

THE WESTAIM CORPORATION

MANDATE OF THE BOARD OF DIRECTORS

(Revised 2010)

A. Overview and Mandate

The board of directors (the “**Board**”) of The Westaim Corporation (the “**Corporation**”) shall be responsible for managing or supervising the management of the business and affairs of the Corporation. The principal role of the Board is the stewardship of the Corporation and its fundamental objective is the creation of shareholder value, including the protection and enhancement of the value of the Corporation’s assets and operating with honesty and integrity in the conduct of business. In particular but without limitation, the Board shall perform the duties as described under “Duties and Responsibilities” below.

B. Membership

1. The Board shall consist of not less than three (3) directors or such greater number as may be determined in accordance with the Articles of the Corporation and the *Business Corporations Act* (Alberta) (the “**Act**”).
2. Not less than 25% of the members of the Board shall be “resident Canadians”.
3. The Chair of the Board shall be elected by the directors and shall be responsible for the overall operation of the Board.
4. Members shall serve one-year terms and may serve consecutive terms.
5. Where a vacancy occurs at any time in the Board, a quorum of directors may fill the vacancy except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the Articles of the Corporation.

C. Duties and Responsibilities

1. The Board shall be responsible for:
 - (a) overseeing the management of the business and affairs of the Corporation;
 - (b) reviewing the strategic and business plans developed by management and overseeing the implementation thereof;
 - (c) reviewing and approving financial objectives, plans and actions and significant capital expenditures;
 - (d) reviewing and approving quarterly and annual financial statements, related notes and MD&A;
 - (e) reviewing operations and financial performance of the Corporation;
 - (f) overseeing corporate performance against the strategic and business plans;
 - (g) reviewing and considering the Corporation’s principal business risks and overseeing the Corporation’s risk management policies;
 - (h) overseeing the integrity and effectiveness of the Corporation’s internal and management information systems;
 - (i) reviewing and approving material transactions such as significant acquisitions or divestitures of businesses;
 - (j) appointing and evaluating the officers and senior management of the Corporation; and
 - (k) reviewing and approving the compensation for senior management of the Corporation and its subsidiaries..

D. Meetings

1. Meetings of the Board are held as required and at least once per quarter.
2. The Corporate Secretary will ensure that minutes of the proceedings of all meetings of the Board are maintained and available to the Board when requested.