



| Annual General Meeting

May 18, 2017

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Certain statements in this presentation are "forward-looking statements". Any statements that express or involve discussions with respect to predictions, target yields and returns, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always using words or phrases such as "expects", "does not expect", "is expected", "seeks", "endeavours", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", "does not intend" or stating that certain actions, events or results may, could, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be "forward-looking statements". In particular, but without limiting the foregoing, this presentation contains forward-looking statements pertaining to: HIIG's growth strategy and potential expansion opportunities; opportunities available to the Arena Group; the Arena Group pipeline; and opportunities for building value at Westaim. Forward-looking statements are based on expectations, estimates and projections as well as other relevant factors at the time the statements are made that involve a number of risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the risk factors discussed in Westaim's annual information form for its fiscal year ended December 31, 2016. Except as required by law, Westaim does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement or to update such forward-looking statement.

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Non-GAAP Measures

Non-GAAP Measures – Westaim

Westaim uses both international financial reporting standards ("IFRS") and non-GAAP measures to assess performance. Westaim cautions readers about non-GAAP measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies.

Book value per share represents shareholders' equity at the end of the period determined on an IFRS basis and adjusted upwards by the Corporation's liability with respect to restricted stock units ("RSUs") divided by the aggregate of the total number of common shares outstanding at that date and number of common shares that would have been issued if all outstanding RSUs were exercised.

HIIG

HIIG uses United States generally accepted accounting principles ("US GAAP") measures to assess performance.

Arena Group

Arena Group uses both U.S. GAAP and International Financial Reporting Standards (as issued by the International Accounting Standards Board) measures to assess performance.

All amounts herein are in United States dollars unless otherwise indicated.



Ian W. Delaney

Executive Chairman of the Board
The Westaim Corporation

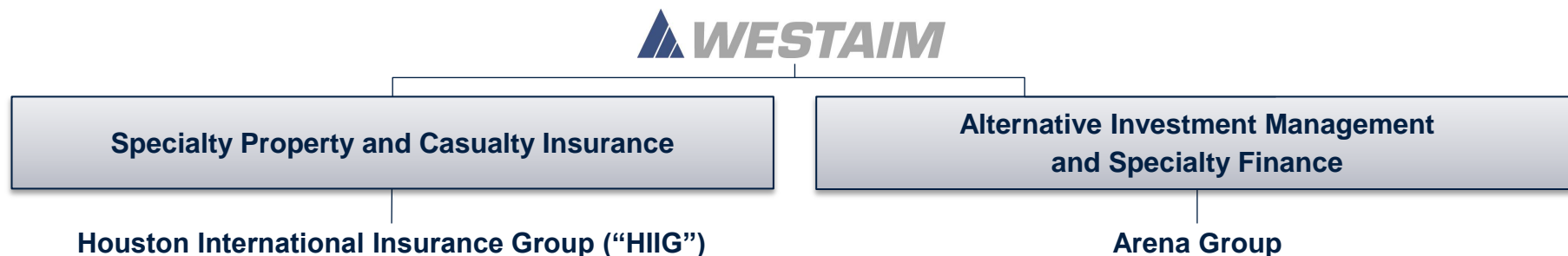


| Cameron MacDonald

President and Chief Executive Officer
The Westaim Corporation

The Westaim Corporation

The Westaim Corporation (“Westaim”) Structure



Westaim has invested in two complementary platforms – specialty P&C insurance (through HIIG) and asset management and specialty finance (through the Arena Group)

Operating Principles



Opportunistic Investing



Partnership Approach



Business Building



Long-Term Horizon

Market Statistics⁽¹⁾

Ticker	TSXV:WED
Share price (May 12, 2017)	C\$ 3.17
Shares outstanding (millions)	143.2
Market capitalization	C\$ 453.9
Shareholders' equity - Q1 2017	US\$ 320.7 / C\$ 426.9
Capital structure	Debt free
BVPS - Q1 2017 ⁽²⁾	US\$ 2.23 / C\$ 2.97
Corporate Headquarters	Toronto, Ontario

(1) Balance sheet data as at March 31, 2017; Exchange rate used 1.3310 C\$ / US\$ (as at March 31, 2017).

(2) Book Value Per Share (“BVPS”) represents shareholders’ equity at the end of the period determined on an IFRS basis and adjusted upwards by the Westaim’s liability with respect to restricted stock units (“RSUs”) divided by the aggregate of the total number of common shares outstanding at that date and number of common shares that would have been issued if all outstanding RSUs were exercised.

The Westaim Corporation

Fairfax to Make Strategic Investment in Westaim and to Make Significant Portfolio Investment through Arena Investors⁽¹⁾

- On April 3, 2017, Westaim announced that it had entered into a letter agreement pursuant to which Fairfax Financial Holdings Limited, through certain of its subsidiaries (collectively, “Fairfax”), agreed to make an investment of up to C\$100 million in Westaim in exchange for the issuance by Westaim of 5% interest bearing secured notes (the “Preferred Securities”) and common share purchase warrants (“Warrants”)
- Westaim expects to close an initial subscription of C\$50 million, and has discretion with respect to additional subscriptions by Fairfax for the remaining C\$50 million in minimum tranche sizes of C\$25 million by no later than December 31, 2017
- Westaim has also agreed to issue 28,571,430 Warrants, exercisable at C\$3.50 per share vesting proportionately with the drawdown of the Preferred Securities
- Fairfax has also agreed to invest, subject to certain conditions, up to \$500 million in investments sourced by Arena Investors
- The investment will be triggered as follows:

Tranche	Preferred Securities	Warrants Vesting	Fairfax Post-Exercise Cumulative Ownership ⁽²⁾	Fairfax Commitment in Arena Investors
Tranche A	C\$50 million	14,285,715	9.1%	US\$125 million
Tranche B	C\$25 million	7,142,858	13.0%	US\$125 million
Tranche C	C\$25 million	7,142,857	16.6%	US\$250 million
Total	C\$100 million	28,571,430	16.6%	US\$500 million

- Fairfax will have the right to nominate one director to the board of directors of Westaim
- The proceeds raised from the Fairfax financing will be used by Westaim for potential acquisitions and for general corporate purposes

(1) For further details please refer to the April 3, 2017 news release filed on SEDAR or www.westaim.com.

(2) Fairfax Post-Exercise Cumulative Ownership calculated using Westaim common shares outstanding as at March 31, 2017 and excludes any RSUs and options.

The Westaim Corporation

Westaim 2017 First Quarter Results - Highlights

HIIG

- Increase in gross written premium driven primarily by additional premiums written in the Commercial and Specialty segments
- Net premiums written decreased due to use of reinsurance in all segments
- Net loss and LAE increased due to general soft market conditions

Three Months Ended	March 31, 2017
Gross Written Premium	\$130.3
Net Premiums Earned	\$68.4
Net Loss and Loss Adjustment Expense ("LAE")	65%
Net Income	\$3.6
Net Results of Investments to Westaim	\$1.3

Arena Group

- Arena Group continued deploying capital and delivering investment performance
- Assets Under Management ("AUM") expected to grow significantly with the planned investments to be made by Fairfax

Three Months Ended	March 31, 2017
Fair Value - Arena Finance	\$145.2
Fair Value - Arena Origination	\$32.4
AUM - Arena Investors	~\$445.0
Net Results of Investments to Westaim	\$1.8

Westaim

- Working with Fairfax to close its investment in Preferred Securities of Westaim in Second Quarter of 2017
- Westaim continues to evaluate investment opportunities in the financial services industry

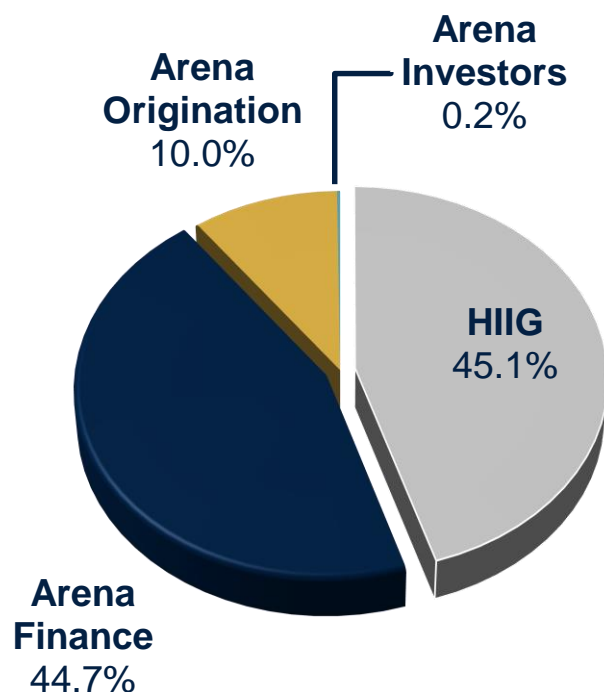
Three Months Ended	March 31, 2017
Revenue	\$0.7
Net Results of Investments ⁽¹⁾	3.2
Expenses	(1.9)
Profit and Comprehensive Income	\$2.0
Earnings per Share – Basic and Diluted	\$0.01

Figures in millions except per share data. For further details please refer to the May 11, 2017 news release filed on www.westaim.com.

(1) Includes net results of investments from Others of \$0.1.

The Westaim Corporation

Breakdown of Book Value Per Share (“BVPS”)⁽¹⁾ at March 31, 2017



Entity	BVPS (US\$)	BVPS (C\$)
HIIG (43.7% owned by Westaim) ⁽²⁾⁽³⁾	US\$1.00	C\$1.33
Arena Group		
Arena Finance (100% owned by Westaim) ⁽³⁾	0.99	1.32
Arena Origination (100% owned by Westaim) ⁽³⁾	0.22	0.30
Arena Investors (51% owned by Westaim) ⁽⁴⁾⁽⁵⁾	0.01	0.01
Arena Group - Total	\$1.22	\$1.63
Cash and other	\$0.01	\$0.01
Total	US\$2.23	C\$2.97
YTD Change in BVPS (US\$)		0.9%
YTD Change in BVPS (C\$)		0.0%

Note: Above graph excludes cash and net working capital; Exchange rate used 1.3110 C\$ / US\$ (as at March 31, 2017).

- (1) Book Value Per Share (“BVPS”) represents shareholders’ equity at the end of the period determined on an IFRS basis and adjusted upwards by Westaim’s liability with respect to restricted stock units (“RSUs”) divided by the aggregate of the total number of common shares outstanding at that date and number of common shares that would have been issued if all outstanding RSUs were exercised.
- (2) At March 31, 2017, the HIIG Partnership owned approximately 74.6% of the HIIG Shares and the Company owned, directly and indirectly, approximately 58.5% of the HIIG Partnership, representing an approximate 43.7% indirect ownership interest in HIIG.
- (3) Recorded as investments in private entities in interim consolidated financial statements of The Westaim Corporation for the three months ending March 31, 2017. Ownership subject to the vesting and conversion of Class M Units held by Bernard Partners, LLC (“BP LLC”) described under “Investment in the Arena Group - Arena Finance” in the interim consolidated financial statements of The Westaim Corporation for the three months ending March 31, 2017.
- (4) Recorded as investments in associates in the interim consolidated financial statements of The Westaim Corporation for the three months ending March 31, 2017. Ownership subject to the vesting and conversion of Class M Units held by BP LLC described under “Investment in the Arena Group - Arena Origination” in the interim consolidated financial statements of The Westaim Corporation for the three months ending March 31, 2017.
- (5) Legal equity ownership is 100%, and beneficial ownership denotes profit percentage subject to change over time pursuant to the earn-in rights granted to Bernard Partners LLC described under “Investment in the Arena Group - Arena Investors” of Westaim’s MD&A for the three months ended March 31, 2017.



| Stephen L. Way

Chairman & Chief Executive Officer
Houston International Insurance Group, Ltd.

Houston International Insurance Group, Ltd.

Business Description

**Diversified specialty
P&C company**

**4 subsidiary P&C
insurance companies
and an underwriting agency**

**Executive management with
significant industry experience**
(Chairman and CEO:
Stephen L. Way)

Trailing Twelve Months
Gross Written Premium:
\$540 million⁽¹⁾

Invested Assets
(March 31, 2017):
\$610 million⁽¹⁾



Or Better

Trailing Twelve Months
Net Premiums Written:
\$283 million⁽¹⁾

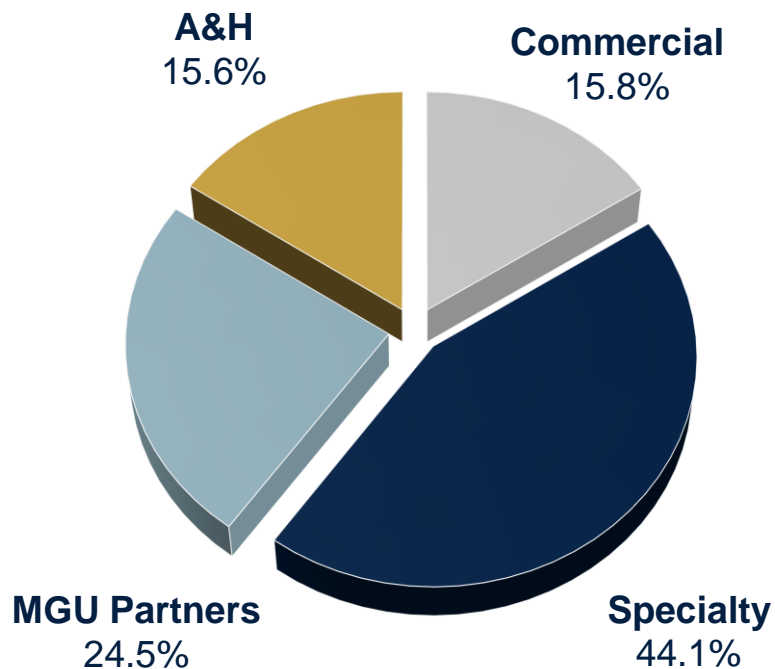
Stockholders' Equity
(March 31, 2017):
\$328 million⁽¹⁾

Headquarters: **Houston**
Offices: **Atlanta, Birmingham,
Dallas, New Jersey**

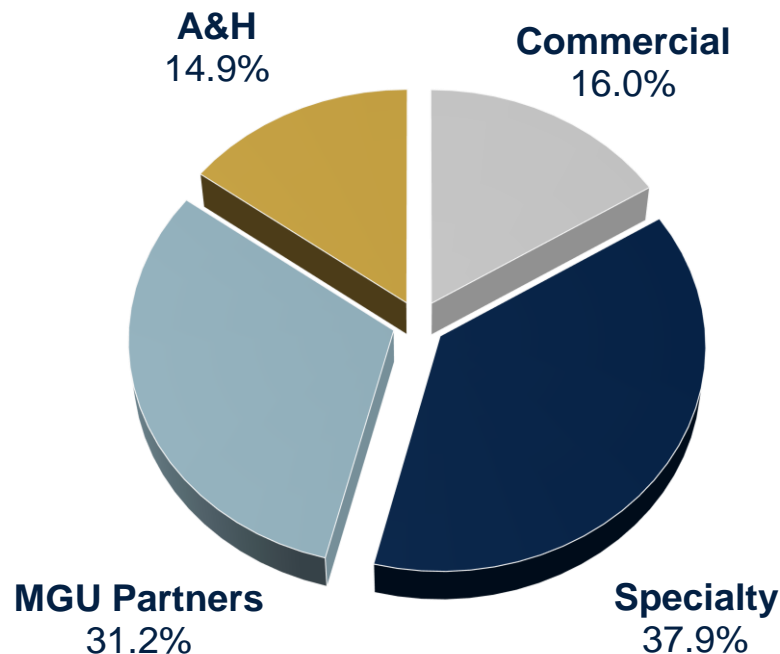
(1) Derived from the financial statements of HIIG. The information herein is presented in accordance with US GAAP. Such statements are the responsibility of the management of HIIG and have been provided solely by HIIG. Although Westaim has no knowledge that would indicate that any of the information is untrue or misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by HIIG to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim. Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the HIIG financial information, its accuracy, completeness or by reason of reliance by any person on any of it.

Houston International Insurance Group, Ltd.

Gross Written Premium⁽¹⁾⁽²⁾ For the Trailing Twelve Month Period Ended March 31, 2017



Net Premiums Written⁽¹⁾⁽²⁾ For the Trailing Twelve Month Period Ended March 31, 2017



Gross Premium Written: \$539.6 Million⁽²⁾

Net Premium Written: \$284.5 Million⁽²⁾

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- (2) Excludes premium from non-continuing lines.



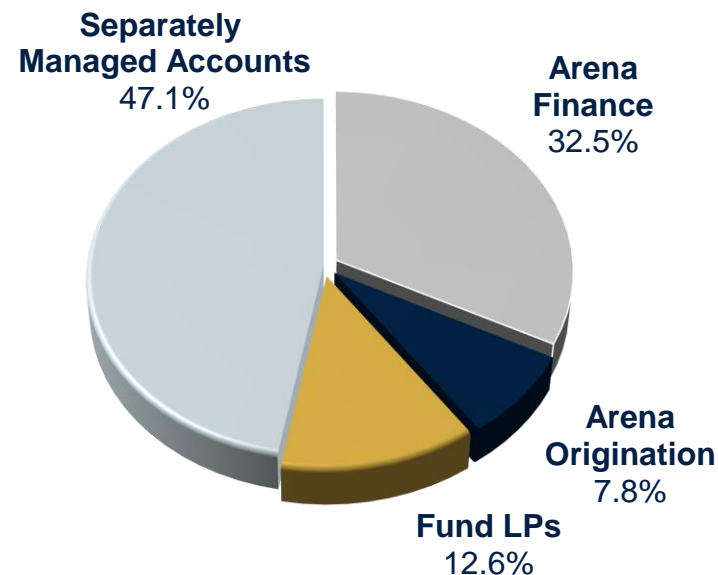
| Daniel B. Zwirn

Chief Executive Officer
The Arena Group

Arena Group

Overview

- Arena Group is an investment firm and merchant capital provider that seeks to generate attractive, risk-adjusted, stable, and uncorrelated returns by investing across the entire credit spectrum in areas where conventional sources of capital are scarce
- Led by Daniel B. Zwirn and an experienced management team
 - Over his career, Daniel B. Zwirn and companies affiliated with Daniel B. Zwirn have structured and managed over \$10 billion in special situation financing and asset-oriented investments globally
- As of March 31, 2017 Arena Group had committed AUM of approximately \$445 million⁽¹⁾
 - The current staff consists of 37 full-time employees
 - Arena Group is headquartered in New York, NY



**Arena Group Committed AUM (March 31, 2017):
Approximately \$445 million**

Portfolio Construction

- Broadly diversified portfolio
- No preference regarding industry, structure or geography

Duration

- ~18-30 months

Terms and Conditions

- Interest rates can be fixed or floating, with collateral and debt covenants

(1) Inclusive of Arena Finance, Arena Origination and Arena Investors.

Arena Group

Actual Underwritten Characteristics of Private Loans and Credit Investments which Arena made (March 31, 2017)

	Corporate Private Credit	Real Estate Credit ⁽¹⁾	Commercial & Industrial	Structured Finance	Consumer Assets	Overall
Total Coupon (incl. PIK)	12.2%	11.1%	15.2%	12.0%	14.7%	12.8%
Underwritten IRR	16.4%	16.9%	26.4%	17.5%	16.3%	18.6%
Remaining Years to Maturity	2.5	0.8	1.5	1.8	1.9	1.9
Percentage First Lien	83.4%	87.2%	63.8%	100%	75.9%	79.3%
Current LTV	49.1%	53.0%	73.6%	53.1%	53.5%	54.9%

(1) Real estate and real estate-related credit assets.

Note: Investment-level gross underwritten IRR represents the internal rate of return prior to or at the time of making the initial investment as reflected by loan agreements, including, but not limited to, note purchase agreements and origination agreements. The underwritten IRR is one of many metrics considered by Arena prior to investment and is not typically updated after the initial funding date unless there have been material changes in the investment. The underwritten IRR may be presented as a single percentage or a range. Such gross IRRs are estimated and do not take into account any entity level management fees, incentive allocation and/or any other associated fees, all of which may significantly reduce the net return received upon any realization. These underwritten IRRs are not a proxy for investment performance for any strategy or fund. The underwritten IRRs disclosed herein are being presented for the purpose of providing insight into the investment objectives of Arena, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of Arena's performance. The IRRs are also being presented to financially sophisticated investors who may find this information useful in determining where Arena's strategies may fit within their investment portfolios. The IRRs included in this presentation are not intended, and must not be regarded, as a representation, warranty or prediction that any Arena vehicles will achieve any particular return with respect to any particular investment opportunity or overall over any particular time period, or that Arena and its clients will not incur losses. In evaluating these IRRs, it should be noted that (a) there can be no assurance that Arena will be able to source and consummate investments of the type it is seeking to make and (b) the assumptions underlying the IRRs may prove not to be accurate or may not materialize.

The Westaim Corporation

Share Price Performance⁽¹⁾



Source: Capital IQ

(1) Assumes the reinvestment of the cash distribution of C\$37.50 per common share paid by Westaim on September 28, 2012.

(2) Compounded annual growth rate is from January 2, 2009 – May 12, 2017, the period current management has been involved with Westaim.



The Westaim Corporation

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