on the Waterberg Extension Project including Mnombo's 26% share. Given the results to date the Company expects to exceed the budgeted amount.

Table of Contents

On November 26, 2013, the Company filed a NI 43-101 technical report on the Waterberg Extension Project entitled "Technical Report on the Exploration of the Waterberg Extension Project, South Africa (Latitude 23° 14' 00"S, Longitude 28° 55' 00"E)" with an effective date of November 12, 2013, prepared by Kenneth Lomberg (the "**Waterberg Extension Report**"). The Combined Waterberg Report includes the findings in the Waterberg Extension Report. Based on the fact that recent drilling on the Waterberg Extension Project has confirmed the continuation of mineralization within the Waterberg Extension Project and on the conclusions found in the Updated Waterberg Report, the Revised and Updated Waterberg Report and the Second Revised and Updated Waterberg Report, the Combined Waterberg Report supports the view that a drill program is warranted, and recommends extensive further drilling on the Waterberg Extension Project.

RISK FACTORS

An investment in the Offered Shares involves a high degree of risk and must be considered a highly speculative investment due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production.

Prospective purchasers of the Offered Shares should carefully consider the risk factors set out below, as well as the information included or incorporated by reference in this Prospectus, before making an investment decision to purchase the Offered Shares. Specific reference is made to the sections entitled "Risk Factors" in the MD&A and "Risk Factors" in the AIF. See "Documents Incorporated by Reference". Without limiting the foregoing, the following risk factors should be given special consideration when evaluating an investment in the Company's securities. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also have a material adverse effect on the Company.

Risks Relating to our Company

The inability of the Company to find a suitable joint venture partner for Project 1 and Project 3 may have a material adverse effect on the Company's business and results of operations.

Under the terms of the Maseve Shareholders' Agreement, the board of directors of Maseve may make cash calls on PTM RSA and Africa Wide to meet project expenditures, which are determined annually and adjusted each quarter based on a review of Maseve's financial performance and progress. Such cash calls are to be made in proportion to the joint venture partners' shareholdings in Maseve. In October 2013, Africa Wide (the Company's BEE partner in Maseve) declined to fund its share of a cash call by the board of directors of Maseve. As a result, and determined in accordance with the dilution provisions of the Maseve Shareholders Agreement, the Company estimates that Africa Wide's interest in Maseve, and therefore Project 1 and Project 3, will dilute from 26% to approximately 21.02%. In order to maintain the Mining Right in good standing, Maseve must have 26% BEE ownership by December 31, 2014, and the Company must therefore find a qualified BEE company to acquire Africa Wide's diluted interest in Maseve. There is no guarantee that the Company will be able find such a partner on commercially reasonable terms, if at all, or that such partner would be acceptable to the New Arrangers of the New Project Loan Facility. Subject to the approval of the DMR, Mnombo is currently documented in the mandate letter for the New Project Loan Facility as the qualified BEE entity for the sale of Africa Wide's interest in Maseve. Should Mnombo acquire an interest in Maseve, the Company would be responsible for approximately 49.9% of cash calls due to Maseve owing to the Company's stake in Mnombo. If Mnombo was not deemed to be a suitable BEE company or if the Company was unsuccessful in reaching an agreement on the terms of Mnombo's investment in Maseve, the Company would be required to obtain approval from the New Arrangers for, and reach an agreement with, another qualified BEE entity and, failing that, the Mining Right could be suspended or cancelled by the DMR. Under the terms of the Maseve Shareholders' Agreement, if Maseve is instructed by the DMR to increase its BEE ownership, any agreed costs or dilution of interests shall be borne equally by the Company and Africa Wide, notwithstanding that Africa Wide will hold only 22.45% of the equity in Maseve, subject to the shareholder and board-approved issuance of shares in Maseve to PTM RSA to account for the dilution of Africa Wide and to the pending arbitration.

Table of Contents

The failure of the Company or its joint venture partners to fund their respective pro-rata share of funds under the respective joint ventures may have a material adverse effect on the Company's business and results of operations

The Company, through its subsidiaries, participates in joint ventures with various partners. In particular, PTM RSA is a party to the Maseve Shareholders' Agreement related to the exploration and development of Project 1 and Project 3. On October 18, 2013, Africa Wide, the Company's BEE partner in Maseve, advised the Company that it would not be funding its approximately US$21.8 million share of a six month budget and cash call unanimously approved by the board of directors of Maseve. As a result of this decision, it has been necessary to renegotiate and restructure the Original Proposed Loan Facility for Project 1 and delay certain expenditures on Project 1. The Company will also be required to find a new BEE partner to ensure that the ownership of Maseve complies with the BEE requirements of South African law. Africa Wide's decision may result in significant adverse effects on the Company and Maseve, including delays in the development and financing plan, increases in expenses, less advantageous financing terms and, potentially, the failure of planned financing and the halting of development on Project 1. For example, as a result of Africa Wide's decision, a procurement freeze has been implemented on Project 1, which may result in delays in completing mill construction and first concentrate sales. Any failure by PTM RSA, Africa Wide or any future joint venture partner under the Maseve Shareholders' Agreement to contribute its pro rata share of a cash call would result in dilution of that partner's interest in proportion to the shortfall, and could have a material adverse effect on the Company as discussed above.

PTM RSA, the Company (as guarantor of PTM RSA), Mnombo and JOGMEC are parties to the JOGMEC Agreement, which governs the joint venture in respect of the Waterberg JV Project. Under the JOGMEC Agreement, PTM RSA, Mnombo and JOGMEC may elect to fund programs that have been approved by a management committee composed of a representative of each of the three joint venture partners, provided that voting power for each representative is proportional to the respective joint venture partner's interest. In the event that PTM RSA, Mnombo or JOGMEC fails to contribute its respective pro rata share of program costs after electing to fund a program, or twice elects not to fund a program, then its respective participating interest in the joint venture will be diluted in proportion to the shortfall. If the interest of one or more of the partners is reduced to less than 10%, or if one or more of the partners elects not to fund a program to achieve commercial production, then the diluted partner's or partners' interest will be deemed transferred to the remaining partner(s) and such diluted partner(s) will be entitled to a 1.0% net smelter return ("**NSR**") royalty in the aggregate. Thus, if only one partner is diluted below 10%, it will receive the entire 1.0% NSR royalty, but if two or more partners are each diluted below 10%, then they will share the 1.0% NSR royalty.

In addition, because the development of the Company's joint venture projects depends on the ability to finance further operations, any inability of the Company or one or more of its joint venture partners to fund its respective pro rata cash calls in the future could require the other partners, including the Company, to increase their funding of the project, which they may be unwilling or unable to do, on a timely and commercially reasonable basis, or at all. The occurrence of the foregoing, the failure of any partner, including the Company, to increase their funding as required to cover any shortfall, as well as any dilution of the Company's interests in its joint ventures as a result of its own failure to satisfy a cash call, may have a material adverse effect on the Company's business and results of operations.

The Company's current cash will not be sufficient to fund its business as currently planned for the next 12 months, and the Company therefore requires additional financing, which may not be available on acceptable terms, if at all.

The Company currently does not have adequate funds to satisfy all of its planned financial requirements for the next 12 months relating to the exploration, development and operation of its projects. The Company therefore requires additional financing from external sources, such as debt financing, equity financing or joint ventures, in order to meet such requirements and carry out the future development of its projects and external growth opportunities. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time. The Company will be required to obtain approval from the New Arrangers under the New Project Loan Facility, if consummated and secured, before making a public offer of its shares. There can be no assurance that such financing will be available to the Company or, if it is available, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, this may have a depressive effect on the price of the Common Shares and the interests of shareholders in the net assets of the Company may be diluted.

The Company is seeking to secure the New Project Loan Facility for Maseve. At the present time, no binding commitments have been signed by the New Arrangers with respect to the New Project Loan Facility. The New Arrangers are under no obligation to provide the New Project Loan Facility on the terms described in this Prospectus, or at all. The completion of the New Project Loan Facility on the terms described in this Prospectus, or at all, is subject to a number of risks, including, without limitation, risks relating to the ability of the Company to sell Africa Wide's diluted interest in Maseve to Mnombo or find an alternative, suitable BEE partner, regulatory requirements, litigation, changes in general market conditions, the condition of the Company or its properties, and economic, social or political conditions in South Africa. No assurances can be given that such facility will be consummated on the timeline or on the terms described herein, or at all. In addition, funding under the New Project Loan Facility, if consummated, is expected to be subject to certain conditions, including, without limitation, that the Company restructure certain of its holdings, secure additional equity financing, if required, as determined at the time of financial close of the New Project Loan Facility, acquire and maintain all requisite permits and licenses and establish an agreed metals hedging program. The Company may be unable to satisfy such conditions on favourable terms, or at all. In particular, if the New Project Loan Facility is consummated, any inability of the Company, Africa Wide or any other joint venture partner to fund its required equity contributions thereunder will prevent funding and utilization of such facility and may result in a default thereunder, or in the case of Africa Wide or any other joint venture partner being unable or unwilling to fund, the Company may be required to fund the shortfall to avoid a default under such facility.

The completion and utilization of the New Project Loan Facility, if successfully completed, combined with the Company's cash on hand and the net proceeds of the Offering, will not fully fund the Company's business plan, including the construction of Project 1. The Company will be required to source additional financing by way of private or public offerings of equity or debt or the sale of project or property interests in order to complete the construction of Project 1 and have sufficient working capital for continued exploration on the Waterberg Projects, as well as for general working capital purposes.

Any failure by the Company to obtain required financing on acceptable terms could cause the Company to delay development of its material projects or could result in the Company being forced to sell some of its assets on an untimely or unfavourable basis. Any such delay or sale could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

The Company has a history of losses, and it anticipates continuing to incur losses for the foreseeable future.

Apart from income for the year ended August 31, 2010 of $26.66 million, the Company has a history of losses. None of the Company's properties is currently in production, and there is no certainty that the Company will succeed in placing any of its properties into production in the near future, if at all.

The Company anticipates continued losses for the foreseeable future until it can successfully place one or more of its properties into commercial production on a profitable basis. It could be years before the Company receives any revenues from any production of metals, if ever. If the Company is unable to generate significant revenues with respect to its properties, the Company will not be able to earn profits or continue operations.

The Company has a history of negative operating cash flow, and may continue to experience negative operating cash flow.

The Company had negative operating cash flow for the financial year ended August 31, 2013. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company may be required to raise additional funds through the issuance of additional equity or debt securities. There can be no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to the Company as those obtained previously.

Table of Contents

The Company may not be able to continue as a going concern.

The Company has limited financial resources and no operating revenues. The Company's ability to continue as a going concern is dependent upon, among other things, the Company establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis. Any unexpected costs, problems or delays could severely impact the Company's ability to continue exploration and development activities. Should the Company be unable to continue as a going concern, realization of assets and settlement of liabilities in other than the normal course of business may be at amounts materially different than the Company's estimates. The amounts attributed to the Company's exploration properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value.

Most of the Company's properties contain no known mineral reserves.

Other than the Project 1 platinum mine, all of the Company's properties are in the exploration stage, meaning that the Company has not determined whether such properties contain mineral reserves that are economically recoverable. The Company may never discover metals in commercially exploitable quantities at these properties. Failure to discover economically recoverable reserves on a mineral property will require the Company to write-off the costs capitalized for that property in its financial statements.

Substantial additional work will be required in order to determine if any economic deposits exist on the Company's properties outside of the Project 1 platinum mine. Substantial expenditures are required to establish mineral reserves through drilling and metallurgical and other testing techniques. No assurance can be given that any level of recovery of any mineral reserves will be realized or that any identified mineral deposit will ever qualify as a commercial mineable ore body that can be legally and economically exploited.

The Company's properties, including the Project 1 platinum mine, may not be brought into a state of commercial production.

Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render reserves and deposits containing relatively lower grades of mineralization uneconomic. The development of the Company's properties, including the Project 1 platinum mine, will require obtaining land use consents, permits and the construction and operation of mines, processing plants and related infrastructure. Although the Project 1 property has been granted the necessary land use zoning, the Company is subject to all of the risks associated with establishing new mining operations, including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities and related infrastructure;
- the availability and cost of skilled labour and mining equipment;
- the availability and cost of appropriate smelting and/or refining arrangements;
- the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies and foreign exchange rates.

The costs, timing and complexities of mine construction and development are increased by the remote location of the Company's mining properties (other than Project 1 and Project 3, which are not remotely located and have both power and water supply lines crossing the property), with additional challenges related thereto, including water and power supply and other support infrastructure. For example, water resources are scarce at

Table of Contents

the Company's Waterberg Projects. If the Company should decide to mine at the Waterberg Projects, it will have to establish sources of water and develop the infrastructure required to transport water to the project area. Similarly, the Company will need to secure a suitable location by purchase or long-term lease of surface or access rights at the Waterberg Projects to establish the surface rights necessary to mine and process.

It is common in new mining operations to experience unexpected costs, problems and delays during development, construction and mine ramp-up. Accordingly, there are no assurances that the Company's properties, including the Project 1 platinum mine, will be brought into a state of commercial production.

Estimates of mineral reserves and mineral resources are based on interpretation and assumptions and are inherently imprecise.

The mineral resource and mineral reserve estimates contained in the AIF and the other documents incorporated by reference herein have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, mineral reserves and mineral resources must be considered as estimates only. Any such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. In addition, the grade and/or quantity of precious metals ultimately recovered may differ from that indicated by drilling results. There can be no assurance that precious metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Extended declines in market prices for platinum, palladium, rhodium and gold may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Amendments to the mine plans and production profiles may be required as the amount of resources changes or upon receipt of further information during the implementation phase of the project. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. The effect of any reductions in estimates at the Project 1 platinum mine may be exacerbated given the relatively small size of the deposit and short mine life of the project of approximately 20 years.

Actual capital costs, operating costs, production and economic returns may differ significantly from those the Company has anticipated and there are no assurances that any future development activities will result in profitable mining operations.

The capital costs to take the Company's projects into production may be significantly higher than anticipated. None of the Company's mineral properties has an operating history upon which the Company can base estimates of future operating costs. Decisions about the development of the Company's mineral properties will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Capital costs, operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company may differ significantly from those anticipated by the Company's current studies and estimates, and there can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated. For example, operating costs per tonne at the Project 1 platinum mine are estimated to have increased by approximately 24% since the 2009 UFS, principally as a result of increased prices for labour, power and consumables, such as drill steel, roof bolts, explosives and fuel. In addition, construction costs at the Project 1 platinum mine are estimated to have increased by approximately 14% since the 2009 UFS, primarily as a result of increased labour, construction and capital equipment costs. As a result of higher capital and operating costs, production and economic returns may differ significantly from those the Company has anticipated.

Table of Contents

The Company is subject to the risk of fluctuations in the relative values of the Canadian dollar as compared to the South African Rand and the United States dollar.

The Company may be adversely affected by foreign currency fluctuations. The Company is primarily funded through equity investments into the Company denominated in Canadian dollars. In the normal course of business the Company enters into transactions for the purchase of supplies and services denominated in South African Rand. The Company also has assets, cash and certain liabilities denominated in South African Rand. Several of the Company's options to acquire properties or surface rights in South Africa may result in payments by the Company denominated in South African Rand or in U.S. dollars. Exploration, development and administrative costs to be funded by the Company in South Africa will also be denominated in South African Rand. Fluctuations in the exchange rates between the Canadian dollar and the South African Rand or U.S. dollar may have a material adverse effect on the Company's financial results. During the year ended August 31, 2013, the Company recorded a foreign currency translation adjustment of approximately $28.2 million as a loss in other comprehensive income, which was primarily the result of translating the Company's Rand denominated assets and liabilities in South Africa at weaker Rand/Canadian dollar exchange rates on August 31, 2013.

In addition, South Africa has in the past experienced double digit rates of inflation. If South Africa experiences substantial inflation in the future, the Company's costs in South African Rand terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail the Company's ability to access global financial markets in the longer-term and its ability to fund planned capital expenditures, and could materially adversely affect the Company's business, financial condition and results of operations. The South African government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase the Company's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

Metal prices are subject to change, and a substantial or extended decline in such prices could materially and adversely affect the value of the Company's mineral properties and potential future results of operations and cash flows.

Metal prices have historically been subject to significant price fluctuations. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including:

- domestic and international economic and political trends;
- expectations of inflation;
- currency exchange fluctuations;
- interest rates;
- global or regional consumption patterns;
- speculative activities; and
- increases or decreases in production due to improved mining and production methods.

Significant or continued reductions or volatility in metal prices may have an adverse effect on the Company's business, including the amount of the Company's mineral reserves, the economic attractiveness of the Company's projects, the Company's ability to obtain financing and develop projects and, if the Company's projects enter the production phase, the amount of the Company's revenues or profit or loss.

Judgments based upon the civil liability provisions of the United States federal securities laws may be difficult to enforce.

The ability of investors to enforce judgments of United States courts based upon the civil liability provisions of the United States federal securities laws against the Company, its directors and officers, and the Underwriters and experts named herein may be limited due to the fact that the Company is incorporated outside of the United States, a majority of such directors, officers, Underwriters and experts reside or are organized outside of the United States and their assets may be located outside the United States. There is uncertainty as to whether

Table of Contents

foreign courts would: (a) enforce judgments of United States courts obtained against the Company, its directors and officers or the Underwriters or experts named herein predicated upon the civil liability provisions of the United States federal securities laws; or (b) entertain original actions brought in Canadian courts against the Company or such persons predicated upon the federal securities laws of the United States, as such laws may conflict with Canadian laws.

The Company will be required to provide a guarantee under the New Project Loan Facility, if consummated and secured.

The Company is currently negotiating and seeking to secure the New Project Loan Facility on behalf of Maseve, and has entered into a mandate letter with the New Arrangers to arrange such facility, although no commitments have been provided by the New Arrangers. The Company expects that such facility, if consummated and secured, will obligate the Company to provide a guarantee of the obligations of Maseve thereunder and indirectly pledge its interest in the capital of Maseve and its interests in the Waterberg Projects. A pledge of the Company's interest in the Waterberg Projects may adversely affect the Company's ability to obtain project financing for such projects. Maseve holds the Mining Right to the Project 1 platinum mine. It is expected that the terms of the New Project Loan Facility agreements, if consummated and secured, will have various covenants, including financial tests that must be satisfied during the term of the New Project Loan Facility. There can be no assurance that such tests will be satisfied. Any default under the New Project Loan Facility, including any covenants thereunder, could result in the loss of the Company's entire interest in Maseve and the Project 1 platinum mine and its interests in the Waterberg Projects.

There may be a delay in the start-up of the Project 1 platinum mine, which could result in a default under the New Project Loan Facility, if consummated and secured.

The anticipated timelines for the completion of Phase 2 of the development of the Project 1 platinum mine and the commencement and ramp-up of production may prove to be inaccurate. Timelines are based on management's current expectations and may be affected by a number of factors, including consultants' analyses and recommendations, the rate at which expenditures are incurred, delays in construction schedules, further postponement of electrical distribution infrastructure by ESKOM Holdings Limited, availability of major equipment and personnel, the Company's ability to obtain requisite funding, permits and licenses and the Company's ability to execute necessary agreements, some of which factors are beyond the Company's control, and which could cause management's timelines not to be realized. It is common for mining projects to experience unexpected costs, problems and delays. The targeted start date for first concentrate production at Project 1 has been postponed by approximately six months to mid-2015 and any further delay in the start-up of the Project 1 platinum mine (including as a result of the procurement freeze currently implemented at Project 1) could have a material adverse effect on the Company's financial condition and prospects. A delay may also result in a default under the New Project Loan Facility, if consummated and secured, which may accelerate amounts due thereunder and permit the New Arrangers and any other lenders thereunder to realize on any applicable security thereunder. This could result in a complete loss of the Company's investment in Maseve and the Waterberg Projects. There is no assurance that insurance for any delay in start-up at the Project 1 platinum mine will be available to the Company on economic terms or in such amounts as would be adequate to cover all losses or at all.

If the Company is unable to retain key members of management, the Company's business might be harmed.

The Company's development to date has depended, and in the future will continue to depend, on the efforts of its senior management including: R. Michael Jones, President and Chief Executive Officer and a director of the Company; Frank R. Hallam, Chief Financial Officer and Corporate Secretary and a director of the Company; and Peter Busse, Chief Operating Officer of the Company. The Company currently does not, and does not intend to, have key person insurance for these individuals. Departures by members of senior management could have a negative impact on the Company's business, as the Company may not be able to find suitable personnel to replace departing management on a timely basis or at all. The loss of any member of the senior management team could impair the Company's ability to execute its business plan and could therefore have a material adverse effect on the Company's business, results of operations and financial condition.

Table of Contents

If the Company is unable to procure the services of skilled and experienced personnel, the Company's business might be harmed.

There is currently a shortage of skilled and experienced personnel in the mining industry in South Africa. The competition for skilled and experienced employees is exacerbated by the fact that mining companies operating in South Africa are legally obliged to recruit and retain HDSAs and women with the relevant skills and experience at levels that meet the transformation objectives set out in the MPRDA and the Mining Charter. Skilled and experienced personnel are especially important at the Project 1 platinum mine since the deposit does not lend itself to mechanized methods. If the Company is unable to attract and retain sufficiently trained, skilled or experienced personnel, its business may suffer and it may experience significantly higher staff or contractor costs, which could have a material adverse effect on its business, results of operations and financial condition.

Conflicts of interest may arise among the Company's officers and directors as a result of their involvement with other mineral resource companies.

Certain of the Company's officers and directors are, and others may become, associated with other natural resource companies that acquire interests in mineral properties. R. Michael Jones, President and Chief Executive Officer and a director of the Company, is also the President and Chief Executive Officer and a director of West Kirkland Mining Inc. ("**WKM**"), a public company with mineral exploration properties in Ontario and Nevada, and a director of Nextraction Energy Corp. ("**NE**"), a public company with oil properties in Alberta, Kentucky and Wyoming. Frank Hallam, Chief Financial Officer and Corporate Secretary and a director of the Company, is also a director, Chief Financial Officer and Corporate Secretary of WKM and a director of MAG Silver Corp. ("**MAG Silver**"), a public company with mineral exploration properties in Mexico, Lake Shore Gold Corp., a public company with producing and exploration properties in Ontario, and NE. Eric Carlson, a director of the Company, is also a director of MAG Silver and NE. Barry Smee, a director of the Company, is also a director of Almaden Minerals Ltd., a company with projects in Mexico, the United States and Canada.

Such associations may give rise to conflicts of interest from time to time. As a result of these potential conflicts of interests, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on the Company's financial position. The Company's directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a subject involving a conflict of interest arises at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter.

Any disputes or disagreements with the Company's joint venture partners could materially and adversely affect the Company's business.

The Company participates in joint ventures and may enter into other similar arrangements in the future. PTM RSA is a party to the Maseve Shareholders' Agreement related to the exploration and development of Project 1 and Project 3. The Company is entering into arbitration proceedings against Africa Wide to determine the extent of the dilution of Africa Wide's shareholding in Maseve following its failure to meet the October 18, 2013 cash call described under "Business of the Company Project 1 and Project 3" above. Further, the Company anticipates selling certain of its interests in Maseve to a BEE company, which will reduce the Company's level of control. In addition, PTM RSA is also a party to a letter agreement with JOGMEC and Mnombo related to the exploration and development of the Waterberg JV Project property, whereby the interests of the Company, JOGMEC and Mnombo are 37%, 37% and 26%, respectively. JOGMEC, an incorporated administrative agency established by the Japanese government to seek and secure a stable supply of natural resources and energy to Japan, has advised the Company that it is required under its mandate from the Japanese Ministry of Economy, Trade and Industry to transfer its interest in the Waterberg JV Project pursuant to an auction process. PTM RSA is also a 49.9% shareholder of Mnombo and the relationship among the shareholders of Mnombo is governed by a formal shareholders' agreement. Any change in the identity, management or strategic direction of one or more of the Company's joint venture partners, including any disagreement among the Mnombo shareholders, could materially adversely affect the Company's business and results of operations. Additionally, if a dispute arises between the Company and a joint venture partner or the

Table of Contents

other Mnombo shareholders that cannot be resolved amicably, the Company may be unable to move its projects forward and may be involved in lengthy and costly proceedings to resolve the dispute, which could materially and adversely affect the Company's business and results of operations.

There may be adverse Canadian tax consequences for a foreign controlled Canadian company that acquires Common Shares of the Company.

Certain adverse tax considerations may be applicable to a shareholder that is a corporation resident in Canada and is, or becomes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in the *Income Tax Act* (Canada) (the "**Tax Act**"). Such shareholders should consult their tax advisors with respect to the consequences of acquiring Offered Shares.

Risks Related to the Mining Industry

Mining is inherently dangerous and subject to conditions or events beyond the Company's control, which could have a material adverse effect on the Company's business.

Hazards such as fire, explosion, floods, structural collapses, industrial accidents, unusual or unexpected geological conditions, ground control problems, power outages, inclement weather, cave-ins and mechanical equipment failure are inherent risks in the Company's mining operations. These and other hazards may cause injuries or death to employees, contractors or other persons at the Company's mineral properties, severe damage to and destruction of the Company's property, plant and equipment and mineral properties, and contamination of, or damage to, the environment, and may result in the suspension of the Company's exploration and development activities and any future production activities. Safety measures implemented by the Company may not be successful in preventing or mitigating future accidents and the Company may not be able to obtain insurance to cover these risk at economically feasible premiums or at all. Insurance against certain environmental risks is not generally available to the Company or to other companies within the mining industry.

In addition, from time to time the Company may be subject to governmental investigations and claims and litigation filed on behalf of persons who are harmed while at its properties or otherwise in connection with the Company's operations. To the extent that the Company is subject to personal injury or other claims or lawsuits in the future, it may not be possible to predict the ultimate outcome of these claims and lawsuits due to the nature of personal injury litigation. Similarly, if the Company is subject to governmental investigations or proceedings, the Company may incur significant penalties and fines, and enforcement actions against it could result in the closing of certain of the Company's mining operations. During the period from February to March 2013 operations at Project 1 halted for approximately a month due to a Notice issued under Section 54 of the *Mine Health and Safety Act (1996)* in relation to a surface worker fatality that occurred on site. If claims and lawsuits or governmental investigations or proceedings are finally resolved against the Company, the Company's financial performance, financial position and results of operations could be materially adversely affected.

The Company's prospecting and mining rights are subject to title risks.

The Company's prospecting and mining rights may be subject to prior unregistered agreements, transfers, claims and title may be affected by undetected defects. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties. This could result in the Company not being compensated for its prior expenditures relating to the property. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. These or other defects could adversely affect the Company's title to its properties or delay or increase the cost of the development of such prospecting and mining rights.

The Company is subject to significant governmental regulation.

The Company's operations and exploration and development activities in South Africa and Canada are subject to extensive federal, state, provincial, territorial and local laws and regulation governing various matters, including:

- environmental protection;

Table of Contents

- management and use of toxic substances and explosives;
- management of tailings and other waste generated by the Company's operations;
- management of natural resources;
- exploration, development of mines, production and post-closure reclamation;
- exports and, in South Africa, potential local beneficiation quotas;
- price controls;
- taxation;
- regulations concerning business dealings with local communities;
- labour standards, BEE and occupational health and safety, including mine safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of the Company's properties.

The Company may face equipment shortages, access restrictions and lack of infrastructure.

Natural resource exploration, development and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration, development or extraction activities. Certain equipment may not be immediately available, or may require long lead time orders. A delay in obtaining necessary equipment for mineral exploration, including drill rigs, could have a material adverse effect on the Company's operations and financial results.

Mining, processing, development and exploration activities also depend, to one degree or another, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important determinants that affect capital and operating costs. At each of the Company's projects, additional infrastructure will be required prior to commencement of mining. At Project 1, the Company's most advanced project, the Company is in the process of securing additional infrastructure, including additional power and water; however, such efforts are subject to a number of risks, including risks related to inflation, cost overruns and delays, political opposition, and reliance upon third parties, many of which factors are outside the Company's control. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's projects.

Exploration of mineral properties is less intrusive, and generally requires fewer surface and access rights, than properties developed for mining. The Company has not secured any surface rights at the Waterberg Projects other than those access rights legislated by the MPRDA. If a decision is made to develop the Waterberg Projects, or other projects in which the Company has yet to secure adequate surface rights, the Company will need to secure such rights. No assurances can be provided that the Company will be able to secure required surface rights on favourable terms, or at all. Any failure by the Company to secure surface rights could prevent or delay development of the Company's projects.

Table of Contents

The Company's operations are subject to environmental laws and regulations that may increase the Company's costs of doing business and restrict its operations.

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that future changes to environmental legislation in Canada or South Africa will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. In particular, the Company's operations and exploration activities are subject to Canadian and South African national and provincial laws and regulations governing protection of the environment. Such laws are continually changing and, in general, are becoming more restrictive.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or a reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company has not made any material expenditure for environmental compliance to date. However, environmental hazards may exist on the Company's properties that are unknown at the present time, and that may have been caused by previous owners or operators or that may have occurred naturally. These hazards may give rise to significant financial obligations in the future and such obligations could have a material adverse effect on the Company's financial performance.

The mineral exploration industry is extremely competitive.

The resource industry is intensely competitive in all of its phases. Much of the Company's competition is from larger, established mining companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion of their operations, than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company requires various permits in order to conduct its current and anticipated future operations, and delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company.

The Company's current and anticipated future operations, including further exploration, development activities and commencement of production on the Company's properties, require permits from various South African and Canadian national, provincial, territorial and local governmental authorities. The Mining Right for the Project 1 platinum mine issued by the DMR is subject to environmental authorizations, water use licenses, land use consents and compliance with applicable legislation on an ongoing basis. The Waterberg Projects prospecting rights issued by the DMR are subject to environmental authorizations, land use consents and compliance with applicable legislation on an ongoing basis. The Company cannot be certain that all permits that it now or in the future may require for its operations will be obtainable on reasonable terms or at all. Delays or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company has obtained, could have a material adverse impact on the Company.

Table of Contents

In addition, the duration and success of efforts to obtain and renew permits are contingent upon many variables not within the Company's control. Shortage of qualified and experienced personnel in the various levels of government could result in delays or inefficiencies. Backlog within the permitting agencies could also affect the permitting timeline of the Company's various projects. Other factors that could affect the permitting timeline include the number of other large-scale projects currently in a more advanced stage of development, which could slow down the review process, and significant public response regarding a specific project. As well, it can be difficult to assess what specific permitting requirements will ultimately apply to all of the Company's projects.

Risks of Doing Business in South Africa

Labour disruptions and increased labour costs could have an adverse effect on the Company's results of operations and financial condition.

Although the Company's employees are not unionized at this time, contractors operating on the Project 1 mine site in South Africa have employees that are unionized. As a result, trade unions could have a significant impact on the Company's labour relations, as well as on social and political reforms. There is a risk that strikes or other types of conflict with unions or employees may occur at any of the Company's operations, particularly where the labour force is unionized. Labour disruptions may be used to advocate labour, political or social goals in the future. For example, labour disruptions may occur in sympathy with strikes or labour unrest in other sectors of the economy. South African employment law sets out minimum terms and conditions of employment for employees, which form the benchmark for all employment contracts. Disruptions in the Company's business due to strikes or further developments in South African labour laws may increase the Company's costs or alter its relationship with its employees and trade unions, which may have an adverse effect on the Company's financial condition and operations. South Africa has recently experienced widespread illegal strikes and violence.

South African foreign exchange controls may limit repatriation of profits.

South Africa's exchange control regulations restrict the export of capital from South Africa. Although the Company is not itself subject to South African exchange control regulations, these regulations do restrict the ability of the Company's South African subsidiaries to raise and deploy capital outside the country, to borrow money in currencies other than the South African Rand and to hold foreign currency. Exchange control regulations could make it difficult for the Company's South African subsidiaries to: (a) export capital from South Africa; (b) hold foreign currency or incur indebtedness denominated in foreign currencies without approval of the relevant South African exchange control authorities; (c) acquire an interest in a foreign venture without approval of the relevant South African exchange control authorities and compliance with certain investment criteria; and (d) repatriate to South Africa profits of foreign operations. While the South African government has relaxed exchange controls in recent years, it is difficult to predict whether or how it will further relax or abolish exchange control measures in the foreseeable future. There can be no assurance that restrictions on repatriation of earnings from South Africa will not be imposed on the Company in the future.

Socio-economic instability in South Africa or regionally, including the risk of resource nationalism, may have an adverse effect on the Company's operations and profits.

The Company has ownership interests in significant projects in South Africa. As a result, it is subject to political and economic risks relating to South Africa, which could affect an investment in the Company. South Africa was transformed into a democracy in 1994. The government policies aimed at redressing the disadvantages suffered by the majority of citizens under previous governments may impact the Company's South African business. In addition to political issues, South Africa faces many challenges in overcoming substantial differences in levels of economic development among its people. Large parts of the South African population do not have access to adequate education, health care, housing and other services, including water and electricity.

This issue was particularly poignant in late 2012 when wild-cat strikes and violence occurred near the Project 1 platinum mine and generally at other platinum mines. There can be no assurance that wild-cat strikes and violence will not occur at the Company's properties in the future. Wild-cat strikes and violence at the

Table of Contents

Project 1 platinum mine may have a material negative impact on the project and its start-up mine operations. The Company faces a number of risks from deliberate, malicious or criminal acts, including theft, fraud, bribery and corruption.

The Company is also subject to the risk of resource nationalism, which encompasses a range of measures, such as expropriation or taxation, whereby governments increase their economic interest in natural resources, with or without compensation. The value of the natural mineral endowment of South Africa has become one of the major debating points in deciding how best to advance the empowerment of its historically disadvantaged individuals, groups and communities, and policies relating to resource nationalism are being debated in South Africa. The African National Congress ("**ANC**") held a policy conference in June 2012 at which the "State Intervention in the Minerals Sector" report ("**SIMS Report**"), commissioned by the ANC, was debated. A further conference was held in December 2012 to choose a candidate to lead the party into the general elections in 2014 and to give further policy guidelines. Although wholesale nationalization was rejected, the resolution on nationalization calls for state intervention in the economy, including "state ownership". This policy is evidenced in the amendments proposed to the MPRDA by the Mineral and Petroleum Resources Development Amendment Bill, 2013 ("**Amendment Bill**"), which envisages a 20% free carried interest in favour of the State in future petroleum projects. At the date of this Prospectus, the Amendment Bill is still being considered by the Parliamentary Portfolio Committee on Mineral Resources.

The Company cannot predict the future political, social and economic direction of South Africa or the manner in which government will attempt to address the country's inequalities. Actions taken by the South African government, or by its people without the sanction of law, could have a material adverse effect on the Company's business. Furthermore, there has been regional, political and economic instability in countries north of South Africa, which may affect South Africa. Such factors may have a negative impact on the Company's ability to own, operate and manage its South African mining projects.

The Company's land in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

The Company's privately held land could be subject to land restitution claims under the South African *Restitution of Land Rights Act* 1994 (the "**Land Claims Act**"). Under the Land Claims Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices without payment of just and equitable compensation is granted certain remedies, including the restoration of the land against payment to the owner of compensation by the state. Under the Land Claims Act, persons entitled to institute a land claim were required to lodge their claims by December 31, 1998. The Company has not been notified of any land claims to date over the Company's properties, but any claims of which it is notified in the future could have a material adverse effect on its right to the properties to which the claims relate and, as a result, on the Company's business, operating results and financial condition.

The South African *Restitution of Land Rights Amendment Act* 2004 (the "**Amendment Act**") became law on February 4, 2004. Under the Land Claims Act, the South African Minister for Agriculture and Land Affairs (the "**Land Minister**") may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by way of expropriation either for claimants who do not qualify for restitution, or, in respect of land as to which no claim has been lodged but the acquisition of which is directly related to or affected by a claim, the acquisition of which would promote restitution to those entitled or would encourage alternative relief to those not entitled. Expropriation would be subject to provisions of legislation and the South African Constitution (the "**Constitution**") which provide, in general, for just and equitable compensation. There is no guarantee that any of the Company's privately held land rights could not become subject to acquisition by the state without the Company's agreement, or that the Company would be adequately compensated for the loss of its land rights, which could have a negative impact on the Company's South African projects and therefore an adverse effect on its business and financial condition.

Table of Contents

Any adverse decision in respect of the Company's mineral rights and projects in South Africa under the MPRDA could materially affect the Company's projects in South Africa.

With the enactment of the MPRDA, the South African state became the sole regulator of all prospecting and mining operations in South Africa. All prospecting and mining licenses and claims granted in terms of any prior legislation became known as the "old order rights". All prospecting and mining rights granted in terms of the MPRDA are "new order rights". The treatment of new applications and pending applications is uncertain and any adverse decision by the relevant regulatory authorities under the MPRDA may adversely affect title to the Company's mineral rights in South Africa, which could stop, materially delay or restrict the Company from proceeding with its exploration and development activities or any future mining operations.

A wide range of factors and principles must be taken into account by the South African Minister of Mineral Resources ("**Minister**") when considering applications for new order rights. These factors include the applicant's access to financial resources and appropriate technical ability to conduct the proposed prospecting or mining operations, the environmental impact of the operation and, in the case of prospecting rights, considerations relating to fair competition. Other factors include considerations relevant to promoting employment and the social and economic welfare of all South Africans and showing compliance with the provisions regarding the empowerment of HDSAs in the mining industry. All of the Company's old order prospecting rights in respect of Project 1 and Project 3 were first converted into new order prospecting rights and subsequently, in April 2012, were superseded by the Mining Right. All of the Company's current prospecting rights are new order rights.

The assessment of some of the provisions of the MPRDA or the Mining Charter may be subjective and is dependent upon the views of the DMR as to whether the Company is in compliance. Maseve's social and labour plan, for instance, contains both quantitative and qualitative goals, targets and commitments relating to the Company's obligations to its employees and community residents, the achievement of some of which are not exclusively within the Company's control. Certain of the socio-economic projects identified in Maseve's social and labour plan have proved inappropriate or unviable given prevailing conditions and levels of training within the local communities in the vicinity of Project 1. Such projects have been identified and the Company has consulted with the DMR regarding a course of action. An application is being made to the DMR to amend the social and labour plan to target more appropriate and viable projects. However, if Maseve is found to be in non-compliance with its social and labour plan, the Minister may institute the section 47 process discussed below. At this time, the Company has not received a notice of non-compliance from the DMR.

The Minister has the discretion to cancel or suspend mining rights under section 47(1) of the MPRDA as a consequence of the Company's non-compliance with the MPRDA, the Mining Charter, the terms of its Mining Right and prospecting rights or if mining is not progressing optimally. The section 47 process involves multiple, successive stages which include granting the Company a reasonable opportunity to show why its rights should not be cancelled or suspended. Pursuant to the terms of the provisions of section 6(2)(e)(iii) of the Promotion of Administrative Justice Act No. 3 of 2000 ("**PAJA**") read with section 6 of the MPRDA, the Minister can direct the Company to take remedial measures. If such remedial measures are not taken, the Minister must again give the Company a reasonable opportunity to make representations as to why such remedial measures were not taken. The Minister must then properly consider the Company's further representations (which considerations must also comply with PAJA) and only then is the Minister entitled to cancel or suspend a mining right. Any such cancellation or suspension will be subject to judicial review if it is not in compliance with the MPRDA or PAJA, or it is not lawful, reasonable and procedurally fair under section 33(1) of the Constitution.

Failure by the Company to meet its obligations in relation to its Mining Right or prospecting rights or the Mining Charter could lead to the suspension or cancellation of such rights and the suspension of the Company's other rights, which would have a material adverse effect on the Company's business, financial condition and results of operations.

The failure to maintain or increase equity participation by HDSAs in the Company's prospecting and mining operations could adversely affect the Company's ability to maintain its prospecting and mining rights.

The Company is subject to a number of South African statutes aimed at promoting the accelerated integration of HDSAs, including the MPRDA, the BEE Act and the Mining Charter. To ensure that socio economic strategies are implemented, the MPRDA provides for the Codes of Good Practice for the Minerals

Table of Contents

Industry (the "**Codes**") which specify empowerment targets consistent with the objectives of the Mining Charter. The Mining Charter Scorecard requires the mining industry's commitment of applicants in respect of ownership, management, employment equity, human resource development, procurement and beneficiation. For ownership by BEE groups in mining enterprises, the Mining Charter Scorecard sets a 26% target by December 31, 2014. The Company has historically partnered with BEE groups or companies that were HDSA controlled at the time on all of its material projects in South Africa at a level of 26% at an operating or project level.

The South African government awards procurement contracts, quotas, licenses, permits and prospecting and mining rights based on numerous factors, including the degree of HDSA ownership. The MPRDA and Mining Charter contain provisions relating to the economic empowerment of HDSAs. One of the requirements which must be met before the DMR will issue a prospecting right or mining right is that an applicant must facilitate equity participation by HDSAs in the prospecting and mining operations which result from the granting of the relevant rights. As a matter of stated policy, the DMR requires a minimum of 26% HDSA ownership for the grant of applications for mining rights. The Mining Charter requires a minimum of 26% HDSA ownership by December 31, 2014.

The Company has sought to satisfy the foregoing requirements by partnering, at the operating company level, with companies demonstrating 26% HDSA ownership. The Company has partnered with Africa Wide with respect to Maseve, which owns the Mining Right to Projects 1 and 3, and has partnered with Mnombo with respect to the Waterberg JV Project and for the prospecting rights and applications over the Waterberg Extension Project. Other than for the pending dilution of Africa Wide's interest in Maseve, the Company's BEE partners hold a 26% interest in the respective operating company or project. The Company believes that Africa Wide was majority owned by HDSA individuals in 2002, when it first partnered with the Company. However, the Company's contractual arrangements with Africa Wide do not currently require Africa Wide to maintain any minimum level of HDSA ownership or to certify the level of such ownership to the Company. In 2007, Wesizwe (which was then majority owned by HDSA individuals) acquired 100% of the shares of Africa Wide. On an application of the flow-through principles, Africa Wide remained an HDSA company. On December 8, 2008, the Company entered into certain agreements to consolidate and rationalize the ownership of the Western Bushveld Joint Venture (the "**Consolidation Transaction**"). Under the terms of the Consolidation Transaction, the Company transferred its 18.5% interest in Project 2 to Wesizwe, therefore providing attributable units of production and further enhancing the ownership of mining assets by HDSA companies. Under the same transaction, Anglo Platinum Limited ("**Anglo**") acquired a then-approximately 26.9% interest in Wesizwe. In 2011, Jinchuan Group Limited of China and China Africa Development Fund, with the approval of the DMR and notwithstanding that the transaction resulted in Wesizwe not being majority owned by HDSAs, acquired a then-approximately 45% interest in Wesizwe. Although Anglo's interest is held for preferential disposition to a qualified BEE purchaser, HDSA individuals do not currently own a majority of the Wesizwe equity. In April 2012, Maseve was granted a Mining Right over Projects 1 and 3 by the DMR and the grant of the Mining Right by the DMR, by stated policy, is an acknowledgement of Maseve's BEE compliance status as being acceptable to the DMR. There can be no assurance when, or if, the transfer of Anglo's interest in Wesizwe to a qualified BEE purchaser will occur. Also there can be no assurance that the HDSA ownership may not be re-assessed or that the criteria for HDSA ownership may not be interpreted differently in the future. If only the direct shareholdings of Africa Wide and its parent are considered, and other factors which were considered by the DMR at the time of grant, are set aside, Maseve, solely on flow through principles is below the 26% HDSA ownership level.

The Company is satisfied that Mnombo is majority owned by HDSA individuals. The contractual arrangements between Mnombo, the Company and the HDSA shareholders require the HDSA shareholders to maintain a minimum level of HSDA ownership in Mnombo of more than 50%. However, if at any time Mnombo becomes a company that is not majority owned by HDSA individuals, the ownership structure of the Waterberg JV Project and the prospecting rights and applications over the Waterberg Extension Project may be deemed not to satisfy HDSA requirements.

Subject to conditions contained in the Company's prospecting and mining rights, the Company may be required to obtain approval from the DMR prior to undergoing any change in its empowerment status under the Mining Charter. In addition, if the Company or its BEE partners are found to be in non-compliance with the requirements of the Mining Charter and other BEE regulations, including failure to retain the requisite level of

Table of Contents

HDSA ownership, the Company may face possible suspension or cancellation of its mining rights under section 47 of the MPRDA.

In addition, there have been a number of proposals made at governmental level in South Africa regarding amendments and clarifications to the methodology for determining HDSA ownership and control of mining businesses, including the Amendment Bill which create greater uncertainty in measuring the Company's progress towards, and compliance with, its commitments under the Mining Charter and other BEE regulations. If implemented, any of these proposals could result in, among other things, stricter criteria for qualification as an HDSA investor.

If the Company is required to increase the percentage of HDSA ownership in any of its operating companies or projects, the Company's interests may be diluted. In addition, it is possible that any such transactions or plans, or the investment by a new BEE partner in Maseve to maintain a 26% interest by qualified BEE companies may need to be executed at a discount to the proper economic value of the Company's operating assets or it may also prove necessary for the Company to provide vendor financing or other support in respect of some or all of the consideration, which may be on non-commercial terms. Under the terms of the Maseve Shareholders Agreement, if Maseve is instructed by the DMR to increase its HDSA ownership, any agreed costs or dilution of interests shall be borne equally by the Company and Africa Wide, notwithstanding that Africa Wide will hold, subject to the pending arbitration, only 22.45% of the equity.

Currently, the South African Department of Trade and Industry is responsible for leading government action on the implementation of BEE initiatives under the auspices of the BEE Act and the Codes, while certain industries have their own transformation charters administered by the relevant government department (in this case, the DMR). The Broad-based Black Economic Empowerment Bill ("**BEE Bill**") proposes changes to the BEE Act which, if implemented, would provide a standard framework for the measurement of BEE compliance across all sectors of the economy. There is a risk that all of the industry specific transformation charters, including the Mining Charter under which the Company has agreed targets with the DMR and against which the Company currently measures its compliance through the Mining Charter Scorecard, may be superseded, in which case the Company would be required to comply with the criteria set forth under the BEE Act and any new or revised Codes. The BEE Bill has passed through the parliamentary process and is awaiting signing into law. However, the impacts of the BEE Bill are uncertain and the Company cannot predict the scope or timing of such amendments or modifications to the BEE Act, Codes or the Mining Charter, and the impact that these amendments or modifications may have on its business.

If the Company is unable to achieve or maintain its empowered status under the Mining Charter or comply with any other BEE regulations or policies, it may not be able to maintain its existing prospecting and mining rights and/or acquire any new rights and therefore would be obliged to suspend or dispose of some or all of its operations in South Africa, which would likely have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in South African State royalties where many of the Company's mineral reserves are located could have an adverse effect on the Company's results of operations and its financial condition.

The *Mineral and Petroleum Resources Royalty Act, 2008* ("**Royalty Act**") effectively came into operation on May 1, 2009. The Royalty Act establishes a variable royalty rate regime, in which the prevailing royalty rate for the year of assessment is assessed against the gross sales of the extractor during the year. The royalty rate is calculated based on the profitability of the mine (earnings before interest and taxes) and varies depending on whether the mineral is transferred in refined or unrefined form. The minimum royalty rate is 0.5% and the maximum royalty rate for mineral resources transferred in unrefined form is 7% of gross sales. For mineral resources transferred in refined form the maximum royalty rate is 5% of gross sales. The royalty will be a tax deductible expense. The royalty becomes payable when the mineral resource is "transferred", which refers to the disposal of a mineral resource, the export of a mineral resource, or the consumption, theft, destruction or loss of a mineral resource. The Royalty Act allows the holder of a mining right to enter into an agreement with the tax authorities to fix the percentage royalty that will be payable in respect of all mining operations carried out in respect of that resource for as long as the extractor holds the right. The holder of a mining right may withdraw from such agreement at any time.

Table of Contents

The feasibility studies covering the Company's South African projects made certain assumptions related to the expected royalty rates under the Royalty Act. If and when the Company begins earning revenue from its South African mining projects, and if the royalties under the Royalty Act differ from those assumed in the feasibility studies, this new royalty could have a material and adverse impact on the economic viability of the Company's projects in South Africa, as well as on the Company's prospects, financial condition and results of operations.

Characteristics of and changes in the tax systems in South Africa could materially adversely affect the Company's business, financial condition and results of operations.

The Company's subsidiaries pay different types of governmental taxes in South Africa, including corporation tax, payroll taxes, VAT, state royalties, various forms of duties, dividend withholding tax and interest withholding tax. The tax regime in South Africa is subject to change.

In May 2013, the South African Government released the Carbon Tax Policy Paper which serves as an update to the Carbon Tax Discussion Paper on the introduction of a carbon-pricing mechanism in South Africa with the aim of reducing the emission of greenhouse gases. Currently, the Carbon Tax Policy Paper proposes that the carbon tax be implemented in accordance with a phased approach. The first phase will be for five years, effective from January 1, 2015 to December 31, 2019. During the first phase, it is proposed that the carbon tax be introduced at R120 per ton of carbon dioxide equivalent, increasing at 10% per annum. Further, 60% of emissions would initially be tax exempt. When the tax free thresholds are taken into account, the effective tax rate will range between R12 and R48 per ton of carbon dioxide equivalent. The second phase for the implementation of the carbon tax will be over another five years, from 2020 to 2025. To date, the South African Government has not issued any further updates on the status of the Carbon Tax Policy Paper.

The ruling party, the ANC, held a policy conference in June 2012 at which the SIMS Report commissioned by the ANC was debated. The SIMS Report includes a proposal for a super tax of 50% of all profits above a 15% return on investment, which would apply in respect of all metals and minerals. If a super profits tax is implemented, the Company may realize lower after-tax profits and cash flows from its current mining operations and may decide not to pursue certain new projects, as such a tax could render these opportunities uneconomic.

It is also possible that the Company could become subject to taxation in South Africa that is not currently anticipated, which could have a material adverse effect on its business, financial condition and results of operations.

Risks Relating to the Offered Shares and the Offering

The Company has never paid dividends and does not expect to do so in the foreseeable future.

The Company has not paid any dividends since incorporation and it has no plans to pay dividends in the foreseeable future. The Company's directors will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the Common Shares are entitled to an equal share of any dividends declared and paid.

The Company's Common Share price has been volatile in recent years.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development-stage mining companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the per share price of the Common Shares on the TSX fluctuated from a high of $1.51 to a low of $0.74 and on the NYSE MKT from a high of US$1.52 to a low of US$0.80 during the twelve month period ending November 30, 2013. There can be no assurance that continual fluctuations in price will not occur.

The factors influencing such volatility include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious metal prices or other mineral prices, currency exchange fluctuations and the Company's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the Common Shares include the following:

- the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities;
- lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company;
- the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and
- a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

The Company's growth, future profitability and ability to obtain financing may be impacted by global financial conditions.

Global financial conditions continue to be characterized by volatility. Following the credit crisis that began in 2008, global markets continue to be adversely impacted by generally poor European economic conditions and high fuel and energy costs. Many industries, including the mining industry, are impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future economic shocks may be precipitated by a number of causes, including the ongoing European debt situation, a continued rise in the price of oil and other commodities, the volatility of metal prices, geopolitical instability, terrorism, the devaluation and volatility of global stock markets and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute investors' voting power and reduce the Company's earnings per share.

The Company may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities) and may issue additional equity securities to finance operations, exploration, development, acquisitions or other projects. The Company cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to security holders. Exercises of presently outstanding share options may also result in dilution to security holders.

The board of directors of the Company has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that the Company will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of Common Shares at prices less than the current market price for the Common Shares.

Sales of substantial amounts of the Company's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company's securities and dilute investors' earnings per share. A decline in the market prices of Company's securities could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

The Company is likely a "passive foreign investment company", which may have adverse U.S. federal income tax consequences for U.S. shareholders.

U.S. investors in the Offered Shares should be aware that the Company believes it was classified as a passive foreign investment company ("**PFIC**") during the tax year ended August 31, 2013, and based on current business plans and financial expectations, the Company expects that it will be a PFIC for the current tax year and may be a PFIC in future tax years. If the Company is a PFIC for any year during a U.S. shareholder's holding period, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of Offered Shares, or any so-called "excess distribution" received on its Offered Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective "qualified electing fund" election ("**QEF Election**") or a "mark-to-market" election with respect to the Offered Shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Offered Shares over the shareholder's basis therein. This paragraph is qualified in its entirety by the discussion below under the heading "Certain United States Federal Income Tax Considerations." Each U.S. shareholder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Offered Shares.

The Company is an "emerging growth company" and the Company cannot be certain whether the reduced disclosure requirements applicable to emerging growth companies will make the Common Shares less attractive to investors.

The Company is an "emerging growth company," as defined in the U.S. *Jumpstart Our Business Startups Act of 2012*, and intends to take advantage of exemptions from various requirements that are applicable to other public companies that are emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the U.S. *Sarbanes-Oxley Act of 2002* for so long as the Company is an emerging growth company. The Company cannot predict if investors will find the Common Shares less attractive because the Company's independent auditors will not have attested to the effectiveness of the Company's internal controls. If some investors find the Common Shares less attractive as a result of the Company's independent auditors not attesting to the effectiveness of the Company's internal controls or as a result of other exemptions that the Company may take advantage of, there may be a less active trading market for the Common Shares.

The Company has discretion in the use of the net proceeds from the Offering.

The Company currently intends to allocate the net proceeds it will receive from the Offering as described under "Use of Available Funds", however, the Company will have discretion in the actual application of the net proceeds. The Company may elect to allocate the net proceeds differently from that described in "Use of Available Funds" if the Company believes it would be in the Company's best interests to do so. The Company's shareholders may not agree with the manner in which the Company chooses to allocate and spend the net proceeds from the Offering. The failure by the Company to apply these funds effectively could have a material adverse effect on the business of the Company.

Table of Contents

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at August 31, 2013 on (a) an actual basis and (b) an as adjusted basis to give effect to the completion of the Offering. This table should be read in conjunction with the audited consolidated financial statements of the Company for the year ended August 31, 2013 (including the notes thereto), together with the MD&A, incorporated by reference in this Prospectus. See "Documents Incorporated by Reference." Since August 31, 2013, there has been no material change in the share and loan capital of the Company, on a consolidated basis.

	As of August 31, 2013	
	Actual	As Adjusted for the Offering[(1)]
	(in CAN$)	
Cash and cash equivalents[(2)]	$ 111,783,989	$ 276,752,489
Total Long-term debt	$	$
Shareholders' equity:		
Share Capital (Common Shares): unlimited shares authorized; 402,759,542 shares issued and outstanding; 551,259,542 shares issued and outstanding after giving effect to the Offering[(2)(3)]	425,435,000	590,403,500
Contributed surplus	18,593,000	18,593,000
Accumulated other comprehensive income	(61,481,000)	(61,481,000)
Deficit	(85,349,000)	(85,349,000)
Total shareholders' equity	297,198,000	462,166,500
Total capitalization[(2)]	$ 297,198,000	$ 462,166,500

Notes:

(1) Assumes no exercise of the Over-Allotment Option.

(2) If the Over-Allotment Option is exercised in full, as adjusted cash and cash equivalents will be $301,722,764, as adjusted share capital will be $615,373,775 and as adjusted total capitalization will be $487,136,775.

(3) As at August 31, 2013, this figure excluded 16,108,500 Common Shares reserved for issuance pursuant to outstanding stock options (with a weighted average exercise price of $1.58) and nil Common Shares reserved for issuance pursuant to outstanding warrants. Subsequent to August 31, 2013 and prior to the date of this Prospectus, none of such Common Shares reserved for issuance pursuant to outstanding stock options have been issued pursuant to the exercise of outstanding options.

USE OF AVAILABLE FUNDS

The estimated net proceeds received by the Company from the Offering (assuming no exercise of the Over-Allotment Option) will be CAN$165.0 million (determined after deducting the Underwriters' Fee of CAN$8.8 million and estimated expenses of the Offering of CAN$1.5 million). If the Over-Allotment Option is exercised in full, the estimated net proceeds received by the Company from the Offering will be CAN$189.9 million (determined after deducting the Underwriters' Fee of CAN$10.1 million and estimated expenses of the Offering of CAN$1.5 million).

The Company intends to apply approximately CAN$144.8 million of the net proceeds of the Offering to partially fund Phase 2 development costs at the Project 1 platinum mine. The Company anticipates that it will be required to fund 100% of Maseve's ongoing cash calls at the Project 1 platinum mine. See "Business of the Company   Project 1 and Project 3". If the New Project Loan Facility is consummated, these funds will be placed in restricted accounts for the project finance of construction at the Project 1 platinum mine and will be subject to certain tests as determined by the New Arrangers and their independent technical expert. The Company intends to apply approximately

CAN$2.0 million of the net proceeds of the Offering to the Company's 63% effective obligation towards ongoing exploration and engineering work on the Waterberg JV Project and approximately CAN$13.0 million of the net proceeds of the Offering to the Company's 87% effective obligation towards ongoing exploration work on the Waterberg Extension Project. The remaining net proceeds of the Offering, approximately CAN$5.2 million, will be reserved for general working capital purposes.

Table of Contents

The Company had negative operating cash flow for the financial year ended August 31, 2013. To the extent that the Company has negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. See "Risk Factors".

If the Over-Allotment Option is exercised by the Underwriters, the Company intends to use the net proceeds as follows:

	Net Proceeds	Net Proceeds (including the Over-Allotment Option)
	(CAN$ in millions)	
Net proceeds to the Company	$ 165.0	$ 189.9
Phase 2 development costs at Project 1	144.8	144.8
The Company's 63% effective share of Waterberg JV Project exploration and engineering expenses	2.0	5.0
The Company's 87% effective share of Waterberg Extension Project exploration expenses	13.0	20.0
General working capital	$ 5.2	$ 20.1

The Waterberg Extension Project is conducted in a joint venture with Mnombo. The Company holds a direct 74% interest and Mnombo holds a 26% interest in the Waterberg Extension Project, leaving the Company with an 86.974% effective interest by way of its 49.9% shareholding in Mnombo. Mnombo is responsible for 26% of ongoing costs on the Waterberg Extension Project, however the Company is currently carrying all of Mnombo's costs relating to the Waterberg Extension Project.

The aggregate funding requirements of the Company for construction of the Project 1 platinum mine are expected to be as follows. The Company anticipates that it will be required to fund 100% of Maseve's ongoing cash calls at Project 1. See "Business of the Company Project 1 and Project 3". Unless otherwise indicated, all figures presented in this section are as of November 30, 2013. Where applicable, amounts have been translated between US dollars and Canadian dollars at a rate of CAN$1.00 to US$0.94.

Aggregate Funding Requirements for Project 1	US$ in millions
Project 1 Basic Peak Funding Model (100% basis)	$ 506.0
Add: Adjustment per New Arrangers[(1)]	15.5
Less: Phase 1 construction (complete)[(2)]	(86.4)
Less: Phase 2 construction (in progress)[(3)]	(106.4)
Less: New Project Loan Facility	(195.0)
Remaining construction costs	133.7
Add: Cost over-run facility (100% basis)[(4)]	75.0
Less: Funds held by/for Maseve[(5)]	(48.9)
Capital Required at the Project Level (100% basis)	**$ 159.8**

Notes:

(1) Comprised of US$4.0 million for debt arrangement fees, US$2.5 million for facility transaction costs and US$9.0 million for the cost of options.

(2) Phase 1 was completed in March 2013 at a total cost of R777.20 million (US$86.4 million at 9 Rand to each US$1 per the Basic Peak Funding Model). A further amount of R81.3 million (US$9.0 million at 9 Rand to each US$1 per the Basic Peak Funding Model) related to expenditures for electrical services was deferred to Phase 2.

(3) As of November 30, 2013, Phase 2 was approximately 40% complete.

(4) The cost over-run facility is estimated at US$75 million.

(5) Comprised of Rand 440 million on hand translated to US$ at a historical rate of 9 Rand per US$1 according to the Peak Funding Model, and held by the Company or Maseve and dedicated to funding Project 1.

Table of Contents

The following sets forth the Company's aggregate funding requirements for the Project 1 mine, plus its anticipated use of proceeds of the Offering toward the Waterberg Projects:

	US$ in millions
The Company's 100% share of Project 1 capital required[(1)]	$ 159.8
Add: the Company's share of exploration costs at the Waterberg JV Project	1.9
Add: the Company's share of exploration costs at the Waterberg Extension Project[(2)]	12.2
Less: the Company's unrestricted cash on hand	(28.4)
Anticipated Aggregate US$ Funding Requirements	$ 145.5

Notes:

(1) Assumes that Africa Wide will elect not to contribute to Maseve in order to match its pro rata share of Project 1 funding. Any funding from Africa Wide or a new joint venture partner would reduce the Company's funding requirements.

(2) Based on CAN$12.88 million of a CAN$20.0 million work program recommended in the Waterberg Extension Report.

If Project 1 funding requirements are less than those described above, the Company intends to use any excess funds for exploration at the Waterberg JV Project, exploration at the Waterberg Extension Project and general working capital. If Project 1 funding requirements are more than those described above, the Company will seek such funding from equity or debt sources.

As a result of the decision of Africa Wide on October 18, 2013 not to fund an approved cash call by Maseve and the consequent delays in finalization of project financing for Project 1, a procurement freeze has been implemented on Project 1. The above anticipated aggregate funding requirement does not consider the potential impact on peak funding of the procurement freeze on new capital spending currently enacted on Project 1. This delay in implementing construction contracts combined with potential delays in ramping-up mining ore may result in delays in the completion of mill construction and the first concentrate sales, which would negatively impact peak funding requirements.

The Company has received several non-binding expressions of interest and proposals from third parties to provide the US$75.0 million cost over-run facility, as described above, to the Company by way of subordinated debt instruments. The Company is considering these proposals and should it decide to accept such an arrangement, funds allocated above for deposit into the cost over-run facility would instead be utilized towards further exploration and development on the Waterberg JV Project and on the Waterberg Extension Project, as well as for general working capital purposes. The Company's ability to accept such an arrangement would be subject to the approval of the New Arrangers.

Table of Contents

Assuming completion and the availability of drawdowns under the New Project Loan Facility within the next 12 months and completion of the Offering, the Company intends to apply available funds to satisfy all of its planned financial requirements for the next 12 months as follows:

	Use of Available Funds	Use of Available Funds (including the Over-Allotment Option)
	(CAN$ in millions)	
Estimated working capital as at November 30, 2013	$ 63.0	$ 63.0
Estimated net proceeds of the Offering	165.0	189.9
Estimated 12 month New Project Loan Facility draw down[(1)]	54.2	54.2
Estimated Available Funds	282.2	307.1
Company's share of estimated 12 months of costs for Phase 2 of Project 1	182.2	182.2
Company's funding towards its share of cost over-run facility[(2)]	79.8	79.8
Company's share of estimated 12 months of exploration and engineering expenditures at the Waterberg JV Project	2.0	5.0
Company's share of estimated 12 months of exploration expenditures at the Waterberg Extension Project	13.0	20.0
Company's estimated 12 months of net general and administrative expenses	5.0	5.0
Estimated Use of Funds	282.0	292.0
Estimated Excess Working Capital	$ 0.2	$ 15.1

Notes:

(1) Calculated as 100% of the estimated draw down amount to November 30, 2014 post expenditure of required equity by the Company.

(2) Calculated as 100% of the cost-over run facility determined by the New Arrangers.

Although the Company intends to use the net proceeds from the Offering as set forth above, the actual allocation of the net proceeds may vary from those allocations set out above, depending on future developments in the Company's mineral properties or unforeseen events. Potential investors are cautioned that, notwithstanding the Company's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of the net proceeds may be advisable for reasons that management believes, in its discretion, are in the Company's best interests.

Pending their use, the net proceeds of the Offering will be invested in short-term investment grade instruments including, but not limited to, demand deposits, banker's acceptances, interest bearing corporate, government-issued and/or government-guaranteed securities and term deposits held with major Canadian, British or South African financial institutions. The Company's Chief Executive Officer, Chief Financial Officer and board of directors are responsible for the investment and supervision of unallocated funds.

Utilizing the net proceeds of the Offering, in conjunction with the use of funding from the proposed US$195 million New Project Loan Facility, the Company's primary business objective is to complete the construction of the Project 1 platinum mine, including bringing the mine into commercial production, as described in this Prospectus. Secondarily, the Company plans to further explore the Waterberg JV Project and the Waterberg Extension Project, also as described in this Prospectus.

Table of Contents

In the event that this Offering is completed, but the planned US$195 million New Project Loan Facility is not completed and available to the Company within the next twelve months, the Company would need to alter its business plan. If the New Project Loan Facility is not completed the Company would have access to the additional working capital set aside in the cost over-run account pursuant to the terms of the New Project Loan Facility. A first alternative business plan would be the sourcing and completion of alternative debt and/or equity financing in order to complete the existing Phase 2 development schedule, although there is no guarantee that such funding would be available to the Company. A second option would be the suspension of Phase 2 development and the potential sale of ore from underground workings at Project 1 established under Phase 1. In this second scenario a milling and concentrating facility would not be immediately built and the construction of such facilities would be postponed until funding became available. The Company would have sufficient working capital on hand to execute this business plan for in excess of 12 months.

Table of Contents

PRIOR SALES

During the 12 months preceding the date of this Prospectus, the Company has issued Common Shares at the following prices:

Date of Issuance	Number of Common Shares	Issuance Prices (CAN$)
January 4, 2013[2]	225,000,000	0.80
March 1, 2013[1]	15,000	1.37
March 19, 2013[1]	50,000	0.96
March 19, 2013[1]	50,000	1.11
March 27, 2013[1]	50,000	1.11
May 21, 2013[1]	10,000	0.96
December 1, 2013[1]	20,000	1.30
December 1, 2013[1]	15,000	0.96
December 2, 2013[1]	12,000	1.03
TOTAL	**225,222,000**	

Note:

(1) Issued pursuant to the exercise of options.

(2) Issued pursuant to the Company's short form prospectus offering that closed on January 4, 2013.

During the 12 months preceding the date of this Prospectus, the Company has issued the following securities convertible into Common Shares at the following prices:

Date of Issuance	Number of Options Issued[1]	Issuance Prices (CAN$)
March 18, 2013	35,000	1.40
May 30, 2013	100,000	1.05
TOTAL	**135,000**	

Note:

(1) Each option is exercisable for one Common Share.

Table of Contents

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX under the trading symbol "PTM" and on the NYSE MKT under the trading symbol "PLG". The following tables set forth information relating to the trading of the Common Shares on the TSX and the NYSE MKT for the periods indicated.

Toronto Stock Exchange PTM

Period	High (CAN$)	Low (CAN$)	Volume
December 1-18, 2013	1.49	1.13	5,884,516
November 2013	1.43	1.11	14,827,890
October 2013	1.29	0.97	12,030,048
September 2013	1.22	1.02	5,560,093
August 2013	1.33	1.01	2,975,700
July 2013	1.11	0.90	2,873,100
June 2013	1.12	0.87	3,571,200
May 2013	1.25	0.94	4,219,700
April 2013	1.48	1.11	5,731,400
March 2013	1.51	1.37	8,207,500
February 2013	1.51	1.13	20,173,500
January 2013	1.21	0.76	10,498,600
December 2012	0.98	0.74	3,448,500

NYSE MKT PLG

Period	High (US$)	Low (US$)	Volume
December 1-18, 2013	1.37	1.05	2,335,402
November 2013	1.35	1.06	4,511,495
October 2013	1.26	0.99	5,508,376
September 2013	1.16	0.99	3,291,915
August 2013	1.26	0.96	4,899,800
July 2013	1.08	0.83	4,171,000
June 2013	1.11	0.83	6,577,400
May 2013	1.25	0.93	8,404,400
April 2013	1.47	1.08	10,716,500
March 2013	1.49	1.36	7,315,400
February 2013	1.52	1.13	18,622,900
January 2013	1.22	0.80	8,374,800
December 2012	0.99	0.80	2,352,000

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act and the regulations thereunder (the "**Regulations**") generally applicable to a holder who acquires Offered Shares as beneficial owner pursuant to this Prospectus and who, at all relevant times, for the purposes of the Tax Act, deals at arm's length with the Company, is not affiliated with the Company, and will acquire and hold such Offered Shares as capital property (each, a "**Holder**"), all within the meaning of the Tax Act. Offered Shares will generally be considered to be capital property to a Holder unless the Holder holds or uses the Offered Shares or is deemed to hold or use the Offered Shares in the course of carrying on a business of trading or dealing in securities or has acquired them or deemed to have acquired them in a transaction or transactions considered to be an adventure in the nature of trade.

Table of Contents

This summary does not apply to a Holder (a) that is a "financial institution" for purposes of the mark-to-market rules contained in the Tax Act; (b) an interest in which is or would constitute a "tax shelter investment" as defined in the Tax Act; (c) that is a "specified financial institution" as defined in the Tax Act; (d) that is a corporation resident in Canada (for the purpose of the Tax Act) that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act; or (e) that reports its "Canadian tax results" in a currency other than Canadian currency, all as defined in the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Shares.

This summary also does not apply to a Holder that has or will enter into a "derivative forward agreement", as the term is defined in the Tax Act, with respect to the Offered Shares.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and the Regulations, specific proposals to amend the Tax Act and the Regulations (the "**Tax Proposals**") which have been announced by or on behalf the Minister of Finance (Canada) prior to the date hereof, the current provisions of the *Canada-United States Income Tax Convention* (1980) ("**Canada-U.S. Tax Convention**") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Offered Shares. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders should consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Residents of Canada

This portion of the summary is applicable to a Holder who, for the purposes of the Tax Act, is resident or deemed to be resident in Canada at all relevant times (each, a "**Resident Holder**"). Certain Resident Holders whose Offered Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have the Offered Shares, and every other "Canadian security" (as defined by the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their particular circumstances.

Taxation of Dividends Received by Resident Holders

In the case of a Resident Holder that is an individual (including certain trusts), such dividends (including deemed dividends) received on the Offered Shares will be included in the Resident Holder's income and be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an individual from taxable Canadian corporations including the enhanced gross-up and dividend tax credit for "eligible dividends" properly designated as such by the Company. Taxable dividends received by such Resident Holder may give rise to minimum tax under the Tax Act.

In the case of a Resident Holder that is a corporation, such dividends (including deemed dividends) received on the Offered Shares will be included in the Resident Holder's income and will normally be deductible in computing such Resident Holder's taxable income.

A Resident Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay a $33^1/_3$% refundable tax under Part IV of the Tax Act on dividends received on

Table of Contents

the Offered Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the year. This refundable tax generally will be refunded to a corporate Resident Holder at the rate of CAN$1 for every CAN$3 of taxable dividends paid while it is a private corporation.

Disposition of Offered Shares

A Resident Holder who disposes of or is deemed to have disposed of an Offered Share (other than to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) will realize a capital gain (or incur a capital loss) equal to the amount by which the proceeds of disposition in respect of the Offered Share exceed (or are exceeded by) the aggregate of the adjusted cost base of such Offered Share immediately before the disposition or deemed disposition and any reasonable expenses incurred for the purpose of making the disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Taxation of Capital Gains and Losses".

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder must be included in the Resident Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Resident Holder (an "**allowable capital loss**") may be used to offset taxable capital gains realized by the Resident Holder in the taxation year in which the disposition occurs. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be applied to reduce net taxable gains realized by the Resident Holder in the three preceding taxation years or in any subsequent year in the circumstances and to the extent provided in the Tax Act.

A capital loss realized on the disposition of an Offered Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Resident Holder on the Offered Share. Similar rules may apply where a corporation is, directly or indirectly through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Offered Shares. A Resident Holder to which these rules may be relevant is urged to consult its own tax advisor.

Capital gains realized by an individual (including certain trusts) may result in the individual paying minimum tax under the Tax Act.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of $6^2/_3$% on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains. This refundable tax generally will be refunded to a corporate Resident Holder at the rate of CAN$1 for every CAN$3 of taxable dividends paid while it is a private corporation.

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is neither resident nor deemed to be resident in Canada and does not use or hold, and will not be deemed to use or hold, Offered Shares in a business carried on in Canada (each, a "**Non-Resident Holder**"). The term "**US Holder**," for the purposes of this summary, means a Non-Resident Holder who, for purposes of the Canada-U.S. Tax Convention, is at all relevant times a resident of the United States and is a "qualifying person" within the meaning of the Canada-U.S. Tax Convention. In some circumstances, persons deriving amounts through fiscally transparent entities (including limited liability companies) may be entitled to benefits under the Canada-U.S. Tax Convention. US Holders are urged to consult with their own tax advisors to determine their entitlement to benefits under the Canada-U.S. Tax Convention based on their particular circumstances.

Table of Contents

Special considerations, which are not discussed below, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere. Such Non-Resident Holders should consult their own advisors.

Taxation of Dividends

Subject to an applicable international tax treaty or convention, dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on the Offered Shares will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend. Such rate is generally reduced under the Canada-U.S. Tax Convention to 15% if the beneficial owner of such dividend is a US Holder. The rate of withholding tax is further reduced to 5% if the beneficial owner of such dividend is a US Holder that is a company that owns, directly or indirectly, at least 10% of the voting stock of the Company. In addition, under the Canada-U.S. Tax Convention, dividends may be exempt from such Canadian withholding tax if paid to certain US Holders that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations or qualifying trusts, companies, organizations or arrangements operated exclusively to administer or provide pension, retirement or employee benefits or benefits for the self-employed under one or more funds or plans established to provide pension or retirement benefits or other employee benefits that are exempt from tax in the United States and that have complied with specific administrative procedures.

Disposition of Offered Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of the Offered Shares, unless the Offered Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of the disposition and are not "treaty-protected property" of the Non-Resident Holder at the time of the disposition.

Generally, as long as the Offered Shares are then listed on a designated stock exchange (which currently includes the TSX and the NYSE MKT), the Offered Shares will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60-month period immediately preceding the disposition (a) one or any combination of the Non-Resident Holder and persons with whom the Non-Resident Holder did not deal at arm's length owned or were considered to own 25% or more of the issued shares of any class or series of shares of the capital stock of the Company, and (b) more than 50% of the fair market value of the Offered Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of or interests in, or for civil law rights in, any such properties (whether or not such property exists). Under the Tax Proposals, the 25% ownership test will apply to shares of the Company owned by one or any combination of the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, and partnerships whose members include, either directly or indirectly through one or more partnerships, the Non-Resident Holder or persons that do not deal at arm's length with the Non-Resident Holder.

In the case of a US Holder, the Offered Shares of such US Holder will generally constitute "treaty-protected property" for purposes of the Tax Act unless the value of the Offered Shares is derived principally from real property situated in Canada. For this purpose "real property" has the meaning that term has under the laws of Canada and includes any option or similar right isp;

information with respect to book-entry procedures, if any;

- any anti-dilution protection;

- a discussion of certain federal income tax considerations; and

- any other terms of such warrants, including terms, procedures and limitations relating to the transferability, exercise and exchange of such warrants.

Warrant certificates will be exchangeable for new warrant certificates of different denominations and warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise or to any dividend payments or voting rights as to which holders of the preferred shares or common shares purchasable upon such exercise may be entitled.

Each warrant will entitle the holder to purchase for cash such number of preferred shares or common shares, at such exercise price as shall, in each case, be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, warrants may be exercised at any time up to 5:00 p.m. New York City time on the expiration date set forth in applicable prospectus supplement. After 5:00 p.m. time on the expiration date, unexercised warrants will become void.

Warrants may be exercised as set forth in the applicable prospectus supplement relating to the warrants. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the securities purchasable upon such exercise. If less than all of the warrants are presented by such warrant certificate of exercise, a new warrant certificate will be issued for the remaining amount of warrants.

FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes our taxation and the material federal income tax consequences associated with an investment in our securities. The tax treatment of security holders will vary depending upon the holder s particular situation, and this discussion addresses only holders that hold securities as a capital asset and does not deal with all aspects of taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. This section also does not deal with all aspects of taxation that may be relevant to certain types of holders to which special provisions of the federal income tax laws apply, including:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- banks and other financial institutions;
- tax-exempt organizations (except to the limited extent discussed in Taxation of Tax-Exempt Shareholders);
- certain insurance companies;
- persons liable for the alternative minimum tax;
- persons that hold securities as a hedge against interest rate or currency risks or as part of a straddle or conversion transaction;

Table of Contents

- non-U.S. individuals and foreign corporations (except to the limited extent discussed in Taxation of Non-U.S. Holders); and

- holders whose functional currency is not the U.S. dollar.

The statements in this section are based on the Internal Revenue Code of 1986, as amended, its legislative history, current and proposed regulations under the Code, published rulings and court decisions. This summary describes the provisions of these sources of law only as they are currently in effect. All of these sources of law may change at any time, and any change in the law may apply retroactively. We cannot assure you that new laws, interpretations of law or court decisions, any of which may take effect retroactively, will not cause any statement in this section to be inaccurate.

This section is not a substitute for careful tax planning. We urge you to consult your tax advisor regarding the specific tax consequences to you of ownership of our securities and of our election to be taxed as a REIT. Specifically, you should consult your tax advisor regarding the federal, state, local, foreign, and other tax consequences to you regarding the purchase, ownership and sale of our securities. You should also consult with your tax advisor regarding the impact of potential changes in the applicable tax laws.

Taxation of Weingarten Realty Investors as a REIT

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ended December 31, 1985. Locke Lord Bissell & Liddell LLP has provided us an opinion that for our taxable year ended December 31, 2007 we qualified as a REIT under the Code, that we are organized and our manner of operation is in conformity with the requirements for qualification and taxation as a REIT under the Code as of the date of this Registration Statement, and that our proposed manner of operation and diversity of equity ownership will enable us to continue to satisfy the requirements for qualification and taxation as a REIT under the Code for 2008. You should be aware, however, that opinions of counsel are not binding upon the Internal Revenue Service or any court. In providing its opinion, Locke Lord Bissell & Liddell LLP is relying, as to certain factual matters, upon the statements and representations contained in certificates provided to Locke Lord Bissell & Liddell LLP by us.

Our qualification as a REIT will depend upon our continuing satisfaction of the requirements of the Code relating to qualification for REIT status. Some of these requirements depend upon actual operating results, distribution levels, diversity of share ownership, asset composition, source of income and record keeping. Accordingly, while we intend to continue to qualify to be taxed as a REIT, the actual results of our operations for any particular year might not satisfy these requirements. Locke Lord Bissell & Liddell LLP will not monitor our compliance with the requirements for REIT qualification on an ongoing basis. Accordingly, no assurance can be given that the actual results of our operation for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of our failure to qualify as a REIT. See Failure to Qualify as a REIT below.

The sections of the Code relating to qualification and operation as a REIT, and the federal income taxation of a REIT and its shareholders, are highly technical and complex. The following discussion sets forth only the material aspects of those sections. This summary is qualified in its entirety by the applicable Code provisions and the related rules and regulations.

As a REIT, we generally are not subject to federal income tax on the taxable income that we distribute to our shareholders. The benefit of that tax treatment is that it avoids the double taxation, or taxation at both the corporate and shareholder levels, that generally results from owning shares in a corporation. Our distributions, however, will generally not be eligible for (i) the lower rate of tax applicable to dividends received by an individual from a C corporation (as defined below) or (ii) the corporate dividends received deduction. Further, we will be subject to federal tax in the following circumstances:

- First, we will have to pay tax at regular corporate rates on any undistributed real estate investment trust taxable income, including undistributed net capital gains.

Table of Contents

Second, under certain circumstances, we may have to pay the alternative minimum tax on items of tax preference.

Third, if we have (a) net income from the sale or other disposition of foreclosure property, as defined in the Code, which is held primarily for sale to customers in the ordinary course of business or (b) other non-qualifying income from foreclosure property, we will have to pay tax at the highest corporate rate on that income.

Fourth, if we have net income from prohibited transactions, as defined in the Code, we will have to pay a 100% tax on that income. Prohibited transactions are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We do not intend to engage in prohibited transactions. We cannot assure you, however, that we will only make sales that satisfy the requirements of the applicable safe harbors or that the IRS will not successfully assert that one or more of such sales are prohibited transactions.

Fifth, if we should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below under REIT Qualification, but we have nonetheless maintained our qualification as a REIT because we have satisfied other requirements necessary to maintain REIT qualification, we will have to pay a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of our gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of our gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect our profitability.

Sixth, if we fail, in more than a de minimis fashion, to satisfy one or more of the asset tests under the REIT provisions of the Code for any quarter of a taxable year, but nonetheless continue to qualify as a REIT because we qualify under certain relief provisions, we will likely be required to pay a tax of the greater of $50,000 or a tax computed at the highest corporate rate on the amount of net income generated by the assets causing the failure from the date of failure until the assets are disposed of or we otherwise return to compliance with the asset test.

Seventh, if we fail to satisfy one or more of the requirements for REIT qualification under the REIT provisions of the Code (other than the income tests or the asset tests), we nevertheless may avoid termination of our REIT election in such year if the failure is due to reasonable cause and not due to willful neglect and we pay a penalty of $50,000 for each failure to satisfy the REIT qualification requirements.

Eighth, if we should fail to distribute during each calendar year at least the sum of (1) 85% of our real estate investment trust ordinary income for that year, (2) 95% of our real estate investment trust capital gain net income for that year and (3) any undistributed taxable income from prior periods, we would have to pay a 4% excise tax on the excess of that required dividend over the amounts actually distributed.

Ninth, if we acquire any appreciated asset from a C corporation in certain transactions in which we must adopt the basis of the asset or any other property in the hands of the C corporation as our basis of the asset, and we recognize gain on the disposition of that asset during the 10-year period beginning on the date on which we acquired that asset, then we will have to pay tax on the built-in gain at the highest regular corporate rate. In general, a C corporation means a corporation that has to pay full corporate-level federal income tax.

Tenth, a 100% tax may be imposed on some items of income and expense that are directly or constructively earned or paid in a transaction between us and one of our taxable REIT subsidiaries (as defined under REIT Qualification) if and to the extent that the IRS successfully adjusts the reported amounts of these items.

Table of Contents

REIT Qualification

To qualify as a REIT, we must elect to be treated as a REIT, and we must meet various (a) organizational requirements, (b) gross income tests, (c) asset tests, and (d) annual dividend requirements.

Organizational Requirements. The Code defines a REIT as a corporation, trust or association:

- that is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- that would otherwise be taxable as a domestic corporation, but for Sections 856 through 859 of the Code;
- that is neither a financial institution nor an insurance company to which certain provisions of the Code apply;
- the beneficial ownership of which is held by 100 or more persons;
- during the last half of each taxable year, not more than 50% in value of the outstanding shares of which is owned, directly or constructively, by five or fewer individuals, as defined in the Code to also include certain entities; and
- which meets certain other tests, described below, regarding the nature of its income and assets.

The Code provides that the conditions described in the first through fourth bullet points above must be met during the entire taxable year and that the condition described in the fifth bullet point above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

We believe that we have been organized, have operated and have issued sufficient shares to satisfy the conditions described in all seven bullet points set forth above. Our charter provides for restrictions regarding the ownership and transfer of our capital shares. These restrictions are intended to assist us in continuing to satisfy the share ownership requirements described in the fifth and sixth bullet points set forth above. The ownership and transfer restrictions pertaining to capital shares are described earlier under the heading Restrictions on Ownership.

For purposes of determining share ownership under the sixth bullet point, an individual generally includes a supplemental unemployment compensation benefits plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes. An individual, however, generally does not include a trust that is a qualified employee pension or profit sharing trust under the federal income tax laws, and beneficiaries of such a trust will be treated as holding our shares in proportion to their actuarial interests in the trust for purposes of the sixth bullet point.

A corporation that is a qualified REIT subsidiary is not treated as a corporation separate from its parent REIT. All assets, liabilities, and items of income, deduction, and credit of a qualified REIT subsidiary are treated as assets, liabilities, and items of income, deduction, and credit of the REIT that does not join with the REIT in making a taxable REIT subsidiary election. A qualified REIT subsidiary is a corporation, all of the capital stock of which is owned by the REIT. Thus, in applying the requirements described herein, any qualified REIT subsidiary that we own will be ignored, and all assets, liabilities, and items of income, deduction, and credit of such subsidiary will be treated as our assets, liabilities, and items of income, deduction, and credit.

An unincorporated domestic entity, such as a limited liability company, that has a single owner, generally is not treated as an entity separate from its owner for federal income tax purposes. An unincorporated domestic entity with two or more owners is generally treated as a partnership for federal income tax purposes. In the case

Table of Contents

of a REIT that is a partner in a partnership, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests.

If a REIT is a partner in a partnership, Treasury Regulations provide that the REIT will be deemed to own its proportionate capital share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to that capital share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. In addition, actions taken by any entity that is either a disregarded entity (including a qualified REIT subsidiary) or partnership in which we own an interest, either directly or through one or more tiers of disregarded entities (including qualified REIT subsidiaries) or partnerships, can affect our ability to satisfy the REIT income and assets tests and the determination of whether we have net income from prohibited transactions. Accordingly, for purposes of this discussion, when we discuss our actions, income or assets we intend that to include the actions, income or assets of any entity that is either a disregarded entity (including a qualified REIT subsidiary) or a partnership for U.S. federal income tax purposes in which we maintain an interest.

Taxable REIT Subsidiaries. A taxable REIT subsidiary, or a TRS is any corporation in which a REIT directly or indirectly owns stock, provided that the REIT and that corporation make a joint election to treat that corporation as a taxable REIT subsidiary. The election can be revoked at any time as long as the REIT and the TRS revoke such election jointly. In addition, if a TRS holds directly or indirectly, more than 35% of the securities of any other corporation (by vote or by value), then that other corporation is also treated as a TRS. A corporation can be a TRS with respect to more than one REIT.

A TRS is subject to federal income tax at regular corporate rates (maximum rate of 35%), and may also be subject to state and local taxation. Any dividends paid or deemed paid by any one of our taxable REIT subsidiaries will also be subject to tax, either (i) to us if we do not pay the dividends received to our shareholders as dividends, or (ii) to our shareholders if we do pay out the dividends received to our shareholders. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the parent REIT s tenants that are not conducted on an arm s-length basis. We may hold more than 10% of the stock of a TRS without jeopardizing our qualification as a REIT notwithstanding the rule described below under Asset Tests that generally precludes ownership of more than 10% (by vote or value) of any issuer s securities. However, as noted below, in order for us to qualify as a REIT, the securities of all of the taxable REIT subsidiaries in which we have invested either directly or indirectly may not represent more than 20% (25% for taxable years beginning after July 30, 2008, as described under Recent Tax Law Changes) of the total value of our assets. We expect that the aggregate value of all of our interests in taxable REIT subsidiaries will represent less than 20% (or 25%, as applicable) of the total value of our assets, and we will, to the extent necessary, take actions necessary to satisfy the 20% (or 25%, as applicable) value limit. We cannot, however, assure that we will always satisfy this value limit or that the IRS will agree with the value we assign to any TRS in which we own an interest.

A TRS is not permitted to directly or indirectly operate or manage a lodging facility or a health care facility. A lodging facility is defined as a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis. A health care facility is defined as a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility or other licensed facility which extends medical or nursing or ancillary services to patients . We do not own an interest in any TRS that operates or manages a lodging facility or health care facility.

We may engage in activities indirectly though a TRS as necessary or convenient to avoid receiving the benefit of income or services that would jeopardize our REIT status if we engaged in the activities directly. In particular, we would likely engage in activities through a TRS for providing services that are non-customary and services to unrelated parties (such as our third party development and management services) that might produce income that does not qualify under the gross income tests described below. We might also hold certain properties in a TRS if we determine that the ownership structure of such properties may produce income that would not qualify for purposes of the REIT income tests described below.

Gross Income Tests. We must satisfy two gross income tests annually to maintain our qualification as a REIT. First, at least 75% of our gross income for each taxable year must consist of defined types of income that we derive, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of that 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property, or on interests in real property;
- dividends or other distributions on, and gain from the sale of, shares in other REITs;
- gain from the sale of real estate assets; and
- income derived from the temporary investment of new capital that is attributable to the issuance of our shares of beneficial interest or a public offering of our debt with a maturity date of at least five years and that we receive during the one year period beginning on the date on which we received such new capital.

Second, in general, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of shares or securities or any combination of these.

Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both income tests. The following paragraphs discuss the specific application of the gross income tests to us.

Rents from Real Property. Rent that we receive from our real property will qualify as rents from real property, which is qualifying income for purposes of the 75% and 95% gross income tests, only if the following conditions are met:

- First, the rent must not be based in whole or in part on the income or profits of any person. Participating rent, however, will qualify as rents from real property if it is based on percentages of receipts or sales and the percentages: (a) are fixed at the time the leases are entered into, (b) are not renegotiated during the term of the leases in a manner that has the effect of basing rent on income or profits, and (c) conform with normal business practice.

More generally, the rent will not qualify as rents from real property if, considering the relevant lease and all of the surrounding circumstances, the arrangement does not conform with normal business practice, but is in reality used as a means of basing the rent on income or profits. We intend to set and accept rents which are fixed dollar amounts (and fixed percentages of receipts or sales), and not to any extent by reference to any person s net income or profits, in compliance with the rules above.

- Second, we must not own, actually or constructively, 10% or more of the stock or the assets or net profits of any lessee, referred to as a related party tenant. The constructive ownership rules generally provide that, if 10% or more in value of our shares is owned, directly or indirectly, by or for any person, we are considered as owning the stock owned, directly or indirectly, by or for such person.

We do not own any stock or any assets or net profits of any lessee directly.

Third, the rent attributable to the personal property leased in connection with a lease of real property must not be greater than 15% of the total rent received under the lease.

Table of Contents

The rent attributable to personal property under a lease is the amount that bears the same ratio to total rent under the lease for the taxable year as the average of the fair market values of the leased personal property at the beginning and at the end of the taxable year bears to the average of the aggregate fair market values of both the real and personal property covered by the lease at the beginning and at the end of such taxable year (the personal property ratio). With respect to each of our leases, we believe that the personal property ratio generally is less than 15%.

Fourth, we cannot furnish or render noncustomary services to the tenants of our properties, or manage or operate our properties, other than through an independent contractor who is adequately compensated and from whom we do not derive or receive any income. However, we need not provide services through an independent contractor, but instead may provide services directly to our tenants, if the services are usually or customarily rendered in connection with the rental of space for occupancy only and are not considered to be provided for the tenants convenience. In addition, we may provide a minimal amount of noncustomary services to the tenants of a property, other than through an independent contractor, as long as our income from the services does not exceed 1% of our income from the related property. Finally, we may own up to 100% of the stock of one or more taxable REIT subsidiaries, which may provide noncustomary services to our tenants without tainting our rents from the related properties.

We do not intend to perform any services other than customary ones for our lessees, other than services provided through independent contractors or taxable REIT subsidiaries. If a portion of the rent we receive from a property does not qualify as rents from real property because the rent attributable to personal property exceeds 15% of the total rent for a taxable year, the portion of the rent attributable to personal property will not be qualifying income for purposes of either the 75% or 95% gross income test. If rent attributable to personal property, plus any other income that is nonqualifying income for purposes of the 95% gross income test, during a taxable year exceeds 5% of our gross income during the year, we could lose our REIT status. By contrast, in the following circumstances, none of the rent from a lease of property would qualify as rents from real property : (1) the rent is considered based on the income or profits of the lessee; (2) the lessee is a related party tenant or fails to qualify for the exception to the related-party tenant rule for qualifying taxable REIT subsidiaries; or (3) we furnish noncustomary services to the tenants of the property, or manage or operate the property, other than through a qualifying independent contractor or a TRS and our income from the services exceeds 1% of our income from the related property.

Tenants may be required to pay, besides base rent, reimbursements for certain amounts we are obligated to pay to third parties, penalties for nonpayment or late payment of rent, lease application or administrative fees. These and other similar payments should qualify as rents from real property.

Interest. The term interest generally does not include any amount received or accrued, directly or indirectly, if the determination of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely because it is based on a fixed percentage or percentages of receipts or sales. Furthermore, in the case of a shared appreciation mortgage, any additional interest received on a sale of the secured property will be treated as gain from the sale of the secured property.

Prohibited Transactions. A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. There is a safe harbor from such treatment, but such safe harbor only applies to properties that the REIT has held for at least four years (two years for sales after July 30, 2008, as described under Recent Tax Law Changes), among other requirements. We may sell or otherwise dispose of some of our properties. To the extent possible, we will attempt to comply with the terms of the safe harbor provisions. However, it is possible that not all sales or dispositions will qualify for the safe harbor. In the absence of the safe harbor, whether a REIT holds an asset primarily for sale to customers in the ordinary course of a trade or business depends on the facts and circumstances in effect from time to time, including those related to a particular asset. It is possible that the IRS may successfully characterize some or all of these sales of property as prohibited transactions.

Foreclosure Property. We will be subject to tax at the maximum corporate rate on certain income from foreclosure property. We do not own any foreclosure properties and do not expect to own any foreclosure properties in the future. This would only change in the future if we were to make loans to third parties secured by real property.

Hedging Transactions. From time to time, we may enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase such items, and futures and forward contracts. Income from certain hedging transactions, clearly identified as such, is not included in our gross income for purposes of the 95% gross income test (and for certain hedging transactions entered into after July 30, 2008, the 75% gross income test, as described in Recent Tax Law Changes). Since the financial markets continually introduce new and innovative instruments related to risk-sharing or trading, it is not entirely clear which such instruments will generate income and which will be considered qualifying income for purposes of the gross income tests. We intend to structure any hedging or similar transactions so as not to jeopardize our status as a REIT.

Failure to Satisfy Gross Income Tests. If we fail to satisfy one or both of the gross income tests for any taxable year, we nevertheless may qualify as a REIT for that year if we qualify for relief under certain provisions of the federal income tax laws. Those relief provisions generally will be available if:

- our failure to meet the income tests was due to reasonable cause and not due to willful neglect; and

- we file a description of each item of our gross income in accordance with applicable Treasury Regulations.

We cannot with certainty predict whether any failure to meet these tests will qualify for the relief provisions. As discussed above in Taxation of Weingarten Realty Investors as a REIT, even if the relief provisions apply, we would incur a 100% tax on the gross income attributable to the greater of the amounts by which we fail the 75% and 95% gross income tests, multiplied by a fraction intended to reflect our profitability.

Asset Tests. To maintain our qualification as a REIT, we also must satisfy the following asset tests at the end of each quarter of each taxable year:

- First, at least 75% of the value of our total assets must consist of: (a) cash or cash items, including certain receivables, (b) government securities, (c) interests in real property, including leaseholds and options to acquire real property and leaseholds, (d) interests in mortgages on real property, (e) stock in other REITs, and (f) investments in stock or debt instruments during the one year period following our receipt of new capital that we raise through equity offerings or offerings of debt with at least a five year term;

- Second, of our investments not included in the 75% asset class, the value of our interest in any one issuer s securities may not exceed 5% of the value of our total assets;

- Third, we may not own more than 10% of the voting power or value of any one issuer s outstanding securities;

- Fourth, no more than 20% (25% for taxable years beginning after July 30, 2008, as described under Recent Tax Law Changes) of the value of our total assets may consist of the securities of one or more taxable REIT subsidiaries; and

- Fifth, no more than 25% of the value of our total assets may consist of assets that are not qualifying assets for purposes of the 75% asset test.

Table of Contents

For purposes of the second and third asset tests, the term securities does not include stock in another REIT, equity or debt securities of a qualified REIT subsidiary or TRS, mortgage loans that constitute real estate assets, or equity interests in a partnership. For purposes of the 10% value test, the term securities generally does not include debt securities issued by a partnership to the extent of our interest as a partner of the partnership or if at least 75% of the partnership s gross income (excluding income from prohibited transactions) is qualifying income for purposes of the 75% gross income test. In addition, straight debt and certain other instruments are not treated as securities for purposes of the 10% value test.

Failure to Satisfy the Asset Tests. We will monitor the status of our assets for purposes of the various asset tests and will manage our portfolio in order to comply at all times with such tests. If we fail to satisfy the asset tests at the end of a calendar quarter, we will not lose our REIT status if:

- we satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of our assets and the asset test requirements arose from changes in the market values of our assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If we did not satisfy the condition described in the second item, above, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

If we fail to satisfy one or more of the asset tests for any quarter of a taxable year, we nevertheless may qualify as a REIT for such year if we qualify for relief under certain provisions of the Code. These relief provisions generally will be available for failures of the 5% asset test and the 10% asset tests if (i) the failure is due to the ownership of assets that do not exceed the lesser of 1% of our total assets or $10 million, and the failure is corrected within 6 months following the quarter in which it was discovered, or (ii) the failure is due to ownership of assets that exceed the amount in (i) above, the failure is due to reasonable cause and not due to willful neglect, we file a schedule with a description of each asset causing the failure in accordance with Treasury Regulations, the failure is corrected within 6 months following the quarter in which it was discovered, and we pay a tax consisting of the greater of $50,000 or a tax computed at the highest corporate rate on the amount of net income generated by the assets causing the failure from the date of failure until the assets are disposed of or we otherwise return to compliance with the asset test. We may not qualify for the relief provisions in all circumstances.

Distribution Requirements. Each taxable year, we must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gains, to our shareholders in an aggregate amount not less than: the sum of (a) 90% of our REIT taxable income, computed without regard to the dividends-paid deduction or our net capital gain or loss, and (b) 90% of our after-tax net income, if any, from foreclosure property, minus the sum of certain items of non-cash income.

We must pay such dividends in the taxable year to which they relate, or in the following taxable year if we declare the dividend before we timely file our federal income tax return for the year and pay the dividend on or before the first regular dividend payment date after such declaration.

To the extent that we do not distribute all of our net capital gains or distribute at least 90%, but less than 100%, of our real estate investment trust taxable income, as adjusted, we will have to pay tax on those amounts at regular ordinary and capital gains corporate tax rates. Furthermore, if we fail to distribute during each calendar year at least the sum of (a) 85% of our ordinary income for that year, (b) 95% of our capital gain net income for that year, and (c) any undistributed taxable income from prior periods, we would have to pay a 4% nondeductible excise tax on the excess of the required dividend over the amounts actually distributed.

We may elect to retain and pay income tax on the net long-term capital gains we receive in a taxable year. See Taxation of Taxable U.S. Holders. If we so elect, we will be treated as having distributed any such

Table of Contents

retained amount for purposes of the 4% excise tax described above. We intend to make timely dividends sufficient to satisfy the annual dividend requirements and to avoid corporate income tax and the 4% excise tax.

It is possible that, from time to time, we may experience timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of such expenses in arriving at our REIT taxable income. Further, it is possible that, from time to time, we may be allocated a share of net capital gains attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale. As a result of the foregoing, we may have less cash than is necessary to distribute all of our taxable income and thereby avoid corporate income tax and the excise tax imposed on certain undistributed income. In such a situation, we may need to borrow funds or issue additional common or preferred shares or pay dividends in the form of taxable stock dividends.

Under certain circumstances, we may be able to correct a failure to meet the distribution requirements for a year by paying deficiency dividends to our shareholders in a later year. We may include such deficiency dividends in our deduction for dividends paid for the earlier year. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest based upon the amount of any deduction we take for deficiency dividends.

Recordkeeping Requirements. We must maintain certain records in order to qualify as a REIT. In addition, to avoid paying a penalty, we must request on an annual basis information from our shareholders designed to disclose the actual ownership of the outstanding common shares. We have complied and intend to continue to comply with these requirements.

Accounting Period. In order to elect to be taxed as a REIT, we must use a calendar year accounting period. We use the calendar year as our accounting period for federal income tax purposes for each and every year we intend to operate as a REIT.

Failure to Qualify as a REIT. If we failed to qualify as a REIT in any taxable year and no relief provision applied, we would have the following consequences. We would be subject to federal income tax and any applicable alternative minimum tax at rates applicable to regular C corporations on our taxable income, determined without reduction for amounts distributed to shareholders. We would not be required to make any distributions to shareholders, and any dividends to shareholders would be taxable as ordinary income to the extent of our current and accumulated earnings and profits (which may be subject to tax at preferential rates to individual shareholders). Corporate shareholders could be eligible for a dividends-received deduction if certain conditions are satisfied. Unless we qualified for relief under specific statutory provisions, we would not be permitted to elect taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. We might not be entitled to the statutory relief described in this paragraph in all circumstances.

Relief From Certain Failures of the REIT Qualification Provisions. If we fail to satisfy one or more of the requirements for REIT qualification (other than the income tests or the asset tests), we nevertheless may avoid termination of our REIT election in such year if the failure is due to reasonable cause and not due to willful neglect and we pay a penalty of $50,000 for each failure to satisfy the REIT qualification requirements. We may not qualify for this relief provision in all circumstances.

Table of Contents

Recent Tax Law Changes. On July 30, 2008, President Bush signed into law The Housing and Economic Recovery Act of 2008 (the Act). The Act contains a number of provisions applicable to REITs and is generally effective for taxable years beginning after July 20, 2008. These provisions would become effective for us in our taxable year beginning on January 1, 2009. As noted below, however, certain provisions are effective after July 30, 2008. Some of the provisions address the treatment of foreign currency gains and income from hedging transactions for purposes of the REIT 75% and 95% income tests, while other provisions modify the REIT asset tests and the method for calculating amounts subject to the prohibited transaction penalty tax.

The Act revised the tax treatment of certain foreign currency gains for purposes of the REIT 75% and 95% gross income tests. In general, if foreign currency gain is recognized after July 30, 2008 with respect to income that qualifies for purposes of the 75% gross income test, then such foreign currency gain will not constitute gross income for purposes of the 75% and 95% gross income tests. If foreign currency gain is recognized after July 30, 2008 with respect to income that qualifies for purposes of the 95% gross income test, then such foreign currency gain will not constitute gross income for purposes of the 95% gross income test, but will generally be included in gross income and treated as nonqualifying income for purposes of the 75% gross income test, except to the extent that such foreign currency gain qualifies pursuant to the immediately preceding sentence.

The Act provides that certain hedging income (as described below, qualified hedging income) derived from transactions entered into by us after July 30, 2008 is excluded from both the REIT 75% and 95% income tests. Historically, qualified hedging income included only income derived from transactions that hedged indebtedness incurred or to be incurred by us to acquire or carry real estate assets. Under the Act, qualified hedging income is expanded to include income recognized by us from a transaction primarily entered into to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% income tests. Under both prior law and the Act we are also required to properly identify any such hedges in our books and records.

Under the Act, we may hold up to 25% (as opposed to 20% under prior law) of our assets in the form of securities issued by taxable REIT subsidiaries.

We are subject to a 100% penalty tax on income from prohibited transactions (generally, income derived from the sale of property primarily held for sale to customers in the ordinary course of business). With respect to prohibited transactions occurring after July 30, 2008, any foreign currency gain (as defined in Section 988(b)(1) of the Code) and any foreign currency loss (as defined in Section 988(b)(2) of the Code) will be taken into account in determining the amount of income subject to the 100% penalty tax. The Code provides a safe harbor that, if met, allows us to avoid being treated as engaged in a prohibited transaction. In the case of sales taking place after July 30, 2008, the Act makes it easier to comply with the safe harbor by reducing from 4 years to 2 years the time periods during which certain conditions must be satisfied. In order to meet the safe harbor as amended, among other things, (i) we must have held the property for at least 2 (previously 4) years (and, in the case of property which consists of land or improvements not acquired through foreclosure, we must have held the property for 2 (previously 4) years for the production of rental income), (ii) we must not have made aggregate expenditures during the 2- (previously 4-) year period preceding the date of sale that exceed 30% of the net selling price of the property, and (iii) during the taxable year the property is disposed of, we must not have made more than 7 property sales or, alternatively, either the aggregate adjusted basis of all of the properties sold by us during the taxable year must not exceed 10% of the aggregate adjusted basis of all of our assets as of the beginning of the taxable year or the aggregate fair market value of all the properties sold by us during the taxable year must not exceed 10% of the aggregate fair market value of all our assets as of the beginning of the taxable year.

Table of Contents

Taxation of Taxable U.S. Holders

For purposes of this discussion, the term U.S. holder means a beneficial owner of stock that is for U.S. federal income tax purposes:

- a citizen or individual resident of the U.S.;
- a corporation or partnership (or other entity treated as a corporation or partnership for U.S. federal income tax purposes) created or organized under the laws of U.S., any State thereof or the District of Columbia;
- a trust if it (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income tax regardless of its source.

As long as we qualify as a REIT, distributions made by us out of our current or accumulated earnings and profits, and not designated as capital gain dividends, will constitute dividends taxable to our taxable U.S. holders as ordinary income. Individuals receiving qualified dividends from domestic and certain qualifying foreign subchapter C corporations may be entitled to lower rates on dividends (at rates applicable to long-term capital gains, currently at a maximum rate of 15%) provided certain holding period requirements are met. However, individuals receiving dividend distributions from us, a REIT, will generally not be eligible for the lower rates on dividends except with respect to the portion of any distribution which (a) represents dividends being passed through to us from a corporation in which we own shares (but only if such dividends would be eligible for the lower rates on dividends if paid by the corporation to its individual shareholders), including dividends from our TRS, (b) is equal to our REIT taxable income (taking into account the dividends paid deduction available to us) less any taxes paid by us on these items during our previous taxable year, or (c) are attributable to built-in gains realized and recognized by us from disposition of properties acquired by us in non-recognition transaction, less any taxes paid by us on these items during our previous taxable year. The lower rates will apply only to the extent we designate a distribution as qualified dividend income in a written notice to you. Individual taxable U.S. holders should consult their own tax advisors to determine the impact of these provisions. Dividends of this kind will not be eligible for the dividends received deduction in the case of taxable U.S. holders that are corporations. Dividends made by us that we properly designate as capital gain dividends will be taxable to taxable U.S. holders as gain from the sale of a capital asset held for more than one year, to the extent that they do not exceed our actual net capital gain for the taxable year, without regard to the period for which a taxable U.S. holders has held its common stock. Thus, with certain limitations, capital gain dividends received by an individual taxable U.S. holder may be eligible for preferential rates of taxation. Taxable U.S. holders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income.

The 15% reduced maximum tax rate on qualified dividends and certain long-term capital gains, as described above, was provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and was originally effective for taxable years ending on or after May 6, 2003 through December 31, 2008. On May 17, 2006, President Bush signed the Tax Relief Extension Reconciliation Act of 2005, which extended this reduction until December 31, 2010. Without future legislative changes, the maximum long-term capital gains and dividend rate discussed above will increase in 2011.

To the extent that we pay dividends, not designated as capital gain dividends, in excess of our current and accumulated earnings and profits, these dividends will be treated first as a tax-free return of capital to each taxable U.S. holder. Thus, these dividends will reduce the adjusted basis which the taxable U.S. holder has in our shares for tax purposes by the amount of the dividend, but not below zero. Dividends in excess of a taxable U.S. holder s adjusted basis in its common shares will be taxable as capital gains, provided that the shares have been held as a capital asset.

Table of Contents

Dividends authorized by us in October, November, or December of any year and payable to a shareholder of record on a specified date in any of these months will be treated as both paid by us and received by the shareholder on December 31 of that year, provided that we actually pay the dividend in January of the following calendar year. Shareholders may not include in their own income tax returns any of our net operating losses or capital losses.

We may elect to retain, rather than distribute, all or a portion of our net long-term capital gains and pay the tax on such gains. If we make such an election, we will designate amounts as undistributed capital gains in respect of your shares or beneficial interests by written notice to you which we will mail out to you with our annual report or at any time within 60 days after December 31 of any year. When we make such an election, taxable U.S. holders holding common shares at the close of our taxable year will be required to include, in computing their long-term capital gains for the taxable year in which the last day of our taxable year falls, the amount that we designate in a written notice mailed to our shareholders. We may not designate amounts in excess of our undistributed net capital gain for the taxable year. Each taxable U.S. holder required to include the designated amount in determining the holder s long-term capital gains will be deemed to have paid, in the taxable year of the inclusion, the tax paid by us in respect of the undistributed net capital gains. Taxable U.S. holders to whom these rules apply will be allowed a credit or a refund, as the case may be, for the tax they are deemed to have paid. Taxable U.S. holders will increase their basis in their stock by the difference between the amount of the includible gains and the tax deemed paid by the shareholder in respect of these gains.

Dividends made by us and gain arising from a taxable U.S. holder s sale or exchange of our shares will not be treated as passive activity income. As a result, taxable U.S. holders generally will not be able to apply any passive losses against that income or gain.

When a taxable U.S. holder sells or otherwise disposes of our shares, the holder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between (a) the amount of cash and the fair market value of any property received on the sale or other disposition, and (b) the holder s adjusted basis in the shares for tax purposes. This gain or loss will be capital gain or loss if the U.S. holder has held the shares as a capital asset. The gain or loss will be long-term gain or loss if the U.S. holder has held the shares for more than one year. Long-term capital gains of an individual taxable U.S. holder is generally taxed at preferential rates. The highest marginal individual income tax rate is currently 35%. The maximum tax rate on long-term capital gains applicable to individuals is 15% for sales and exchanges of assets held for more than one year and occurring after May 6, 2003 through December 31, 2010. The maximum tax rate on long-term capital gains from the sale or exchange of section 1250 property (i.e., generally, depreciable real property) is 25% to the extent the gain would have been treated as ordinary income if the property were section 1245 property (i.e., generally, depreciable personal property). We generally may designate whether a distribution we designate as capital gain dividends (and any retained capital gain that we are deemed to distribute) is taxable to non-corporate holders at a 15% or 25% rate. The characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum of $3,000 annually. A non-corporate taxpayer may carry unused capital losses forward indefinitely. A corporate taxpayer must pay tax on its net capital gains at corporate ordinary-income rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses carried back three years and forward five years. In general, any loss recognized by a taxable U.S. holder when the holder sells or otherwise disposes of our shares that the holder has held for six months or less, after applying certain holding period rules, will be treated as a long-term capital loss, to the extent of dividends received by the holder from us which were required to be treated as long-term capital gains.

Table of Contents

Information Reporting Requirements and Backup Withholding

We will report to our holders of our debt securities and shares and to the Internal Revenue Service the amount of interest or dividends we pay during each calendar year and the amount of tax we withhold, if any. A holder may be subject to backup withholding at a rate of 28% with respect to interest or dividends unless the holder:

- is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A holder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the Internal Revenue Service. Any amount paid as backup withholding will be creditable against the holder s income tax liability. In addition, we may be required to withhold a portion of capital gain dividends to any holders who fail to certify their non-foreign status to us. For a discussion of the backup withholding rules as applied to non-U.S. holders, see Taxation of Non-U.S. Holders.

Taxation of Tax-Exempt Holders

Amounts distributed as dividends by a REIT generally do not constitute unrelated business taxable income when received by a tax-exempt entity. Provided that a tax-exempt holder is not one of the types of entity described in the next paragraph and has not held its stock as debt financed property within the meaning of the Code, and the shares are not otherwise used in a trade or business, the dividend income from the shares will not be unrelated business taxable income to a tax-exempt shareholder. Similarly, income from the sale of shares will not constitute unrelated business taxable income unless the tax-exempt holder has held the shares as debt financed property within the meaning of the Code or has used the shares in a trade or business.

Income from an investment in our securities will constitute unrelated business taxable income for tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under the applicable subsections of Section 501(c) of the Code, unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its securities. Prospective investors of the types described in the preceding sentence should consult their own tax advisors concerning these set aside and reserve requirements.

Notwithstanding the foregoing, however, a portion of the dividends paid by a pension-held REIT will be treated as unrelated business taxable income to any trust which:

- is described in Section 401(a) of the Code;
- is tax-exempt under Section 501(a) of the Code; and
- holds more than 10% (by value) of the equity interests in the REIT.

Tax-exempt pension, profit-sharing and stock bonus funds that are described in Section 401(a) of the Code are referred to below as qualified trusts. A REIT is a pension-held REIT if:

- it would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that shares owned by qualified trusts will be treated, for purposes of the not closely held requirement, as owned by the beneficiaries of the trust (rather than by the trust itself); and either (a) at least one qualified trust holds more than 25% by value of the interests in the REIT or (b) one or more qualified trusts, each of which owns more than 10% by value of the interests in the REIT, hold in the aggregate more than 50% by value of the interests in the REIT.

The percentage of any REIT dividend treated as unrelated business taxable income to a qualifying trust is equal to the ratio of (a) the gross income of the REIT from unrelated trades or businesses, determined as though the REIT were a qualified trust, less direct expenses related to this gross income, to (b) the total gross income of the REIT, less direct expenses related to the total gross income. A de minimis exception applies where this percentage is less than 5% for any year. We do not expect to be classified as a pension-held REIT, but this cannot be guaranteed.

The rules described above in Taxation of Taxable U.S. Holders concerning the inclusion of our designated undistributed net capital gains in the income of our shareholders will apply to tax-exempt entities. Thus, tax-exempt entities will be allowed a credit or refund of the tax deemed paid by these entities in respect of the includible gains.

Taxation of Non-U.S. Holders

The rules governing U.S. federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign shareholders are complex. This section is only a summary of such rules. We urge non-U.S. holders to consult their own tax advisors to determine the impact of federal, state, and local income tax laws on ownership of common stock, including any reporting requirements.

Ordinary Dividends. Dividends, other than dividends that are treated as attributable to gain from sales or exchanges by us of U.S. real property interests, as discussed below, and other than dividends designated by us as capital gain dividends, will be treated as ordinary income to the extent that they are made out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the dividend will ordinarily apply to dividends of this kind to non-U.S. holders, unless an applicable income tax treaty reduces that tax. However, if income from an investment in our shares is treated as effectively connected with the non-U.S. holder s conduct of a U.S. trade or business or is attributable to a permanent establishment that the non-U.S. holder maintains in the U.S. (if that is required by an applicable income tax treaty as a condition for subjecting the non-U.S. holder to U.S. taxation on a net income basis), tax at graduated rates will generally apply to the non-U.S. holder in the same manner as U.S. holders are taxed with respect to dividends, and the 30% branch profits tax may also apply if the shareholder is a foreign corporation. We expect to withhold U.S. tax at the rate of 30% on the gross amount of any dividends, other than dividends treated as attributable to gain from sales or exchanges of U.S. real property interests and capital gain dividends, paid to a non-U.S. holder, unless (a) a lower treaty rate applies and the required form evidencing eligibility for that reduced rate (ordinarily, IRS Form W-8 BEN) is filed with us or the appropriate withholding agent or (b) the non-U.S. holders files an IRS Form W-8 ECI or a successor form with us or the appropriate withholding agent claiming that the dividends are effectively connected with the non-U.S. holder s conduct of a U.S. trade or business.

Dividends to a non-U.S. holder that are designated by us at the time of dividend as capital gain dividends which are not attributable to or treated as attributable to the disposition by us of a U.S. real property interest generally will not be subject to U.S. federal income taxation, except as described below.

Return of Capital. Distributions in excess of our current and accumulated earnings and profits, which are not treated as attributable to the gain from our disposition of a U.S. real property interest, will not be taxable to a non-U.S. holder to the extent that they do not exceed the adjusted basis of the non-U.S. holder s stock. Distributions of this kind will instead reduce the adjusted basis of the shares. To the extent that distributions of this kind exceed the adjusted basis of a non-U.S. holder s common shares, they will give rise to tax liability if the non-U.S. holder otherwise would have to pay tax on any gain from the sale or disposition of its common shares, as described below. If it cannot be determined at the time a distribution is made whether the distribution will be in excess of current and accumulated earnings and profits, withholding will apply to the distribution at the rate applicable to dividends. However, the non-U.S. holder may seek a refund of these amounts from the IRS if it is subsequently determined that the distribution was, in fact, in excess of our current accumulated earnings and profits.

Table of Contents

Capital Gain Dividends. For any year in which we qualify as a REIT, dividends that are attributable to gain from sales or exchanges by us of U.S. real property interests will be taxed to a non-U.S. holder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended. Under this statute, these dividends are taxed to a non-U.S. holder as if the gain were effectively connected with a U.S. business. Thus, non-U.S. holders will be taxed on the dividends at the normal capital gain rates applicable to U.S. holders, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of non-U.S. holders that are individuals. The above rules relating to distributions attributable to gains from our sales or exchanges of U.S. real property interests (or such gains that are retained and deemed to be distributed) will not apply with respect to a non-U.S. holder that does not own more than 5% of our common stock at any time during the taxable year, provided our common stock is regularly traded on an established securities market in the U.S.. We are required by applicable Treasury Regulations under the Foreign Investment in Real Property Tax Act of 1980, as amended, to withhold 35% of any distribution that we could designate as a capital gains dividend. However, if we designate as a capital gain dividend a distribution made before the day we actually effect the designation, then although the distribution may be taxable to a non-U.S. holder, withholding does not apply to the distribution under this statute. Rather, we must effect the 35% withholding from distributions made on and after the date of the designation, until the distributions so withheld equal the amount of the prior distribution designated as a capital gain dividend. The non-U.S. holder may credit the amount withheld against its U.S. tax liability.

Sale of Common Shares. Gain recognized by a non-U.S. holder upon a sale or exchange of our common shares generally will not be taxed under the Foreign Investment in Real Property Tax Act if we are a domestically controlled REIT, defined generally as a REIT, less than 50% in value of whose shares are and was held directly or indirectly by foreign persons at all times during a specified testing period. We believe that we will be a domestically controlled REIT, and, therefore, that taxation under this statute generally will not apply to the sale of our common shares, however, because our shares are publicly traded, no assurance can be given that the we will qualify as a domestically controlled REIT at any time in the future. Gain to which this statute does not apply will be taxable to a non-U.S. holder if investment in the common shares are treated as effectively connected with the non-U.S. holder s U.S. trade or business or is attributable to a permanent establishment that the non-U.S. holder maintains in the U.S. (if that is required by an applicable income tax treaty as a condition for subjecting the non-U.S. holders to U.S. taxation on a net income basis). In this case, the same treatment will apply to the non-U.S. holders as to U.S. holders with respect to the gain. In addition, gain to which the Foreign Investment in Real Property Tax Act does not apply will be taxable to a non-U.S. holder if the non-U.S. holder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year to which the gain is attributable. In this case, a 30% tax will apply to the nonresident alien individual s capital gains. A similar rule will apply to capital gain dividends to which this statute does not apply.

If we were not a domestically controlled REIT, tax under the Foreign Investment in Real Property Tax Act would apply to a non-U.S. holder s sale of common shares only if the selling non-U.S. holders owned more than 5% of the class of common shares sold at any time during a specified period. This period is generally the shorter of the period that the non-U.S. holder owned the common shares sold or the five-year period ending on the date when the shareholder disposed of the common shares. If tax under this statute applies to the gain on the sale of common shares, the same treatment would apply to the non-U.S. holder as to U.S. holders with respect to the gain, subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals.

Backup Withholding and Information Reporting. If you are a non-U.S. holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- dividend payments; and

- the payment of the proceeds from the sale of common stock effected at a U.S. office of a broker, as long as the income associated with these payments is otherwise exempt from U.S. federal income tax, provided neither we nor your broker has actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker: (a) a valid Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-U.S. person, or (b) other documentation upon which we may rely to treat the payments as made to a non-U.S. person in accordance with U.S. Treasury Regulations, or (c) you otherwise establish an exemption.

Payment of the proceeds from the sale of common shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of common shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the U.S.;
- the payment of proceeds or the confirmation of the sale is mailed to you at a U.S. address; or
- the sale has some other specified connection with the U.S. as provided in U.S. Treasury Regulations,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of common shares will be subject to information reporting if it is effected at a foreign office of a broker that is:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year: (a) one or more of its partners are U.S. persons, as defined in U.S. Treasury Regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or (b) such foreign partnership is engaged in the conduct of a U.S. trade or business, unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person. You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the Internal Revenue Service.

State and Local Taxes

We and/or our securityholders may be subject to taxation by various states and localities, including those in which we or a holder transacts business, owns property or resides. The state and local tax treatment may differ from the federal income tax treatment described above. Consequently, holders should consult their own tax advisors regarding the effect of state and local tax laws upon an investment in our securities.

Taxation of Debt Securities

Stated Interest and Market Discount. Holders of debt securities will be required to include stated interest on the debt securities in gross income for federal income tax purposes in accordance with their methods of accounting for tax purposes. Purchasers of debt securities should be aware that the holding and disposition of debt securities may be affected by the market discount provisions of the Code. These rules generally provide that if a holder of a debt security purchases it at a market discount and thereafter recognizes gain on a disposition of the debt security, including a gift or payment on maturity, the lesser of the gain or appreciation, in the case of a gift, and the portion of the market discount that accrued while the debt security was held by the holder will be treated as ordinary interest income at the time of the disposition. For this purpose, a purchase at a market discount includes a purchase after original issuance at a price below the debt security s stated principal

Table of Contents

amount. The market discount rules also provide that a holder who acquires a debt security at a market discount and who does not elect to include the market discount in income on a current basis may be required to defer a portion of any interest expense that may otherwise be deductible on any indebtedness incurred or maintained to purchase or carry the debt security until the holder disposes of the debt security in a taxable transaction.

A holder of a debt security acquired at a market discount may elect to include the market discount in income as the discount on the debt security accrues, either on a straight line basis, or, if elected, on a constant interest rate basis. The current inclusion election, once made, applies to all market discount obligations acquired by the holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Securities and Exchange Commission or the Internal Revenue Service. If a holder of a debt security elects to include market discount in income in accordance with the preceding sentence, the foregoing rules with respect to the recognition of ordinary income on a sale or particular other dispositions of such debt security and the deferral of interest deductions on indebtedness related to such debt security would not apply.

Amortizable Bond Premium. Generally, if the tax basis of a debt security held as a capital asset exceeds the amount payable at maturity of the debt security, the excess may constitute amortizable bond premium that the holder may elect to amortize under the constant interest rate method and deduct the amortized premium over the period from the holder s acquisition date to the debt security s maturity date. A holder who elects to amortize bond premium must reduce the tax basis in the related debt security by the amount of the aggregate deductions allowable for amortizable bond premium.

The amortizable bond premium deduction is treated as an offset to interest income on the related security for federal income tax purposes. Each prospective purchaser is urged to consult its tax advisor as to the consequences of the treatment of this premium as an offset to interest income for federal income tax purposes.

Disposition. In general, a holder of a debt security will recognize gain or loss upon the sale, exchange, redemption, payment upon maturity or other taxable disposition of the debt security. The gain or loss is measured by the difference between (a) the amount of cash and the fair market value of property received and (b) the holder s tax basis in the debt security as increased by any market discount previously included in income by the holder and decreased by any amortizable bond premium deducted over the term of the debt security. However, the amount of cash and the fair market value of other property received excludes cash or other property attributable to the payment of accrued interest not previously included in income, which amount will be taxable as ordinary income. Subject to the market discount and amortizable bond premium rules described above, any gain in excess of accrued interest not previously included in income by the holder or loss will generally be long-term capital gain or loss, provided the debt security was a capital asset in the hands of the holder and had been held for more than one year.

Table of Contents

LEGAL MATTERS

Unless otherwise noted in a prospectus supplement, Locke Lord Bissell & Liddell LLP, Dallas, Texas, will pass on the legality of the securities offered through this prospectus and certain tax matters. Counsel for any underwriters or agents will be noted in the applicable prospectus supplement.

EXPERTS

The consolidated financial statements, the related financial statement schedules, incorporated in this Prospectus by reference from the Weingarten Realty Investors   Current Report on Form 8-K and Annual Report on Form 10-K, respectively, and the effectiveness of Weingarten Realty Investors   internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The statements of revenues and certain operating expenses of the Bourn Properties Portfolio, the Devon Properties Portfolio and the Prudential Properties Portfolio for the year ended December 31, 2006, incorporated in this Prospectus by reference from the Company s Current Report on Form 8-K dated February 20, 2008, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated herein by reference (which reports on the statements of revenues and certain operating expenses express unqualified opinions and include explanatory paragraphs referring to the purpose of the statements) and are so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

INCORPORATION OF DOCUMENTS BY REFERENCE

This prospectus   incorporates by reference   information that we have filed with the SEC under the Exchange Act, which means that we are disclosing important information to you by referring you to those documents. Any statement contained in this prospectus or in any document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any subsequently filed document which also is, or is deemed to be, incorporated by reference into this prospectus modifies or supercedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We incorporate by reference the following documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than Current Reports furnished under Items 2.02 or 7 of Form 8-K):

- Annual Report on Form 10-K for the year ended December 31, 2007 (except for Items 1, 2, 6, 7 and 8 which are incorporated by reference from the Current Report on Form 8-K dated December 4, 2008).

- Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.

- Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.

- Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

- Current Reports on Form 8-K dated February 20, 2008, February 27, 2008, May 8, 2008, August 1, 2008, October 31, 2008 and December 4, 2008.

- The description of our common shares of beneficial interest contained in our registration statement on Form 8-A filed March 17, 1988.

The description of our 6.75% Series D Cumulative Redeemable Preferred Shares contained in our registration statement on Form 8-A filed April 17, 2003.

The description of our 6.95% Series E Cumulative Redeemable Preferred Shares contained in our registration statement on Form 8-A filed on July 8, 2004.

The description of our 6.5% Series F Cumulative Redeemable Preferred Shares contained in our registration statement on Form 8-A filed on January 29, 2007.

Any person, including any beneficial owner, to whom this prospectus is delivered may request copies of any or all of these filings at no cost by writing or telephoning our Investor Relations Department at the following address and telephone number:

Weingarten Realty Investors

2600 Citadel Plaza Drive

Suite 300

Houston, Texas 77008

(713) 866-6000.

Table of Contents

28,000,000 Shares

Weingarten Realty Investors

Common Shares of Beneficial Interest

PROSPECTUS SUPPLEMENT

Merrill Lynch & Co.

J.P.Morgan

RBC Capital Markets

Wachovia Securities

Robert W. Baird & Co.

BBVA Securities

J.J.B. Hilliard, W.L. Lyons, LLC

Stifel Nicolaus

April 17, 2009