***No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.***

***Information has been incorporated by reference in this short form prospectus (the "Prospectus") from documents filed with the securities commissions or similar authorities in Canada****. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of The Westaim Corporation at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9, Telephone: (416) 969-3333, and are also available electronically at www.sedar.com.*

*This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or in any other jurisdictions where such securities may not be lawfully offered for sale. The securities referred to in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or the securities laws of any state of the United States, and, subject to certain exceptions, will not be offered, sold or delivered, directly or indirectly, in the United States, its possessions and other areas subject to its jurisdiction. See "Plan of Distribution".*

**SHORT FORM PROSPECTUS**

*New Issue* August 28, 2015

# THE WESTAIM CORPORATION

## $234,390,471.25
## 72,120,145 Subscription Receipts Issuable
## on Exercise of 72,120,145 Outstanding Special Warrants

This Prospectus qualifies the distribution of 72,120,145 subscription receipts (the "**Subscription Receipts**") of The Westaim Corporation (the "**Company**" or "**Westaim**") issuable for no additional consideration upon the deemed exercise of 72,120,145 special warrants (the "**Special Warrants**") of the Company issued on May 28, 2015 at a price of $3.25 per Special Warrant (the "**Offering Price**"). The Special Warrants were purchased by subscribers pursuant to exemptions from the prospectus requirements in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia (the "**Qualifying Jurisdictions**") and in jurisdictions outside of Canada in compliance with laws applicable to each such subscriber, respectively.

The Special Warrants were created and issued pursuant to and are governed by the terms of a special warrant indenture (the "**Special Warrant Indenture**") dated as of May 28, 2015 between the Company, GMP Securities L.P. ("**GMP**"), TD Securities Inc., ("**TD**" and together with GMP, the "**Lead Underwriters**") and Equity Financial Trust Company (the "**Escrow Agent**") in its capacity as special warrant agent thereunder. An aggregate of 65,296,993 Special Warrants were issued and sold (the "**Underwritten Offering**") in accordance with an underwriting agreement dated as of May 28, 2015 (the "**Underwriting Agreement**") between the Company the Lead Underwriters, Cormark Securities Inc. and Scotia Capital Inc. (collectively with the Lead Underwriters, the "**Underwriters**"). The remaining 6,823,152 Special Warrants were issued and sold (the "**Non-Brokered Offering**" and, together with the Underwritten Offering, the "**Offering**") on a non-brokered private placement basis concurrently with the Underwritten Offering. The Offering Price and the other terms of the Underwritten Offering were determined by arm's length negotiation between the Company and the Lead Underwriters, on behalf of the Underwriters. See "*Plan of Distribution*".

**The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Subscription Receipts upon the deemed exercise of the Special Warrants.**

The common shares of the Company (the "**Common Shares**" or the "**Westaim Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "WED". On May 4, 2015, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSXV was $3.45. On August 27, 2015, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was $2.98. The TSXV has accepted the Offering and the listing of the Common Shares issuable on the deemed conversion of the Subscription Receipts (the "**Underlying Shares**").

| **Price: $3.25 per Special Warrant** |
|---|

| | Price to the Public | Underwriters' Fee[(1)] | Net Proceeds to the Company[(2)] |
|---|---|---|---|
| Per Special Warrant issued under the Underwritten Offering | $3.25 | $0.17033 | $3.07967 |
| Per Special Warrant Issued under the Non-Brokered Offering | $3.25 | - | $3.25 |
| Total..... | $234,390,471.25 | $11,121,837.16 | $223,268,634.09 |

Notes:

(1) In consideration of the services rendered by the Underwriters in connection with the Underwritten Offering, the Company paid the Underwriters an aggregate fee (the "**Underwriters' Fee**") of $11,121,837.16. The Underwriters' Fee was equal to 5.5% of the gross proceeds of the Underwritten Offering, other than in respect of sales to certain specified purchasers, in respect of which the Underwriters' Fee was 2.75% of the gross proceeds of sales to such purchasers. 50% of the Underwriters' Fee has been deposited with the Escrow Agent under the terms of the Special Warrant Indenture. No fees were paid on the Non-Brokered Offering. See "*Plan of Distribution*".

(2) Before deducting the expenses of the Offering, estimated to be $1,500,000, which will be paid by the Company from the proceeds of the Offering.

There is no market through which the Special Warrants may be sold and none is expected to develop.

The gross proceeds from the Offering, less 50% of the Underwriters' Fee and certain of the expenses of the Underwriters (the "**Escrowed Funds**"), are being held in escrow by the Escrow Agent in an interest-bearing account with a Schedule I Canadian bank pending the release of the Escrowed Funds in accordance with the Special Warrant Indenture or the Subscription Receipt Indenture (as hereinafter defined), as applicable. The Escrowed Funds shall be released to the Company in accordance with the Subscription Receipt Indenture upon fulfillment at or before the Termination Time (as hereinafter defined) of the Escrow Release Conditions (as hereinafter defined). See "*Description of Subscription Receipts*".

Each Special Warrant will entitle the holder thereof to receive upon deemed exercise, without further consideration or action, one Subscription Receipt. The Special Warrants shall be deemed to be automatically exercised by the holders thereof at 4:59 p.m. (Toronto time) on the date (the "**Deemed Exercise Date**") that is the earlier of: (i) the second business day after a receipt or deemed receipt, as applicable, has been issued for this Prospectus qualifying the distribution of the Subscription Receipts issuable upon the deemed exercise of the Special Warrants; and (ii) the date upon which the Escrow Release Conditions are satisfied, provided that such conditions have been satisfied at or prior to the Termination Time. In the event the Escrow Release Conditions are not satisfied at or prior to the Termination Time, or if written notice from the Company is delivered to the Lead Underwriters and the Escrow Agent that the Escrow Release Conditions will not be satisfied (the "**Termination Notice**"), the Special Warrants shall, on the earlier of such dates, be cancelled and each holder of a Special Warrant shall receive an amount in cash equal to the holder's aggregate Offering Price, plus the holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds, less any applicable withholding tax.

The Subscription Receipts, if issued, will be issued pursuant to, and governed by, the terms of a subscription receipt indenture (the "**Subscription Receipt Indenture**") dated as of May 28, 2015 between the Company, the Lead Underwriters, and the Escrow Agent, in its capacity as subscription receipt agent thereunder. Each Subscription Receipt will entitle the holder thereof to receive upon deemed conversion, without further consideration or action, one Underlying Share, subject to adjustment in certain circumstances in accordance with the Subscription Receipt Indenture. The Subscription Receipts shall be deemed to be converted by the holders thereof upon satisfaction of the Escrow Release Conditions, provided that such conditions have been satisfied at or prior to the Termination Time. In the event that the Escrow Release Conditions are not satisfied at or prior to the Termination Time, or if the Termination Notice is received by the Lead Underwriters and the Escrow Agent, the Subscription Receipts shall be cancelled and each holder of a Subscription Receipt shall receive an amount in cash equal to the holder's aggregate Offering Price, plus the holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds, less any applicable withholding tax. See "*Description of Subscription Receipts*".

No additional proceeds will be received by the Company and no additional commission or fee will be payable by the Company to the Underwriters in connection with the issuance of the Subscription Receipts upon deemed exercise of the Special Warrants or in connection with the issuance of the Underlying Shares upon deemed conversion of the Subscription Receipts.

**An investment in any securities of the Company is speculative and involves a high degree of risk that should be considered by potential purchasers. An investment in the Subscription Receipts is suitable only for those purchasers who are willing to risk a loss of, and who can afford to lose, some or all of their investment. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".**

The Underwritten Offering was settled pursuant to the book-based system of CDS Clearing and Depository Services Inc. ("**CDS**"). Upon the deemed exercise of a Special Warrant issued under the Underwritten Offering, the beneficial holder will receive only the customary confirmation from the Underwriter or the registered dealer from or through whom a beneficial interest in the Subscription Receipts is acquired and who is a participant ("**CDS Participant**") in the depository service of CDS. CDS will record the CDS Participants who hold the Subscription Receipts on behalf of beneficial holders who have acquired or transferred the Subscription Receipts in accordance with its book-based system. See "*Description of Subscription Receipts - Booked-Based System*".

**There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts. In addition, there are a substantial number of authorized but unissued Common Shares. The issuance of the Underlying Shares on the deemed conversion of the Subscription Receipts will have a dilutive effect to the ownership interests of the Company's shareholders. See "*Risk Factors*".**

Investors should rely only on the information contained herein, including the documents incorporated by reference in this Prospectus. Neither the Company nor any of the Underwriters has authorized anyone to provide investors with additional or different information. The information contained in this Prospectus is accurate only as of the date hereof, regardless of the time of delivery of this Prospectus or distribution of Subscription Receipts.

The Company's head office is located at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9 and its registered office is located at 2400, 525 8th Avenue S.W., Calgary, Alberta T2P 1G1.

**TABLE OF CONTENTS**

## GENERAL MATTERS

Purchasers should rely only on the information contained in this Prospectus, including the documents incorporated by reference herein, and are not entitled to rely on parts of the information contained in this Prospectus and the documents incorporated by reference herein, to the exclusion of others. The Company and the Underwriters have not authorized anyone to provide purchasers with additional or different information. The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus and purchasers should not rely on such information when deciding whether or not to purchase securities of the Company. The information contained in this Prospectus is accurate only as of the date hereof, regardless of the time of delivery of this Prospectus or any distribution of the Subscription Receipts. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

## FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, financial information in this Prospectus regarding the Company has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), ("**IFRS**"). The financial information of the Company contained herein or incorporated by reference herein is presented in Canadian dollars. Financial information relating to Houston International Insurance Group, Ltd. ("**HIIG**") contained in the documents incorporated herein by reference is presented in United States dollars and was prepared in accordance with United States generally accepted accounting principles ("**U.S. GAAP**").

### Non-GAAP Measures

Westaim uses both 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. Management believes these measures allow for a more complete understanding of the underlying business. These measures are used to monitor Westaim's results and should not be viewed as a substitute for those determined in accordance with IFRS. Reconciliations of such measures to the most comparable IFRS figures are included in the documents incorporated by reference herein, where applicable, including the Annual MD&A and the Interim MD&A. Book value per share at June 30, 2015 and December 31, 2014 represents shareholders' equity at the end of the period, determined on an IFRS basis, adjusted upwards by the Company's liability with respect to restricted share units ("**RSUs**"), divided by the aggregate of the total number of Common Shares outstanding at that date and the number of Common Shares that would have been issued if all outstanding RSUs were exercised. The Company believes that this is a useful measurement as the relative increase or decrease from period to period in book value per share should approximate over the long term the relative increase or decrease in the intrinsic value of the business, but is not necessarily equivalent to the net realizable value of the Company's assets per share. Adjusted book value per share represents book value per share at the end of the period adjusted to include or exclude one or more items required by IFRS but which are either unusual or non-recurring.

## CURRENCY

**Unless otherwise noted herein, all references to "U.S.$", "US$" or "United States dollars" are to the currency of the United States and all references to "$", "Cdn$" or "Canadian dollars" are to the currency of Canada.** The following table sets out certain Cdn$ / U.S.$ exchange rates based upon the noon rate published by the Bank of Canada. The rates are set out as Canadian dollars per U.S.$1.00.

| | Three-Month Period Ended June 30, | Years Ended December 31, | |
|---|---|---|---|
| | 2015 | 2014 | 2013 |
| Low | $1.1951 | $1.0614 | $0.9839 |
| High | $1.2612 | $1.1643 | $1.0697 |
| Average | $1.2297 | $1.1045 | $1.0299 |
| End | $1.2474 | $1.1601 | $1.0636 |

On August 27, 2015, the noon rate quoted by the Bank of Canada was U.S.$1.00 = $1.3197.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information and statements included or incorporated by reference into this Prospectus that are not purely historical constitute "forward-looking information" and "forward-looking statements" as defined under applicable Canadian securities laws. The Company's forward-looking statements include, but are not limited to, statements regarding management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. This forward-looking information relates to, among other things, the Offering, including the use of proceeds from the Offering and the estimated costs of the Offering, and may also include other statements that are predictive in nature or that depend on or refer to future events or conditions. The words "anticipates," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predicts," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to: Arena (as hereinafter defined) is effectively a start-up venture with no operating history; operational risks; due diligence risks; valuation risks; change(s) in the investment management industry; legal risks; lack of investment opportunities; regulatory compliance; poor investment performance; illiquid strategies; failure of risk management; failure to attract and retain qualified staff; competitive pressures; conflicts of interest; employee error or misconduct; loan concentration; creditworthiness of borrowers; default by and bankruptcy of a borrower; adequacy of provision for credit losses; insufficient collateral securing loans; monitoring, enforcement and liquidation procedures; fraud by a borrower; lack of regulation of asset-based lenders; United States tax law implications relating to the conduct of a U.S. trade or business; conditions to the release of the Escrowed Funds not being satisfied (such as delays obtaining any regulatory approvals relating to the Offering); no market for the Subscription Receipts; the issuance of the Underlying Shares on the deemed conversion of the Subscription Receipts will have a dilutive effect on the ownership interests of the Company's shareholders; potential treatment of the Company as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes; the Company's ability to implement its investment strategies or operate its business as management currently expects; the Company's ability to generate revenue from its investments; the Company and/or HIIG may have undisclosed liabilities; the Company's ability to obtain additional funding to pursue additional acquisitions or other investments; the occurrence of catastrophic events including terrorist attacks and weather related natural disasters; the cyclical nature of the property and casualty insurance industry; HIIG's ability to accurately assess the risks associated with the insurance policies that it writes and to adequately reserve against past and future claims; the effects of emerging claim and coverage issues on HIIG's business; the effect of government regulations designed to protect policyholders and creditors rather than investors; the effect of climate change on the risks that HIIG insures; HIIG's reliance on brokers and third parties to sell its products to clients; the effect of intense competition and/or industry consolidation; HIIG's ability to accurately assess underwriting risk and to predict future claims frequency; the effect of risk retentions on HIIG's risk exposure; HIIG's ability to alleviate risk through reinsurance; dependence by HIIG on key employees; the effect of litigation and regulatory actions; HIIG's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); HIIG's ability to compete against larger more well-established competitors; unfavourable capital market developments or other factors which may affect the investments of HIIG; HIIG's ability to maintain its financial strength and credit ratings; HIIG's ability to obtain additional funding; HIIG's ability to successfully pursue its acquisition strategy; HIIG may be exposed to goodwill or intangible asset impairment in connection with its acquisitions; the ability of HIIG to receive dividends from its subsidiaries; HIIG's reliance on information technology and telecommunications systems; dependence by HIIG on certain third party service providers; general economic, financial and political conditions; fluctuations in the United States dollar to Canadian dollar exchange rate; the volatility of the stock market and other factors affecting the Company's share price; future sales of a substantial number of the Common Shares; and other factors described in this Prospectus under the heading "*Risk Factors*".

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in, or incorporated by reference into, this Prospectus. Accordingly, investors are cautioned not to place undue reliance on such statements.

All of the forward-looking information in this Prospectus, and the documents incorporated herein by reference, is qualified by these cautionary statements. Statements containing forward-looking information contained herein and in the documents incorporated herein by reference are made only as of the date of such document. The Company expressly

disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9, Telephone: (416) 969-3333. These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed online at www.sedar.com.

The following documents, which the Company has filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference and form an integral part of this Prospectus:

(a) the annual information form of the Company dated March 31, 2015 in respect of its fiscal year ended December 31, 2014 (the "**AIF**");

(b) the audited comparative consolidated financial statements of the Company and the notes thereto as at and for its fiscal years ended December 31, 2014 and 2013, together with the independent auditor's report thereon;

(c) the management's discussion and analysis of the Company for its fiscal years ended December 31, 2014 and 2013 (the "**Annual MD&A**");

(d) the interim consolidated financial statements of the Company and the notes thereto as at and for the three and six months ended June 30, 2015 and 2014;

(e) the management's discussion and analysis of the Company for the three and six months ended June 30, 2015 and 2014 (the "**Interim MD&A**");

(f) the management information circular of the Company dated April 13, 2015 in respect of its annual and special meeting of shareholders held on May 15, 2015;

(g) the business acquisition report of the Company dated October 8, 2014 (the "**2014 BAR**") in respect of the acquisition by Westaim HIIG Limited Partnership (the "**Partnership**") of approximately 70.8% of the issued and outstanding shares of common stock of HIIG;

(h) the material change report dated January 21, 2015 relating to the purchase by the Partnership of additional common stock of HIIG (the "**Subsequent HIIG Acquisition**");

(i) the business acquisition report of the Company dated March 31, 2015 (the "**2015 BAR**") in respect of the Subsequent HIIG Acquisition; and

(j) the material change report dated May 5, 2015 in respect of the Offering and the execution of the Term Sheet (as hereinafter defined).

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* to be incorporated by reference in a short form prospectus including any material change reports (excluding any confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, information circulars, annual information forms and business acquisition reports filed by the Company with a securities commission or similar regulatory authority in Canada on or after the date of this Prospectus and prior to the termination of the distribution under this Prospectus shall be deemed to be incorporated by reference into this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The 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 deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

## THE WESTAIM CORPORATION

**The following information does not contain all the information about the Company that may be important to you. You should read the more detailed information and financial statements and related notes that are incorporated by reference into and are considered to be a part of this Prospectus. See "*Documents Incorporated by Reference*".**

The Company was incorporated under the *Business Companies Act* (Alberta) by Articles of Incorporation dated May 7, 1996 (the "**Articles**"). The Articles were amended on February 8, 2010, February 26, 2010 and September 11, 2012 in connection with the creation of Non-Voting Shares (as hereinafter defined) and the removal of the conversion restrictions attaching thereto. On October 1, 2013, the Articles were further amended to effect a 50:1 share consolidation of the outstanding Common Shares. See "*Description of Share Capital*".

Westaim is a Canadian investment company seeking to partner with strong, successful and aligned management teams by providing capital and strategic expertise to businesses with a focus primarily on the financial services industry. Westaim invests directly and indirectly through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's strategy is to pursue investment opportunities to grow shareholder value over the long term.

The Company's head office is located at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9 and its registered office is located at 2400, 525 8th Avenue S.W., Calgary, Alberta T2P 1G1.

## THE ARENA TRANSACTIONS

Subject to the satisfaction or, if permitted, waiver of the Escrow Release Conditions at or prior to the Termination Time, the Company intends to use the net proceeds from the Offering together with its other available cash resources to: (i) capitalize the operations of Arena Investors, LP ("**Arena Investors**") as an investment manager; and (ii) capitalize Arena Finance Company Inc. ("**AFC**") and Arena Origination Co., LLC ("**AOC**") in an aggregate amount estimated to be approximately US$182.9 million (the "**Arena Transactions**"). The Company intends to operate AFC, either directly or through one or more subsidiary entities, as a specialty finance company and to operate AOC as an originator of fundamentals-based, asset-oriented credit investments for its own account and/or for possible future sale to AFC, clients of Arena Investors and/or other third parties.

On April 27, 2015, the Company entered into a non-binding letter of intent (the "**Term Sheet**") with Arena Investors, LLC ("**Old Arena**") relating to the proposed acquisition by Westaim of Old Arena for nominal consideration and the establishment and funding by Westaim of a specialty finance company to be named "Arena Finance Company Inc.". Old Arena is a U.S.-based investment firm led by Daniel B. Zwirn, which specializes in making fundamentals-based, asset-oriented credit investments. Subsequent to the execution of the Term Sheet, Westaim determined to establish a new entity, Arena Investors, to undertake, under the leadership of Mr. Zwirn, the investment management business rather than to acquire Old Arena. In addition, Westaim determined to create a specialty origination platform (AOC) to source and originate fundamentals-based, asset-oriented credit investment opportunities for resale to AFC, clients of Arena Investors and/or other third parties.

Through the Arena Transactions and in reliance on Mr. Zwirn and his team's leadership, Westaim intends to develop three U.S.-based businesses, namely, Arena Investors, AFC and AOC (collectively, "**Arena**"). Arena Investors will be focused on providing third party clients with fundamentals-based, asset-oriented credit investments that aim to deliver attractive yields with low volatility. In addition, Westaim intends to capitalize AFC and AOC in an aggregate amount estimated to be approximately US$182.9 million, with respect to AOC, for the purpose of facilitating the making of fundamentals-based, asset-oriented credit investments and, with respect to AFC, for the purpose of facilitating the purchase of fundamentals-based, asset-oriented credit investments from AOC or otherwise. The final funding amount for AOC and

AFC will be determined primarily based on the US/CAD dollar exchange rate at the time the Escrowed Funds are released, and could be higher or lower than estimated.

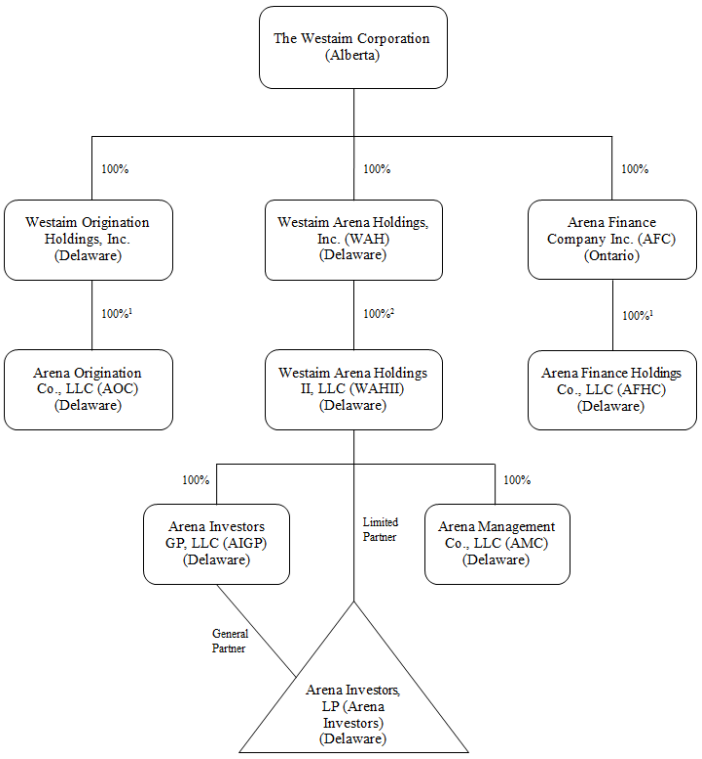
Westaim believes that the completion of the Arena Transactions will provide it with an opportunity to build a strategic position in the investment management and specialty finance industries that is complementary to its existing property and casualty insurance platform. The investment focus for Arena will be fundamentals-based, asset-oriented credit investments designed to deliver attractive yields with low volatility. The Arena Group (as hereinafter defined) will have the potential to earn income (or loss) through (i) net income (or loss) that may be earned by Arena Investors from its investment management business, (ii) net income (or loss) that may be earned by AFC from loans and other credit investments that it acquires, and (iii) net income (or loss) that may be earned by AOC from the fees and returns that it may earn on loans and other credit investments that it originates  For Westaim, based on it continuing as an investment entity under IFRS 10, net income (or loss) generated by the Arena Group is expected to impact Westaim in one of two forms, namely: (i) capital appreciation (or depreciation) in the value of the equity interests that Westaim will hold in the various members of the Arena Group; and (ii) to the extent available and declared, distributions or dividends, if any, paid on such equity interests.

Arena Investors, AFC and AOC will each be managed by Daniel B. Zwirn as Chief Executive Officer ("**CEO**") and Chief Investment Officer ("**CIO**"). Mr. Zwirn and entities affiliated with him, including D.B. Zwirn & Co., L.P. ("**DBZ**"), over their history have structured and managed over US$10 billion in special situation financing and asset-oriented credit investments globally. See "*History of D.B. Zwirn & Co., L.P.*".

Completion of the Arena Transactions is currently targeted for August 31, 2015 and will be subject to the satisfaction and/or waiver of certain conditions including, without limitation, the Escrow Release Conditions. See "*Description of Subscription Receipts*".

**Corporate Structure**

In contemplation of the completion of the Arena Transactions, Westaim has established a number of new entities. The chart below sets forth the material entities directly and indirectly owned and/or controlled by Westaim relating to the proposed business of Arena.




Notes:

(1) Subject to option-type rights to be provided to Bernard Partners, LLC. See "*Equity Participation by Bernard Partners, LLC*".
(2) Subject to earn-in rights to be provided to Bernard Partners, LLC. See "*Equity Participation by Bernard Partners, LLC*".

## BUSINESS OF ARENA

### Overview of Arena

The business of Arena will consist of three separate businesses, namely (i) Arena Investors, an investment manager making fundamentals-based, asset-oriented credit investments on behalf of third-party investors; (ii) AFC, a specialty finance company that will primarily purchase fundamentals-based, asset-oriented credit investments for its own account; and (iii) AOC, which will facilitate the origination of fundamentals-based, asset-oriented credit investments for sale to third party investors. Each of these businesses will be supported by Arena Management Co., LLC ("**AMC**"), which is expected to provide both front office and back office services such as professional and other personnel, office space, utilities and other services to each of the Arena entities through a separate management services agreement (each an "**MSA**") with each of the entities.

Investments for clients of Arena Investors and for AFC and AOC will be derived from essentially the same pool of fundamentals-based, asset-oriented credit investment opportunities. Arena's investment strategy, investment process, and risk management are outlined below under "*Arena's Investment Strategy*". Arena will establish a methodology to allocate investment opportunities between the respective entities in a manner consistent with each entity's investment mandate. See "*Arena's Investment Strategy – Allocation Methodology*" for a summary overview of the allocation methodology. Below is a description of each of the Arena businesses.

*Arena Investors, LP*

Arena Investors is a limited partnership established under the laws of Delaware. AIGP, a limited liability company ("**LLC**") established under the laws of Delaware, is the general partner of Arena Investors. Westaim Arena Holdings II, LLC ("**WAHII**"), a Delaware LLC, is the sole limited partner of Arena Investors and the sole member of AIGP. Westaim Arena Holdings, Inc. ("**WAH**"), a wholly-owned Delaware subsidiary of Westaim, is currently the sole member of WAHII. Bernard Partners, LLC ("**BPL**") is a New York LLC controlled by the Arena management team. BPL will be provided with certain rights to receive an equity ownership position in WAHII. In addition, BPL will be entitled to earn-in rights with respect to the equity of each general partner or similar entity that will have an entitlement to earn a performance fee or similar profit interest (each, a "**General Partner**") created in connection with any funds established by Arena Investors and will thereby be entitled to participate in any Performance Fees (as hereinafter defined) earned by each such General Partner. See "*Equity Participation by Bernard Partners, LLC*". The principal offices of Arena Investors are located at 405 Lexington Avenue, 59th Floor, New York, NY 10174 USA.

Arena Investors is expected to operate as an investment manager offering third-party clients with access to fundamentals-based, asset-oriented credit investments that aim to deliver attractive yields with low volatility. Arena Investors expects to provide investment services to institutional clients, insurance companies, private investment funds or other pooled investment vehicles and high net worth investors, including entrepreneurs, professionals, family trusts, private charitable foundations and estates. Arena Investors expects to generate revenues primarily from Management Fees (as hereinafter defined) and Performance Fees. "**Management Fees**" are the fees calculated on Arena Investors' various segregated client accounts and private pooled investment vehicles as a percentage of assets under management ("**AUM**"). "**Performance Fees**" are the fees or profit allocation earned by Arena Investors or the General Partner of any funds established by Arena Investors calculated annually as a percentage of the appreciation (net of Management Fees and other expenses) in each of the client accounts and private pooled investment vehicles of Arena Investors or in a fund managed by Arena Investors, subject to a "high water mark" in respect of such client account, pooled investment vehicle or fund, as determined from time to time.

*Arena Finance Company Inc.*

AFC is a wholly-owned Ontario subsidiary of Westaim. AFC is currently the sole member of Arena Finance Holdings Co., LLC ("**AFHC**"), a Delaware LLC. BPL will be provided with certain rights to acquire an equity ownership position in AFHC. See "*Equity Participation by Bernard Partners, LLC*". AFC is expected to be managed by a five member board of directors, three of whom are expected to be Westaim nominees, namely Ian W. Delaney, Westaim's Chairman, J. Cameron MacDonald, Westaim's President and Chief Executive Officer, and Robert T. Kittel, Westaim's Chief Operating Officer, and two of whom will be nominated by BPL, but will be independent of each of Westaim and BPL.

As part of the Arena Transactions, Westaim intends to capitalize AFC in an aggregate amount estimated to be approximately US$148.1 million to facilitate the acquisition, holding and possible future sale by AFC, through AFHC and/or one or more wholly-owned subsidiaries of AFHC, of fundamentals-based, asset-oriented credit investments. The final funding amount for AFC will be determined primarily based on the US/CAD dollar exchange rate at the time the Escrowed Funds are released, and could be higher or lower than estimated. See "*Use of Proceeds*".

AFC is expected to use the funds that it receives to acquire loans and/or other credit investments from AOC or other third parties at their fair market value. AFC does not have a target range of investment; the size of the loans and/or other credit investments acquired from AOC or other third parties will depend on, among other things, any diversity requirements which may be imposed by any lender. In the absence of such requirements, AFC will not be subject to concentration limitations but management will use its best judgment as to what is prudent in the circumstances.

Before acquiring any such loans or other investments, AFC expects to review the nature of the loan, the credit-worthiness of the borrower, the nature and extent of any collateral and the expected return on such loan or investment. AFC will acquire such loans or investments based on its assessment of the fair market value of the investment at the time of purchase. If a loan or other investment is to be acquired from AOC, such acquisition is expected to be reviewed and approved by a person or committee that is independent of each of AOC and Westaim that has knowledge of fundamentals-based, asset oriented credit investments. Westaim and BPL are currently in discussions to engage a person with such qualifications. AFC's primary revenue will consist of interest income and/or fees earned on the credit investments that it acquires as well as any gain (loss) on the disposition of any investments that it sells.

*Arena Origination Co., LLC*

AOC is an LLC formed under the laws of Delaware. Westaim Origination Holdings, Inc. ("**WOH**"), a wholly-owned Delaware subsidiary of Westaim, is currently the sole member of AOC. BPL will be provided with certain rights to acquire an equity ownership position in AOC. See "*Equity Participation by Bernard Partners, LLC*". AOC is expected to be managed by a three member board of directors consisting of J. Cameron MacDonald, Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer of Arena Investors, and Lawrence Cutler, Chief Operating Officer of Arena Investors

As part of the Arena Transactions, Westaim intends to capitalize AOC in an aggregate amount estimated to be approximately US$34.8 million to facilitate the origination of fundamentals-based, asset-oriented credit investments for its own account and/or for possible future sale to AFC, clients of Arena Investors and/or other third parties. The final funding amount for AOC will be determined primarily based on the US/CAD dollar exchange rate at the time the Escrowed Funds are released, and could be higher or lower than estimated. See "*Use of Proceeds*".

AOC is expected to use the funds that it receives to locate possible loan opportunities or other credit investments, investigate such opportunities including conducting due diligence on the potential borrower, structuring and documenting the loan or investment and ultimately, funding the loan or investment using its own funds. Once it has a portfolio of loan or other credit investments, AOC may look to dispose of all or a portion of such portfolio in order to provide it with the funds necessary to make additional loans. Loans may be disposed of by AOC to third parties, including AFC, certain investment funds or client accounts managed by Arena Investors, and/or other third parties. In addition, AOC may retain a portion of such loans for its own account, but this is not expected to be its primary investment strategy. Because AOC may offer and sell loans and other investments to AFC and certain investment funds or client accounts managed by Arena Investors, certain conflict resolution procedures will be implemented to provide for the review of, and consent to, such transactions on behalf of AFC and each related party.

The size of the investments to be originated by AOC will depend both on the funds available to AOC as well as any diversity requirements which may be imposed by any lender providing funding to AOC. In the absence of such diversity requirements, AOC will not be subject to concentration limitations but management will use its judgment as to what is prudent in the circumstances. AOC will be entitled to retain fees received in connection with originating or structuring the terms of any such investment and to receive any interest or principal payments made until it disposes of such loan or the loan is repaid.

**Arena's Investment Environment**

*Fundamentals-Based, Asset-Oriented Credit Investments*

Arena expects to focus on investments in fundamentals-based, asset-oriented credit investments. This refers to loans or credit arrangements which are generally secured by assets. These assets could include hard assets such as real estate, inventory, vehicles, aircraft, watercraft, oil and gas reserves, or a borrower's plant and equipment and other hard assets, or

soft assets such as securities, receivables, contractual income streams, and certain intellectual property types. Fundamentals-based, asset-oriented lenders manage their risk and exposure by carefully assessing the value of the assets securing the loan, receiving periodic and frequent reports on collateral value and the status of those assets, and tracking the financial performance of borrowers. Because of the importance of the collateral to the loan value, Arena expects to focus its due diligence on a borrower's collateral value and to primarily use liquidation analysis to determine the required loan terms such as interest rates, maturity, reporting requirements and guarantees. Arena may also use third-party appraisal and field audit firms to assess collateral value and acceptable financial controls. As part of its security package, Arena may also obtain personal guarantees and/or a pledge of personal assets from the owner(s) of a borrower.

Arena expects to construct a broadly diversified portfolio of fundamentals-based, asset oriented credit investments with position sizes in keeping with the investment mandate of the respective capital pools. Investments will generally be structured as secured facilities on a fully collateralized basis with an expected duration of 18 to 30 months.

*Current Investment Environment*

The credit crisis of 2007-2008 and, more recently, the sovereign debt/political confidence crises, have forced numerous asset-oriented credit investors, particularly in the middle market, to scale back or stop issuing new commitments, while management believes the secondary market for debt obligations that investors perceive to have liquidity has returned to "market top" levels. Management also believes that due to increased capital requirements, a movement to liquid assets, and a shifting regulatory environment (i.e. Basel III implementation), financial institutions such as commercial banks remain ill-suited to lend to those middle market companies, real property, structured finance and consumer and industrial businesses who due to their credit or their size, have no access to conventional capital markets. Providing credit to the middle market can be difficult because it is generally more labour intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of information for such companies requiring due diligence and underwriting practices consistent with the demands and economic limitations of the middle market, and more extensive ongoing monitoring by the lender/investor. Management believes there are several challenges facing smaller commercial banks and depository institutions in addressing this market, namely:

- Despite improvements in the broader landscape for depository institutions in North America, many small commercial banks face challenges posed by non-performing legacy assets and an oppressive regulatory environment that strongly discourages non-recourse lending;
- U.S. bank regulators are acting to facilitate consolidation among small community banks which have historically provided a majority of loans to small and medium-sized enterprises. As a result, many remaining community banks have been reluctant to lend, despite what management believes is significant current demand; and
- Proprietary asset-oriented credit investing teams housed inside commercial and investment banks have largely been regulated out of existence in the U.S., primarily by the Dodd-Frank Act. In management's view these were historically the largest source of flexible capital unconstrained by the limitations of conventional asset managers.

Management believes that regulatory limitations, restrictions on rediscount funding previously generously provided by wholesale banks, and the narrowly defined investment mandates of many conventional institutional investors lead to highly competitive markets in thin bands of investment opportunities, leaving large opportunities for Arena to exploit in accordance with its investment strategy.

Management believes the current environment bodes well for Arena to originate compelling new opportunities and to acquire high quality assets that provide the potential for attractive risk-adjusted returns. Management believes the greatest potential for return rests with the managers with the broadest mandates who have the experience, structure, and resources to move opportunistically across the entire credit spectrum, focusing on the areas disregarded by conventional capital providers.

*Competition*

The investment management industry is highly competitive with various pools of capital pursuing finite investment opportunities. However, the competitive environment for Arena is expected by management to be as open as it has been in the U.S. since the savings and loan crisis of the early 1990s. The majority of market participants against which DBZ historically competed have largely been regulated out of existence, severely hampered by legacy burdens, or retreated to pursue other investment opportunities. These include the proprietary special situation groups of the investment banking firms. Other competitors such as several alternative asset managers have retreated to pursue the opportunities available to them in their original core competencies in the purely liquid markets. Further, large-scale alternative asset management platforms typically focus on large-scale, more crowded investment opportunities while business development companies (BDCs) and small business investment companies (SBICs), as regulated investment companies (RICs), have relatively limited investment mandates.

**Arena's Investment Strategy**

Arena expects to source and structure primarily fundamentals-based, asset-oriented credit investment opportunities. Management believes that Arena's core competitive advantage will be its operating model, which is expected to allow it to originate unique credit-based investment opportunities in scale and on a cost-efficient basis, through the use of on-balance sheet employee teams, and established relationships with other channels of credit-opportunity origination. Arena's model should allow it to originate, create, and structure returns that are not able to be purchased "off-the-shelf" in the credit markets. When looking for new opportunities, Arena will seek situations from which capital is retreating, providing liquidity in those situations where there is scarcity of capital for reasons unrelated to value.

By utilizing both employee teams and expected third party relationships to create a pipeline of opportunities, Arena is expected to be able to choose the best opportunities in accordance with its investment guidelines.

Arena is expected to pursue a complementary group of investment opportunities, all focused on exploiting illiquidity and opportunities available in the market at a given point in time, in order to maximize the return in relation to the risk. Arena intends to provide liquidity to companies and owners of assets who require it in a timely manner and who Arena believes are underserved by conventional sources of capital.

Arena's strategy is comprised of multiple investment strategies, including, but not limited to the following types of investments:

- *Corporate Private Credit*. Senior private corporate debt, bank debt, including secondary market bank debt, distressed debt such as senior secured bank debt before or during a Chapter 11 bankruptcy filing, corporate bonds, including bonds in liquidation or out-of-court exchange offers and trade claims of distressed companies in anticipation of a recapitalization, bridge loans/transition financing, debtor-in-possession ("**DIP**") financings, junior secured loans, junior capital to facilitate restructurings, equity co-investments or warrants alongside corporate loans;

- *Real Estate and Real Estate-Related Credit Assets*. Real property, secured or unsecured mezzanine financings, DIP loans, "A-tranche" loans (senior secured loans) and "B-tranche" loans (junior secured loans) for real estate properties requiring near-term liquidity, structured letters of credit, real estate loans secured by land, single family homes, multi-family apartments, condominium towers, hospitality providers, health care service providers, and corporate campuses, leases and lease residuals;

- *Commercial and Industrial Assets*. Commercial receivables, investments in entities (including start-up businesses) engaged, or to be engaged, in activities or investments such as distressed commercial and industrial loans, commercial and industrial assets such as small-scale asset-based loans, trade claims and vendor puts, specialized or other types of equipment leases and machinery, non-performing loans globally, hard assets (including airplanes and components, industrial machinery), commodities (physical and synthetic), reinsurance and premium finance within life and property casualty insurance businesses, legal-related finance including law firm loans, settled and appellate judgments and probate finance, royalties, trust certificates, intellectual property and other financial instruments that provide for the contractual or conditional payment of an obligation;

- *Structured Finance*. Thinly traded or more illiquid loans and securities backed by mortgages (commercial and residential), other small loans including equipment leases, auto loans, commercial mortgage-backed securities, residential mortgage-backed securities, collateralized loan obligations, collateralized debt obligations, other structured credits and consumer credit securitizations, aviation and other leased asset securitizations, esoteric asset securitization, revenue interests, synthetics, and catastrophe bonds;

- *Consumer Assets*. Auto and title loans, credit cards, consumer installment loans, charged-off consumer obligations, consumer bills, consumer receivables, product-specific purchase finance, residential mortgages, tax liens, real estate owned homes, other consumer credit securitizations, retail purchase loans and unsecured consumer loans as well as distressed or charged-off obligations of all of these types, peer-to-peer originated loans of all types, manufactured housing, and municipal consumer obligations; and

- *Corporate and Other Securities*. Hedged and unhedged investments in public securities (including public real estate), preferred stock, common stock, municipal bonds, senior public corporate debt, other industry relative value, merger arbitrage in transactions such as mergers, hedged investments in regulated utilities, integrated utilities, merchant energy providers, acquisitions, tender offers, spin-offs, recapitalizations and Dutch auctions, event-driven relative value equity investments in transactions such as corporate restructurings, strategic block, other clearly defined event, high-yield bonds, credit arbitrage and convertible bond arbitrage, in/post bankruptcy equities, de-mutualizations, liquidations and litigation claims, real estate securities, business development companies, master limited partnership interests, royalty trusts, publicly traded partnerships, options and other equity derivatives.

The weighting of each of these strategies will be based on management's assessment of the opportunity available in the area, in order to maximize the return in relation to the risk, and the investment guidelines of each fund, managed account or other capital pool available.

*Allocation Methodology*

In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of the pooled funds and other clients, or of another member of Arena Group (as hereinafter defined), Arena anticipates that it may consider one or more of the following factors that it deems relevant: the investment objectives of each party; the source of the investment opportunity; any exclusive rights to investment opportunities that may have been granted to particular parties; the expected duration of the investment in light of clients' investment objectives and policies (including diversification policies); the amount of available capital; the size of the investment opportunity; regulatory and tax considerations; the degree of risk arising from an investment; the expected investment return; relative liquidity; likelihood of current income or such other factors as Arena deems to be appropriate. These factors will provide substantial discretion to Arena in allocating investment opportunities in accordance with its obligations to clients and contractual relationships. Arena intends to put in place a defined and documented allocation methodology consistent with the foregoing.

**Arena's Investment Process**

*Infrastructure and Processes*

Arena's investment process will seek to take into consideration the material pitfalls and possible hidden costs of an investment. Arena expects to gain comfort with potential investments through a bottom-up, thorough understanding of the fundamentals of a business and/or situation rather than through portfolio-level, top-down allocations. Arena's intended investment process is summarized below:

- *Evaluation and Initial Approval*. Investments will be sourced by Arena personnel or through third party relationships and proposed to the CIO through an introductory investment memorandum. The CIO will review potential investment opportunities with all of Arena's senior investment professionals on a frequent basis, typically once per week. Once a potential investment has been identified, it will be reviewed for possible risks such as operational, administrative, reputational, tax and other risks. A detailed investment memorandum will be prepared and scrutinized by Arena's senior investment professionals and the CIO for final conditional approval of the investment.

- *Risk and Funding Management*. The asset management team will be responsible for monitoring and surveilling the portfolio of credit investments, and interfacing with the front and back office employees. The asset management team will determine the capability of the firm to monitor, service and review the investment going forward and will assign an asset manager(s) to monitor the investment independent of the applicable investment professional/team that originated the investment. Ongoing monitoring of an asset for risk management purposes and regulatory analysis will be performed by Arena's asset management/surveillance and compliance departments. See "*Risk Management*". The asset management team will not be compensated on the outcome of the investments. Allocation across the Arena Investors pooled funds and managed accounts, AFC and AOC will also be monitored to ensure compliance with Arena's documented allocation methodology, and compliance with each respective pool's stated investment mandate. See "*Allocation Methodology*".

- *Final Funding*. Legal documentation related to the investment will be reviewed by Arena's senior investment professionals and outside legal counsel for consistency across investments and tax analysis will also be performed. Final sign-off for an investment will be required from the CIO, any investment committee of the respective Arena entity, and senior Arena personnel responsible for operations, asset management, treasury, tax, legal and compliance before the investment is funded.

Because of the nature and timing of certain investment opportunities, not all steps of the above summarized process may be followed for each and every investment.

*Valuation and Pricing*

Arena will establish a policy for the valuation of the investments owned by Arena Investors' funds and clients, AFC and AOC. Arena will price or value all investments in accordance with such policy in a manner that it believes to be fair and reasonable. Senior Arena personnel will oversee and implement Arena's valuation policy for all investments and securities and may engage qualified outside third party service providers as appropriate to assist with its pricing and valuation activities. Non-performing investments will be marked down as considered necessary.

Generally, all investments managed by Arena Investors will be priced or valued on a monthly basis using principles

consistent with U.S. GAAP. Arena Investors will provide the monthly net asset value to its investors and clients determined through its valuation and pricing processes. A similar analysis relating to the investments held by AFC and AOC will generally be conducted by AFC and AOC on a monthly basis.

Arena expects to utilize such valuation techniques as it considers appropriate given the facts and circumstances of a particular investment. In some cases a single valuation technique may be considered to be appropriate. In other cases, multiple valuation techniques may be utilized. If multiple valuation techniques are used, Arena will evaluate and weight the results, as determined appropriate, considering the reasonableness of the range indicated by those results.

**Risk Management**

Arena also intends to establish risk management processes. Arena intends to manage risk through diversification of investments, policies with respect to the use of leverage, position size limits, security construction and hedging. This multi-strategy approach will be designed to allow Arena to shift capital to those types of investments that, in its opinion, offer the most attractive risk/reward characteristics. Arena is expected to diversify by industry, geography, asset class, strategy and sub-strategy.

Arena intends to seek to mitigate risk by (i) investing at senior (and typically secured) levels in the capital structure of an investee company or otherwise investing within a "margin of safety", (ii) investing in companies, properties or assets at debt to cash flow ratios it believes are attractive, (iii) pricing perceived risk and illiquidity into investments, and/or (iv) including covenants in transactions that may ultimately create yield enhancement opportunities through amendments and other document changes.

## ARENA MANAGEMENT TEAM

*Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer*

Daniel B. Zwirn will be Chief Executive Officer and Chief Investment Officer of Arena Investors, AFC and AOC. From 2001 through mid-2009, Mr. Zwirn founded and managed the business of DBZ, of which he was Managing Partner and Chief Investment Officer. In addition, from 2001 to 2004, Mr. Zwirn was Managing Director and Head of the Special Opportunities Group of Highbridge Capital Management, LLC ("**Highbridge**"). Since 2009 Mr. Zwirn has been Managing Director and Chief Investment Officer of Old Arena. Mr. Zwirn over his career has structured and managed over US$10 billion in special situation financing and asset-oriented investments globally.

Mr. Zwirn received an M.B.A. from the Harvard Business School in 1998, a B.S. in Economics with a triple concentration in Accounting, Finance and Corporate Control (self-designed), *cum laude*, from the University of Pennsylvania's Wharton School of Business in 1993, and a B.A.S in Computer Science, *cum laude*, from the University of Pennsylvania's Moore School of Electrical Engineering in 1993. He is or has been a member of The Council on Foreign Relations and The Young Presidents Organization. He serves or has served on the Board of Directors of the Brookings Institution, the Advisory Council of the Hamilton Project at the Brookings Institution, the Leadership Council of the Robin Hood Foundation, the Board of Trustees of New York's Public Theater (Treasurer), the Barnard College Board of Trustees, and the Executive Board of the Jerome Fisher Program in Management & Technology at the University of Pennsylvania. Mr. Zwirn is the Co-CEO of Applied Data Finance, LLC, a venture-backed provider of online credit to consumers.

*Lawrence Cutler, Chief Operating Officer*

Lawrence Cutler will be Chief Operating Officer of Arena Investors, AFC and AOC. Mr. Cutler has over twenty years of operational and compliance experience. Mr. Cutler was the Chief Operating Officer and Chief Compliance Officer of DBZ from November 2005 to May 2010. From 2003 to 2005, he was Principal and Chief Compliance Officer of Pequot Capital Management. From April 2005, he was also the President and Chief Compliance Officer at Pequot Financial Services. From 2001 to 2003, he was Executive Director and Chief Compliance Officer and Risk Control Officer for UBS Global Asset Management. From 1998 to 2001, he was Vice President and Director of Compliance for INVESCO Institutional Group and their affiliated entities. From 2000 to 2001, he was also an Associate Partner of AMVESCAP, the parent company of INVESCO. From 1996 to 1998, he was Principal Consultant at PricewaterhouseCoopers in New York. In 1996, he was Senior Vice President, Director of Compliance and Corporate Secretary for HSBC Asset Management Americas. Prior to that, he was Senior Securities Compliance Examiner at the Northeast Regional Office of the SEC from 1992 to 1996. Mr. Cutler received a B.S. in Marketing and Finance, *cum laude*, from Long Island University in 1992.

*Paul Sealy, Chief Financial Officer*

Paul Sealy will be the Chief Financial Officer of Arena Investors. Mr. Sealy has over twenty years of experience in the financial services industry. Mr. Sealy was previously Senior Vice President and Fund Controller of Cerberus Capital

Management (May 2013 - August 2015) where he oversaw all aspects of accounting for over 40 multi-strategy funds. From 2002 to 2013, Mr. Sealy served as Chief Financial Officer and Controller at various private equity and hedge funds, including nine years as Controller of MatlinPatterson Capital Management. From 1999-2002, Mr. Sealy was Vice President in the Global Securities Services division of Goldman Sachs, Inc. Mr. Sealy started his career at Deloitte (1994-1999) where he served as Manager in the financial services division. Mr. Sealy received a BBA in Accounting, *magna cum laude*, in 1994 from Bernard M. Baruch College and is both a Certified Public Accountant and Chartered Financial Analyst charterholder.

*Marcel Herbst, Managing Director, Business Development.*

Marcel Herbst will be Managing Director, Business Development of Arena Investors. Mr. Herbst has thirteen years of strategic business development experience. Mr. Herbst is a former Executive Director and member of the management committee of Harcourt AG, a Fund of Hedge Funds group, from 2002 until 2010. Mr. Herbst was Head and Chief Operating Officer of Harcourt's US division. In his role, he led and managed the growth of the firm from approximately US$250 million to US$6 billion of AUM until the sale of Harcourt AG to Vontobel Group, a Swiss private bank, for $300 million. Mr. Herbst created joint ventures and led acquisitions in the UK, Spain, Sweden, Germany, Austria, Japan, Australia and the US. Following Harcourt, he created a joint venture between Harcourt and Weston Capital Management, a US based seeding firm, where he was Managing Director and Member of Management Committee (2010-2012). Mr. Herbst started his career in 2000 at Enron Corporation, where he worked in the private equity team in London. Mr. Herbst received an MBA from the University of St. Gallen, Switzerland in 2001.

## ARENA MANAGEMENT CO., LLC

AMC is an LLC formed under the laws of Delaware. WAHII is the sole member of AMC. AMC is expected to provide both front office and back office services such as professional and other personnel, office space, utilities, telephones and general office equipment and other basic "overhead" to Arena Investors, AFC (through AFHC), AOC and related entities as well as the General Partners of any pooled investment vehicles structured as limited partnerships and managed by Arena Investors (collectively, the "**Arena Group**").

AMC's expenses will consist primarily of employment related expenses such as the salaries, bonuses and other incentive payments paid to its personnel as well as the cost of any employee benefits such as health plan costs. AMC's professional staff will be compensated through a base salary as well as through participation in a discretionary bonus pool. The discretionary payment of bonuses or other incentive payments is expected to be tied largely to the financial performance of Arena Investors and its various client accounts and private pooled investment vehicles, including but not limited to the Management Fees and Performance Fees earned by Arena Investors, as well as the performance of AFC and AOC.

It is expected that AMC will enter into a separate MSA with each entity to which it will provide services. Each MSA is expected to have a term of one year which will be automatically renewed for an additional one-year term unless terminated by either party on not less than ninety days' notice. The MSAs shall provide that each party receiving services from AMC shall pay to AMC a services fee based on the direct and indirect costs associated with providing services to such party. With respect to direct costs, AMC will allocate to each entity all direct costs attributable solely to such entity. All indirect costs and all other direct costs not solely attributable to a particular entity (including salaries, bonuses and other incentive payments) will be allocated by AMC to each entity in good faith based on such party's *pro rata* share of the aggregate remaining direct and indirect costs incurred by AMC in providing services to all entities (the "**Shared Expenses**"). A party's *pro rata* portion of the aggregate Shared Expenses incurred in any fiscal year shall generally be determined by dividing (i) the average assets (or members equity where AUM is not applicable) of such party (and/or such party's subsidiaries or controlled entities) invested or held for investment in fundamentals-based, asset-oriented credit investments during the fiscal year calculated monthly by (ii) the average aggregate assets (or members equity assets where AUM is not applicable) of all entities receiving services from AMC (including each party's subsidiaries or controlled entities) invested or held for investment in fundamentals-based, asset-oriented credit investments during the fiscal year, and multiplying the quotient by the aggregate Shared Expenses for such fiscal year.

*Employment Agreements*

Each of Mr. Zwirn, Mr. Cutler and Mr. Herbst will enter into an employment agreement, each on substantially equivalent terms, with AMC with respect to their offices held with AMC which agreement will also include the other offices held with other entities within the Arena Group, respectively.

Each employment agreement will include the following terms:

- *Base Salary.* A base salary of US$300,000 per annum (the "**Base Salary**");
- *Bonus Compensation.* For each fiscal year completed, the employee will be eligible to earn an annual bonus, with the actual amount of any such bonus being determined by the WAHII Board (as hereinafter defined) in its sole

discretion;

- *Confidentiality*. The employee will agree, among other things, to hold all confidential information obtained in the course of employment in the strictest confidence and not to disclose, furnish, make available or use such confidential information unless (i) with prior written consent, (ii) in the authorized performance of the employee's duties, or (iii) as required by a court of competent jurisdiction or other administrative or legislative body;

- *Non-compete*. The employee will agree that while employed and for a period of (i) 24 months following the termination of such employment by reason other than for Cause (as defined in the employment agreement) or (ii) 12 months following termination for Cause (the "**Restricted Period**"), not to, directly or indirectly, in any capacity compete or undertake any planning to compete with AMC or any entity within the Arena Group without prior written consent.

- *Non-solicit*. The employee will agree during the Restricted Period, without prior written consent, not to (i) solicit any employee, member, partner or independent contractor to seek to hire or engage such person or seek to persuade or encourage such person to terminate, or diminish his, her or its relationship with AMC or any entity within the Arena Group, (ii) solicit or encourage any customer of AMC or any entity within the Arena Group to terminate or diminish its relationship with them, or (iii) seek to persuade any such customer or prospective customer of AMC or any entity within the Arena Group to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with AMC or any entity within the Arena Group.

- *Termination*. The employment agreement may be terminated by either party upon 90 days notice to the other party (without Cause or without Good Reason as defined in the employment agreement); by AMC for Cause and by the employee for Good Reason. In the event of termination of employment without Cause (other than for death or disability) or for Good Reason, the employee, in addition to any final payments owed up to the date of termination (including Base Salary, vacation accrued but not used, bonus awarded but not yet paid, and reimbursement of business expenses), shall be entitled, for a period of 24 months following the termination of his employment, to receive his Base Salary, and, commencing on the first pay period following the first anniversary of the termination of his employment with AMC, to receive an amount equal to the average of the employee's annual bonus over the three most recently completed years (or the entire period of employment if he has completed less than three years of employment with AMC), payable in 12 equal monthly instalments.

In addition, Mr. Sealy has accepted an offer of employment from Arena Service Co., LLC, a subsidiary of AMC. While Mr. Sealy does not have a formal employment agreement, he will be an employee at will and will be paid a base salary plus bonus.

See "*Risk Factors - Risks Relating to Arena - Conflicts of Interest*" for a discussion of the conflicts of interest that the above individuals may be subject to with respect to bonuses or incentive compensation in the event BPL's Equity Percentage in WAHII exceeds 50%.

## HISTORY OF D.B. ZWIRN & CO., L.P.

In October 2001, Mr. Zwirn formed a joint venture with Highbridge known as Highbridge/Zwirn Capital Management ("**Highbridge/Zwirn**") to pursue special situations financing and asset based lending, with seed capital of US$500 million from Highbridge while also joining Highbridge as Managing Director and Head of the Special Opportunities Group. Highbridge/Zwirn accepted outside funds beginning in May 2002, and was fully spun out of Highbridge in early 2004, at which time it was renamed "D.B. Zwirn & Co., L.P.". By the end of 2007, DBZ had grown to approximately 275 employees, 160 clients and over US$5 billion of assets under management.

In late 2005, in the ongoing course of implementing and upgrading controls of DBZ following the separation from Highbridge, certain potential irregularities were uncovered relating to: (i) certain management fees which were taken in advance in violation of the offering memorandum for the DBZ funds; and (ii) certain DBZ fund assets which were loaned and subsequently repaid. In light of the findings, in mid-2006 DBZ engaged its principal outside counsel to conduct an internal investigation in relation to these matters. The investigation determined that DBZ's then CFO had been responsible for the accounting improprieties and he was terminated in October 2006. Shortly following the CFO's departure from DBZ in the fall of 2006, DBZ accounting staff informed senior management of other accounting improprieties. An expanded independent investigation into those and other accounting improprieties was conducted, but found no evidence that Mr. Zwirn or any member of DBZ senior management (other than the former CFO) was aware of any of those issues. In late October 2006, DBZ voluntarily self reported these issues to the U.S. Securities and Exchange Commission (the "**SEC**") and advised of the actions the firm was taking to address them. On March 20, 2007, the findings of the independent investigations were reported to the SEC. The SEC commenced a formal investigation of DBZ, with the full cooperation of DBZ and its principals and management. DBZ cooperated with the SEC throughout its four-year investigation.

In light of the internal investigations, audits for its funds were delayed. Ultimately, the 2006 audits were completed in December 2007, approximately seven months late, and included no qualifications or restatements. The delay in the audits, in turn, led in part to redemption requests, which eventually totaled more than US$2 billion. In January 2008, in order to assure that no single group of investors would be disadvantaged relating to any other, DBZ elected to put the funds into orderly liquidation and Mr. Zwirn ceased to be responsible for capital allocation and in February 2008 DBZ announced the wind-down of the DBZ funds. In June 2009, management of the DBZ funds' assets was transferred to an affiliate of Fortress Investment Group LLC.

Letters were received from the SEC on February 23, 2011, in respect of Mr. Zwirn, and on April 7, 2011, in respect of DBZ, indicating that the SEC did not intend to take enforcement action against Mr. Zwirn or DBZ.

## EQUITY PARTICIPATION BY BERNARD PARTNERS, LLC

BPL is an LLC formed under the laws of New York. BPL's members include the senior management team of Arena and BPL is controlled by certain members of the Arena management team, including Mr. Zwirn, Mr. Cutler and Mr. Herbst. See "*Arena Management Team*".

BPL will be provided with the opportunity to receive an equity ownership position in WAHII and to acquire an equity ownership position in each of AFHC and AOC. The rights to be provided to BPL will consist of "earn-in" rights (in relation to WAHII) and "option-type" rights (in relation to each of AFHC and AOC).

*WAHII Earn-in Rights*

With respect to WAHII, BPL will be provided with the right to "earn-in" to up to a 75% equity ownership position in WAHII based on meeting certain pre-established thresholds of Arena Investors' AUM and profitability measured by TTM EBITDA Margin (as hereinafter defined). The initial earn-in entitlement of 49% of the equity ownership will be achieved once Arena Investor's AUM reaches or exceeds US$1 billion and its TTM EBITDA Margin reaches or exceeds 35% (the "**Initial Threshold**"). Additional increases in AUM and TTM EBITDA Margin are expected to result in additional earn-ins until the maximum earn-in ownership level of 75% is reached by Arena Investor's AUM reaching or exceeding US$5 billion and its TTM EBITDA Margin reaching or exceeding 60%. At the commencement of operations of Arena Investors, notwithstanding that BPL will not have any equity ownership in WAHII, BPL will be entitled to receive a 49% Profit Percentage (as hereinafter defined), representing a right to participate in the distribution of profits of WAHII until such time as the Initial Threshold is achieved. See "*Limited Liability Company Agreements - Limited Liability Company Agreement of Westaim Arena Holdings II, LLC*".

In addition to the foregoing, BPL will be entitled to comparable earn-in rights with respect to the equity of each General Partner created in connection with any funds established by Arena Investors and will thereby be entitled to participate in any Performance Fees earned by each such General Partner. Initially, notwithstanding that BPL will not have any equity ownership in such General Partners, BPL will be entitled to receive a 49% Profit Percentage, representing a right to participate in the distribution of profits of such General Partners until such time as the Initial Threshold is achieved.

*AFHC and AOC Option-type Rights*

BPL will also be provided with option-type rights to acquire equity ownership positions in each of AFHC and AOC. The funds to be invested by Westaim in AFHC and AOC will be provided at a purchase price of US$10.00 per membership unit. BPL will be provided with rights designed to be economically-equivalent to options to acquire fully participating membership units of each of AFHC and AOC representing 20% of the undiluted membership units (16.67% on a fully-diluted basis). Each tranche of option-type rights is expected to vest equally on the first, second, third, fourth and fifth anniversary of the closing date of the Arena Transactions. See "*Limited Liability Company Agreements - Limited Liability Company Agreement of Arena Finance Holdings Co., LLC*" and "*Limited Liability Company Agreements - Limited Liability Company Agreement of Arena Origination Co., LLC*".

## ACQUISITION AND FUNDING AGREEMENT

In connection with the completion of the Arena Transactions, Westaim intends to enter into an acquisition and funding agreement (the "**Funding Agreement**") with Old Arena, BPL and Arena Investors. In addition to providing for the funding by Westaim of approximately US$182.9 million in equity capital to AFC, AOC and WAHII to fund the business of the Arena Group, Westaim anticipates funding approximately US$4.3 million of start-up costs. The final funding amount for AFC and AOC will be determined primarily based on the US/CAD dollar exchange rate at the time the Escrowed Funds are released, and could be higher or lower than estimated. Any costs beyond this, including cash burn subsequent to start up, will be accrued in the respective entity as a shareholder loan from Westaim or a subsidiary thereof, that will be repaid before any distributions of profitability are determined / accrued to owners or any cash flow participation. The Funding Agreement will

require Old Arena to sell all of its intellectual property rights, including but not limited to, trademarks, trade names, business names and internet domain names, to Arena for US$10.00.

Effective in the 2016 fiscal year, the Funding Agreement will commit BPL to use an amount equal to 25% of the first US$100 million of aggregate pre-tax ownership distributions from WAHII and the General Partners (and 12.5% thereafter) to purchase Westaim Common Shares in the open market at the then prevailing share price, subject to a maximum in respect of BPL and any persons or companies acting jointly or in concert with BPL, of 19.9% of the outstanding Westaim Common Shares. Such market purchases shall be made in compliance with all applicable securities legislation and take-over bid legislation, stock exchange rules and insider trading policies (including blackout periods) of Westaim. In the event that by the date which is one year following the receipt of any distributions by BPL from WAHII and/or the General Partners, BPL has not used the full amount required to be allocated to the purchase of Westaim Common Shares, BPL shall forfeit to Westaim or its designated affiliate 1% of BPL's equity ownership position in WAHII and each General Partner for each twelve month period that this purchase obligation is not met. To the extent of a failure to meet the foregoing purchase obligation prior to the date on which BPL has earned-into an equity ownership position in WAHII, each of BPL's threshold ownership levels shall be reduced by one percentage point and Westaim's ownership position shall be correspondingly increased. See "*Limited Liability Company Agreements - Limited Liability Company Agreement of Westaim Arena Holdings II, LLC - Membership Interests*".

## LIMITED LIABILITY COMPANY AGREEMENTS

### *Limited Liability Company Agreement of Westaim Arena Holdings II, LLC*

In connection with the completion of the Arena Transactions, WAH and BPL will enter into a Limited Liability Company Agreement in respect of WAHII (the "**WAHII LLC Agreement**") setting forth each of WAH's and BPL's respective rights and obligations as members of WAHII. The following is a summary of the material terms of the WAHII LLC Agreement. The summary below is qualified in its entirety by reference to the text of the WAHII LLC Agreement. A copy of the WAHII LLC Agreement will be available on SEDAR under Westaim's issuer profile at www.sedar.com.

*Management*

WAHII will be managed by a five member board of directors (the "**WAHII Board**"). The initial directors will be Ian W. Delaney, J. Cameron MacDonald, Robert T. Kittel, Daniel B. Zwirn, and Lawrence Cutler. WAH will initially be entitled to appoint, remove and replace three members of the WAHII Board and BPL will initially be entitled to appoint, remove and replace two members of the WAHII Board. At such time that the Equity Percentage (as hereinafter defined) of BPL exceeds 50%, WAH shall be entitled to appoint, remove and replace two members of the WAHII Board and BPL shall be entitled to appoint, remove and replace three members of the WAHII Board.

The WAHII Board may appoint officers of WAHII and delegate such authority to such officers as the WAHII Board may determine. The officers will manage the day to day affairs of WAHII and its subsidiaries under the direction of the WAHII Board. No officer may take any actions outside of the authorities granted by the WAHII Board or the WAHII LLC Agreement without the unanimous approval of the WAHII Board. The initial officers of WAHII will be Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer, Paul Sealy, Chief Financial Officer, and Lawrence Cutler, Chief Operating Officer.

Under the WAHII LLC Agreement, certain actions in respect of WAHII will require the unanimous consent of the WAHII Board, including: (i) issuing any equity interests in or rights to acquire equity interests; (ii) redeeming or repurchasing any membership interests, or other equity interests; (iii) admitting any member of WAHII; (iv) forming any subsidiary or establishing or sponsoring any pooled investment vehicle; (v) incurring, assuming or amending any indebtedness, credit, guarantee, or debt instrument or other liability, in each case in excess of $500,000; (vi) liquidating or dissolving WAHII or any of its subsidiaries; (vii) acquiring or disposing of assets of WAHII or any subsidiary other than in the ordinary course or business; (viii) initiating any merger or consolidation, or sale of all or substantially all of the assets of WAHII or any of its subsidiaries; (ix) replacing the existing independent auditors of WAHII or any of its subsidiaries; (x) increasing or reducing the authorized number of members of the WAHII Board; (xi) amending the governing documents of WAHII or any of its subsidiaries, including the WAHII LLC Agreement; (xii) entering into any joint venture or strategic alliance; (xiii) entering into, or making a material change to, any agreement or transaction with any related party; (xiv) entering into any employment agreement, consulting agreement, advisory agreement, board services agreement or similar agreement providing for consideration of (A) greater than $500,000 per annum, (B) severance payments greater than $500,000, (C) any equity interest in WAHII or any subsidiary, (D) any payments conditioned upon or calculated with respect to the profits or returns or any interest in the profits of WAHII, any subsidiary or any client of WAHII or any of its

subsidiaries or (E) any bonus or other profit sharing agreement; (xv) paying, awarding or authorizing the payment or awarding of any bonus, incentive payment or similar arrangement to employees of, or consultants to, WAHII or any subsidiary except to the extent that such bonus, incentive payment or similar arrangement is reasonable in the circumstances and consistent with market practice; (xvi) entering a new line of business or modifying the primary line of business of WAHII; (xvii) voluntarily taking any action that would cause WAHII to become insolvent; (xviii) initiating or settling any suit or proceeding on behalf of WAHII or confessing to a judgment relating thereto; (xix) approving any matter on behalf of WAHII in its capacity as a limited partner of Arena Investors; (xx) terminating without cause any employment agreement between any of WAHII, AFC, AFHC, Arena Investors, AIGP, AOC and their respective affiliates and subsidiaries (the "**Group**") and Daniel B. Zwirn; (xxi) terminating Daniel B. Zwirn as Chief Executive Officer and Chief Investment Officer, other than in connection with the termination of his employment with a member of the Group by the employer with cause or by Daniel B. Zwirn other than with good reason, in each case as determined in accordance with his employment agreement; or (xxii) taking any other action that is explicitly reserved for another party by the WAHII LLC Agreement.

*Non Competition*

Each of BPL and WAH will agree not to engage in competitive businesses with WAHII and to bring any investment or business opportunities that are directly related to the business of WAHII to WAHII's attention. WAH's non-competition and corporate opportunity obligations will terminate after two years while BPL's obligations will continue for so long as it remains a member of WAHII.

*Membership Interests*

The membership interests in WAHII will include both an Equity Percentage, which represents a right to participate in distributions of the capital of WAHII ("**Equity Percentage**") and a Profit Percentage, which represents a right to participate in distributions of the profits of WAHII ("**Profit Percentage**"). Initially, 100% of the Equity Percentage in WAHII will be held by WAH with 51% of the Profit Percentage to be held by WAH and 49% of the Profit Percentage to be held by BPL. The WAHII LLC Agreement will provide BPL with a right to "earn-in" up to a 75% Equity Percentage and Profit Percentage in WAHII based on meeting thresholds of AUM managed by WAHII and its subsidiaries and cashflow measured by the margin of trailing twelve months earnings before income taxes, depreciation and amortization of WAHII and its subsidiaries to trailing twelve month revenues of WAHII and its subsidiaries ("**TTM EBITDA Margin**"). The TTM EBITDA Margin will be measured as of the end of each fiscal quarter. The Equity Percentage and Profit Percentage of WAH and BPL will be adjusted as of the end each fiscal quarter as follows:

| **If AUM and TTM EBITDA Equal the following thresholds** | | **The Equity Percentages and Profit Percentages will be adjusted as follows** | |
|---|---|---|---|
| **AUM** | **TTM EBITDA Margin** | **WAHII** | **BPL** |
| <US$1 billion | <35.0% | 51.0% | 49.0% |
| US$2 billion | 50.0% | 45.5% | 54.5% |
| US$3 billion | 55.0% | 40.0% | 60.0% |
| US$4 billion | 60.0% | 32.5% | 67.5% |
| US$5 billion | 60.0% | 25.0% | 75.0% |

Once the Equity Percentage and Profit Percentage has been adjusted, it shall not be reduced except (i) if it is later determined that the applicable threshold was not met as of the applicable fiscal quarter end, in which case the Equity Percentage and Profit Percentage shall be re-adjusted to the correct percentages based on the actual AUM and TTM EBITDA Margin, or (b) in the event that BPL fails to comply with its obligation to purchase Westaim Common Shares under the Funding Agreement, the Equity Percentage of BPL shall be reduced by 1% and WAH's Equity Percentage shall be increased by 1% for each 12 month period such obligation is not met. Furthermore, the threshold percentages set forth above shall also be reduced for BPL by 1% and increased for WAH by 1% for each 12 months that BPL fails to comply with its obligation to purchase Westaim Common Shares.

Neither WAH nor BPL will have an obligation to make any additional capital contributions to WAHII but may make additional capital contributions or loans to WAHII with the unanimous consent of the WAHII Board.

*Distributions and Allocations of Profit and Loss*

Upon the unanimous approval of the WAHII Board, distributions, (other than Monetization Event Proceeds, as hereinafter defined) will be distributed to the members in accordance with their Profit Percentages. Proceeds of a sale of assets outside of the ordinary course of business, or any debt or equity financing transaction, including without limitation, a public offering of interests in WAHII or a sale of a portion of WAHII's interests or assets to a third party that was not previously a member ("**Monetization Event Proceeds**"), will be distributed to the members in accordance with their Equity Percentages. WAHII will also make quarterly tax distributions to the members in an amount equal to their cumulative tax liability determined in accordance with the WAHII LLC Agreement ("**WAHII Tax Distributions**"). Any WAHII Tax Distributions will be treated as an advance against all other distributions to be made to such member. Upon a dissolution and liquidation of WAHII, the assets of the company will be distributed first to satisfy all debts and liabilities of WAHII, second to the members who have made capital contributions, pro rata in accordance with their unreturned capital contributions, and thereafter pro rata to the members in accordance with their Equity Percentages.

Income, gains, losses, deductions and credits of WAHII for U.S. federal and state tax purposes will be allocated to the members so as to conform to the provisions of the U.S. Internal Revenue Code and applicable U.S. Treasury Regulations and to give economic effect to the distribution provisions of the WAHII LLC Agreement. Gains and losses associated with the sale of assets or other monetization event will be specially allocated to the members so as to cause the capital accounts of the members to equal, to the extent possible, their Equity Percentages.

*Transfer of Interests*

Neither WAH nor BPL may directly or indirectly sell, transfer, assign, mortgage or dispose of (each a "**Transfer**") all or any portion of its interest in WAHII without the unanimous consent of the WAHII Board, which may be granted or withheld in its sole discretion.. Except as described below, the consent of the WAHII Board will not however be required for: (i) any Transfer occurring as a result of a change of control of Westaim; (ii) an indirect Transfer occurring as a result of a Transfer of any interest in WAH other than a Transfer to a Competitor or WAHII (as such term is defined in the WAHII LLC Agreement); (iii) any Transfer of Interests by WAH to an Affiliate of WAH; and (iv) any indirect Transfer occurring as a result of the issuance or redemption of any equity interest or right to acquire an equity interest in BPL to or from any person who is employed by BPL or a member of the Group and who provides investment advice and or other services to or on behalf of WAHII and/or its subsidiaries (a "**Related Employee**") or a person who has ceased to be a Related Employee. Notwithstanding the foregoing, during the two years following the execution of the WAHII LLC Agreement, or, if the Transfer is to a Competitor of WAHII, at any time when WAH is a member of WAHII, no indirect Transfer of all or any part of WAH's interest in WAHII (except an indirect Transfer occurring as a result of a change of control of Westaim) other than to an Affiliate of WAH may occur without the unanimous consent of the WAHII Board. No transferee of an interest in WAHII, other than in a Transfer permitted without the consent of the WAHII Board, will be admitted as a member of WAHII without the unanimous approval of the WAHII Board.

*Tag Along Rights*

If WAH holds over a 50% Equity Percentage, in connection with any Transfer of an interest in WAHII by WAH and its permitted transferees each other member of WAHII will have the right to transfer to the proposed transferee the same percentage of their interest as is being transferred by WAH and its permitted transferees for the same price and terms as WAH and its permitted transferees are transferring their interests.

*Key Person Event Purchase; Withdrawal Event Purchase.*

In addition to the other remedies available in the WAHII LLC Agreement, the occurrence of a Withdrawal Event or a Key Person Event (each as hereinafter defined) with respect to BPL or any of its permitted transferees, will trigger a right in favour of WAH to purchase the interest held by BPL or its permitted transferee. No member will be allowed to voluntarily withdraw from WAHII. An involuntary withdrawal of a member shall occur if such member is dissolved or becomes insolvent (a "**Withdrawal Event**"). A Key Person Event will occur if (a) Daniel B. Zwirn fails to (i) continue to be a member of and exercise control over BPL, (ii) devote substantially all of his business time and efforts to the management and business affairs of the Group, (iii) devote sufficient time and effort to the management of WAHII and its investments; or (b) an event constituting cause for the termination of Daniel B. Zwirn's employment with the Group occurs (each a "**Key Person Event**"). The purchase price for the interest to be purchased will be the fair market value of such interest which will equal the amount that would be distributed to the holder of such interests if WAHII's assets were sold at their fair market value and the proceeds thereof distributed to the members of WAHII. If the Key Person Event is "for cause" then the buy out price shall be 90% of such fair market value. The purchase price shall be payable, at the discretion of WAHII, in cash or with a

five year promissory note bearing interest at 4% per annum, compounded annually, with five equal annual payments of principal and interest or any combination of the two.

*Exculpation and Indemnification*

The members of WAHII, and the directors and officers of WAHII and its affiliates will be entitled to customary indemnification rights from WAHII to the greatest extent permitted by law and, upon unanimous consent of the WAHII Board, may be provided with advances of expenses for defense in proceedings prior to their final disposition.

*Amendment of the Limited Liability Company Agreement*

Other than to add additional members or substituted members, the WAHII LLC Agreement may only be amended by a writing executed by the members holding membership interests representing at least a 76% Profit Percentage.

***Limited Liability Company Agreement of Arena Finance Holdings Co., LLC***

In connection with the completion of the Arena Transactions, AFC and BPL will enter into a Limited Liability Company Agreement in respect of AFHC (the "**AFHC LLC Agreement**") setting forth each of AFC's and BPL's respective rights and obligations as members of AFHC. The following is a summary of the material terms of the AFHC LLC Agreement. The summary below is qualified in its entirety by reference to the text of the AFHC LLC Agreement. A copy of the AFHC LLC Agreement will be available on SEDAR under Westaim's issuer profile at www.sedar.com.

*Management*

AFHC will be managed by a three member board of directors (the "**AFHC Board**"). The members of the AFHC Board may be appointed, removed or replaced by a majority of the outstanding Class A Units (as hereinafter defined); provided that one member of the AFHC Board is not affiliated with either AFC or BPL. AFC will initially be the sole holder of Class A Units and accordingly will be entitled to appoint all members of the AFHC Board. The composition of the AFHC Board has not been finalized but it will include Glenn MacNeil, Westaim's Chief Financial Officer.

The AFHC Board may appoint officers of AFHC and delegate such authority to such officers as the AFHC Board may determine. The officers will manage the day to day affairs of AFHC and its subsidiaries under the direction of the AFHC Board. The initial officers of AFHC will be Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer, Paul Sealy, Chief Financial Officer, and Lawrence Cutler, Chief Operating Officer.

Certain actions of AFHC will require the approval of BPL for so long as it holds any Units (as hereinafter defined). These include (i) the issuance of any Class M Units (as hereinafter defined), (ii) limiting of the rights of any member holding Class M Units to exculpation and indemnification rights under the AFHC LLC Agreement, (iii) the amendment of certain enumerated sections of the AFHC LLC Agreement in any manner which adversely affects the economic rights of the holders of Class M Units in a manner which is disproportionate to the holders of other classes of Units or would impair the ability of the holders of Class M Units to receive distributions, (iv) the entry into any transaction with AFC or its affiliates other than as permitted in the AFHC LLC Agreement, or (v) during the 24 month period immediately following the date of the AFHC LLC Agreement, permitting AFC or its permitted transferees to Transfer any Units held by them to a non-affiliate; provided that a change of control of Westaim will not be deemed a Transfer of Units requiring BPL's consent.

*Non Competition*

Each of BPL and AFC will agree not to engage in competitive businesses with AFHC for the two years after the date of the AFHC LLC Agreement. However, this non-compete provision will not limit Daniel B. Zwirn from ownership and participation in certain entities in which he held an ownership interest as of the date of the AFHC LLC Agreement.

*Membership Interests*

The membership interests in AFHC will be divided into units (the "**Units**") including Class A Units (the "**Class A Units**") and Class M Units (the "**Class M Units**"). AFC will initially own all of the issued and outstanding Class A Units. BPL will be issued Class M Units representing up to 20% of the number of Class A Units outstanding (up to approximately 16.7% of the aggregate number of Units outstanding). The Class M Units will be further divided into four sub-classes known as Class M1, Class M2, Class M3 and Class M4. The Class M Units vest in five equal installments on the first, second, third, fourth and fifth anniversaries of the issuance of such Class M Units. The sub-classes of Class M Units will vest on a pro-rata

basis with equal numbers of each sub-class vesting on the applicable vesting date. Upon a sale of AFHC or a firm commitment underwritten public offering of Units or of common shares of AFC, led by an underwriting firm recognized nationally in the United States or Canada having an aggregate offering value (net of underwriters' discounts and selling commissions) of at least US$50,000,000 (a "**Qualified Public Offering**"), all unvested Class M Units will vest in full.

Upon (a) the termination of the management agreement between AFHC and AMC by AFHC, other than after a material breach of the management agreement by AMC, (b) AMC's termination of Daniel B. Zwirn's employment with AMC other than for cause as defined in his employment agreement with AMC or (c) Daniel B. Zwirn's termination of his employment with AMC for good reason, death or disability as defined in his employment agreement with AMC (each a "**Termination Acceleration Event**"), all unvested Class M Units that would have vested during the 24 month period following the date of such termination will vest in full and any Class M Units that remain unvested after such acceleration will be forfeited. Upon the occurrence of certain vesting termination events, including among other things, failure of Daniel B. Zwirn to continue to be a member or control BPL, to devote sufficient time and efforts to the management of business of AFHC and its affiliates, breaches under his employment agreement that constitute a basis for a "for cause" termination, a material breach by BPL of its obligations under the AFHC LLC Agreement that remains in breach following a 30 day cure period or the termination of the management agreement (each a "**Vesting Termination Event**"), all unvested Class M Units will be forfeited. Any vested Class M Unit may be converted into a Class A Unit at any time upon payment in full in cash to AFHC of the conversion price of such Class M Unit as of such time. The conversion price with respect to (i) a Class M1 Unit will be US$10.40 per Unit; (ii) a Class M2 Unit will be US$12.90 per Unit; (iii) a Class M3 Unit will be US$15.40 per Unit; and (iv) a Class M4 Unit will be US$17.90 per Unit (the "**Conversion Price**"). Each dollar of distribution per Unit, other than Tax Distributions (as hereinafter defined), with respect to a Class A Unit will reduce, by the same amount, the Conversion Price of each Class M Unit outstanding at the time such distribution is made until the Conversion Price for the Class M Units is reduced to zero.

*Distributions and Allocations of Profit and Loss*

The AFHC Board will have sole discretion as to the timing and amount of distributions to the members of AFHC; provided that during the first two years after the date of the AFHC LLC Agreement, AFHC will not make any distributions other than AFHC Tax Distributions that will cause the capital account of AFC to fall below the aggregate amount of its capital contributions (the "**Distribution from Capital Restriction**"). Distributions will be made to each unitholder of AFHC pro-rata based on the number of Units held by them; provided that no distributions will be made with respect to a Class M Unit unless and until the Conversion Price with respect to such Class M Unit has been reduced to zero and such amounts shall instead be distributed to the other Unitholders. No distributions shall be made to any unvested Class M Unit (and instead such amounts shall be distributed to the other unitholders) but to the extent any amount would have been distributed had such unvested Class M Units been vested, the holder of such unvested Class M Units shall be entitled, upon becoming a holder of vested Class M Units, to receive such amounts on a priority basis from the next amounts that are distributed by AFHC.

AFHC will also make quarterly tax distributions to the members in an amount equal to their cumulative tax liability determined in accordance with the AFHC LLC Agreement ("**AFHC Tax Distributions**"). Any AFHC Tax Distributions will be treated as an advance against all other distributions to be made to such member. Upon a dissolution and liquidation of AFHC, the assets of the company will be distributed first to satisfy all debts and liabilities of AFHC and thereafter pro rata to the members in accordance with their Units, subject to restrictions on distributions on Class M Units with a positive Conversion Price.

Income, gains, losses, deductions and credits of AFHC for U.S. federal and state tax purposes will be allocated to the members so as to conform to the provisions of the U.S. Internal Revenue Code and applicable U.S. Treasury Regulations and to give economic effect to the distribution provisions of the AFHC LLC Agreement.

*Transfer of Interests*

Neither AFC nor BPL may directly or indirectly Transfer all or any portion of its AFHC Units without the consent of the AFHC Board. The consent of the AFHC Board will not however be required for: (i) any Transfer occurring as a result of a change of control of Westaim; (ii) an indirect Transfer occurring as a result of a Transfer of any interest in AFC other than a Transfer to a AFHC competitor; (iii) any Transfer of Interests by AFC to an Affiliate of AFC; and (iv) any indirect Transfer occurring as a result of the issuance or redemption of any equity interest or right to acquire an equity interest in BPL to or from any Related Employee or a person who has ceased to be a Related Employee. No transferee of an interest in AFHC, other than in a Transfer permitted without the consent of the AFHC Board, will be admitted as a member of AFHC without the approval of the AFHC Board. AFC may not Transfer its interest in AFHC, directly or indirectly (other than as a

result of a change of control of Westaim), during the 24 month period after the date of the AFHC LLC Agreement without BP's consent.

*Tag Along Rights*

In connection with any Transfer of an interest in AFHC by AFC and its permitted transferees (other than to a permitted transferee of AFC) each other member of AFHC will have the right to transfer to the proposed transferee the same percentage of their interest as is being transferred by AFC and its permitted transferees for the same price and terms as AFC and its permitted transferees are transferring their interests.

*Drag Rights*

If AFC and the AFHC Board have approved a sale of AFHC as defined in the AFHC LLC Agreement each member of AFHC will take all actions in connection with the consummation of the sale as may be reasonably requested by the AFC Members. If the sale of AFHC is structured as a sale of all of the Units of AFHC, the other members may be required to sell their Units in such sale for the same form of consideration and amount of consideration per Unit, subject to the payment by such Members of any remaining Conversion Price with respect to Class M Units or the deduction of such positive Conversion Price amount from the proceeds of the sale delivered to such members holding Class M Units.

*Qualified Public Offering Redemption, Purchase or Exchange*

In connection with any Qualified Public Offering by AFC, AFHC may in its discretion redeem the Class M Units for cash, effect an exchange of shares with the class of securities of AFC being offered in connection with the Qualified Public Offering ("**AFC Stock**") or a combination of the above. In connection with the closing of a Qualified Public Offering, the holders of Class M Units may elect to exchange their Class M Units for cash or, at the election of AFHC and AFC, AFC Stock.

*Mandatory Redemption*

From and after the eighth anniversary of the date of the AFHC LLC Agreement, if a sale of AHFC or Qualified Public Offering has not been completed, the holders of Class M Units will have the right to require AFHC to redeem all but not less than all of their Class M Units in cash at a price equal to the NAV per Unit calculated for each Unit to be redeemed. The "**NAV per Unit**" will be equal to the amount which would be distributable with respect to a Unit if AFHC's assets were sold for their then net asset value (determined in accordance with the provisions of the AFHC LLC Agreement) and the proceeds thereof distributed in liquidation of AFHC. The redemption price may be paid, at the discretion of AFHC, in cash or with a five year promissory note bearing interest at 4% per annum, payable in five equal annual installments of principal plus interest or any combination of the two.

*Company Redemption*

In addition to the other remedies available in the AFHC LLC Agreement, the occurrence of an AFHC Withdrawal Event (as hereinafter defined) or a Vesting Termination Event will trigger a right in favour of AFHC to purchase the Units held by the member suffering the AFHC Withdrawal Event or Vesting Termination Event. No member will be allowed to voluntarily withdraw from AFHC. An involuntary withdrawal of a member shall occur if such member is dissolved or becomes insolvent or engages in any act or omission that constitutes a material breach of the AFC LLC Agreement which breach if curable remains uncured for more than 60 days after the member's receipt of written notice thereof from the AFHC Board (an "**AFHC Withdrawal Event**"). The purchase price for the interest to be purchased will be the NAV per Unit for each vested Unit. If the AFHC Withdrawal Event or Vesting Termination Event is "for cause", then the buy out price shall be 90% of such NAV per Unit. The purchase price may be paid, at the discretion of AFHC, in cash or with a five year promissory note bearing interest at 4% per annum, compounded annually, with five equal annual payments of principal and interest or any combination of the two.

*Exculpation and Indemnification*

The members of AFHC, and the directors and officers of AFHC and its affiliates will be entitled to customary indemnification rights from AFHC to the greatest extent permitted by law and, upon consent of the AFHC Board, may be provided with advances of expenses for defense in proceedings prior to their final disposition.

*Amendment of the Limited Liability Company Agreement*

The AFHC LLC Agreement may be amended by a writing executed by the members holding a majority of the outstanding Class A Units; provided that the AFHC LLC Agreement may not be amended so as to reduce any member's share of distributions, income or gains, increase any member's share of the AFHC losses, or increase the obligations of any member if such reduction or increase would have a material adverse affect on such member, in each case without the consent of each such member to be adversely affected by the amendment; provided that the consent of BPL will not be required with respect to the creation of a class of Units with distributions which are superior to the rights of the holders of Class M Members so long as such class of Units does not otherwise adversely affect the economic rights of the holders of Class M Units or impair the ability of the holders of Class M Units to receive distributions as set forth in the AFHC LLC Agreement.

***Limited Liability Company Agreement of Arena Origination Co., LLC***

In connection with the completion of the Arena Transactions, WOH and BPL will enter into a Limited Liability Company Agreement in respect of AOC (the "**AOC LLC Agreement**") setting forth each of WOH's and BPL's respective rights and obligations as members of AOC. The terms and provisions of the AOC LLC Agreement will be substantially similar to the provisions of the AFHC LLC Agreement except that the AOC LLC Agreement will not contain the Distribution from Capital Restriction. A copy of the AOC LLC Agreement will be available on SEDAR under Westaim's issuer profile at www.sedar.com.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Baker & McKenzie LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Subscription Receipts and Underlying Shares, provided they are listed on a designated stock exchange (which currently includes the TSXV), would, if issued on the date hereof, be qualified investments under the *Income Tax Act* (Canada) (the "**Tax Act**") for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan or a tax-free savings account ("**TFSA**").

Notwithstanding the foregoing, if a Subscription Receipt or an Underlying Share is a "prohibited investment" for the purposes of a TFSA, RRSP or RRIF, the holder of such TFSA or annuitant of such RRSP or RRIF, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Subscription Receipts and Underlying Shares will generally not be a "prohibited investment" for trusts governed by a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) does not deal at arm's length with the Company for purposes of the Tax Act or (ii) has a "significant interest" as defined in the Tax Act in the Company. In addition, the Underlying Shares will not be a "prohibited investment" if the Underlying Shares are "excluded property" as defined in the Tax Act, for trusts governed by a TFSA, RRSP or RRIF.

Holders or annuitants should consult their own tax advisors with respect to whether Subscription Receipts, or Underlying Shares would be prohibited investments, including with respect to whether the Underlying Shares would be "excluded property".

## RISK FACTORS

*An investment in the Company's securities involves risk. In addition to the risks set forth below and the other information contained in this Prospectus, prospective investors should consider carefully the risks and uncertainties described in the documents incorporated by reference in this Prospectus.* ***A discussion of certain risks and uncertainties affecting the business of the Company and HIIG is provided under the heading "Risk Factors" in the AIF which is incorporated by reference in this Prospectus.*** *These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company, or that it currently considers immaterial, may also materially and adversely affect it. If any of the events identified in these risks and uncertainties were to actually occur, the Company's business, financial condition and results of operations could be materially harmed.*

### Risks Related to Arena

*Limited Operating History*

Arena is effectively a start-up venture with no operating history. While Mr. Zwirn has substantial previous experience at other investment management firms, the historical performance of any of them individually or collectively is

not intended to be, nor should it be construed as an indication or forecast of future performance or an indication as to the future value or return on investment in respect of Arena or the Common Shares. Because Arena's investment approach may differ from the approach of the prior funds managed by Mr. Zwirn and his affiliates, and because market conditions are continually changing, Mr. Zwirn's prior firm's results may be largely irrelevant to the prospects for profitability of Arena. There can be no assurance that Arena will achieve any particular results or returns.

The start up of the operations of the Arena Group is expected to involve significant expenditures by the Company. These expenditures will include tax, accounting and legal fees, office premises expenses, software costs, market data costs, employment expenses, utilities and overhead, leasing costs, regulatory filing fees, marketing expenses and other expenses associated with starting a new business. The amount of these expenditures is difficult to forecast accurately and cost overruns may occur. Westaim cannot predict when if at all these expenses will be offset by significant revenues. Accordingly, there can be no assurance that the Arena Group will achieve profitability in the future, nor that, if it does become profitable, it will sustain profitability.

*Operational Risks*

Operational risks may disrupt Arena's businesses, result in losses or limit growth. Although Arena is expected to take protective measures and to endeavour to modify them as circumstances warrant, the security of Arena's computer systems, software and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. Additionally, breaches of security may occur through intentional or unintentional acts by those having authorized or unauthorized access to confidential or other information of Arena or its clients or counterparties. One or more such events could potentially jeopardize the confidential and other information processed and stored in, and transmitted through, Arena's computer systems and networks, or otherwise cause interruptions or malfunctions which could result in significant losses or reputational damage to Arena and/or Westaim.

In addition, Arena will operate in an industry that is highly dependent on its information systems and technology. There can be no assurance that Arena's information systems and technology will continue to be able to accommodate its operations, or that the cost of maintaining such systems will not increase from its current level. Such a failure to accommodate Arena's operations, or a material increase in costs related to such information systems, could have a material adverse effect on Arena, which could adversely affect the business, financial condition and/or profitability of Westaim.

*Due Diligence Risks*

Before making investments, Arena expects to conduct due diligence pursuant to which it may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and other advisers may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation that Arena is expected to carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including, among other things, the existence of fraud or other illegal or improper behaviour. Moreover, such an investigation will not necessarily result in the investment being successful.

*Valuation Risks*

Valuation methodologies for certain of Arena's investments may be subject to significant subjectivity, and the value of assets or investments established pursuant to such methodologies may never be realized, which could result in significant losses for Arena or its funds. There may be no readily-ascertainable market prices for the types of illiquid investments that Arena may acquire. The fair value of such investments will be determined periodically by Arena based on its valuation methodologies. These policies will be based on a number of factors, including the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment, the length of time the investment has been held, the trading price of securities (in the case of publicly traded securities), restrictions on transfer and other recognized valuation methodologies.

*Change(s) in the Investment Management Industry*

Change(s) in the investment management industry could result in a decline in Arena Investors' revenues. Arena Investors' ability to generate revenues in the investment management industry will be significantly influenced by the growth of AUM generally experienced by the investment management industry and by Arena Investors' relative performance within the investment management industry. The historical growth of the investment management industry may not continue and

adverse economic conditions and other factors, including a protracted or precipitous decline in the U.S., international or global financial markets or a change in the acceptance of fees typically charged by industry participants, could affect the popularity of Arena Investors' services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the investment management industry or other changes to the industry that discourage investors could affect Arena Investors' ability to attract clients or could lead to redemptions of securities of its investment products for reasons that may be unrelated to their performance but would nonetheless result in a lower AUM and a corresponding decline in revenues. Accordingly, the foregoing could adversely affect the business, financial condition and/or profitability of Westaim.

*Legal risks*

Arena may become involved in lawsuits or investigations that could result in significant liabilities and reputational harm, which could materially adversely affect its results of operations, financial condition and liquidity. Arena could be sued by many different parties, including, but not limited to, its clients or fund investors, creditors of its funds, shareholders of the companies in which it has invested, its employees and regulators. In addition, Arena may participate in transactions that involve litigation (including the enforcement of property rights) from time to time, and such transactions may expose Arena to increased risk from countersuits.

The cost of settling any such claims could adversely affect Arena's results of operations. Lawsuits or investigations in which Arena may become involved could be very expensive and highly damaging to its reputation, even if the underlying claims are without merit. Moreover, Arena could incur legal, settlement and other costs in an amount that exceeds the insurance coverage maintained by Arena or by its funds. The costs arising out of litigation or investigations could have a material adverse effect on Arena's results of operations, financial condition and liquidity.

*Lack of Investment Opportunities*

A lack of appropriate investment opportunities could adversely affect targeted performance of Arena's investment products. An important component of investment performance is the availability of appropriate investment opportunities for new client assets. If Arena is not able to find sufficient investments for new client assets in a timely manner, investment performance could be materially adversely affected. Alternatively, if there are insufficient investment opportunities for new client assets, management may elect to limit Arena's growth and reduce the rate of intake of new client assets. As AUM increases, Arena may not be able to exploit the investment opportunities that have previously been available to it or find sufficient investment opportunities for producing the returns targeted. If Arena's investment managers are not able to identify sufficient appropriate investment opportunities for new client assets, Arena's investment performance and management's decision to continue to grow may be materially adversely affected.

*Regulatory Compliance*

Arena's business will be subject to risks relating to regulatory compliance of investment managers, investment advisors, investment dealers and the securities business generally. Arena's ability to carry on its business will be dependent upon compliance with and registration under securities legislation in the jurisdictions in which it carries on business. The securities business of Arena Investors is subject to extensive regulation under securities laws in the U.S., Canada, and elsewhere. Compliance with many of the regulations applicable to Arena involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators may institute administrative or judicial proceedings that may result in censure, fine, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the non-compliant investment dealer or investment adviser, suspension or disqualification of the investment dealer's officers or employees, or other adverse consequences. The imposition of any such penalties or orders on Arena Investors regardless of duration or any subsequent appellate results could have a material adverse effect on Arena's business, and consequentially could adversely affect the operating results and financial condition of Westaim. Additional regulation, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often affect directly the method of operation and profitability of securities firms. It is not possible to predict with any certainty as to what effect any such changes might have on Arena's business. Furthermore, its business may be materially affected not only by regulations applicable to Arena as a financial market intermediary, but also by regulations of general application. For example, returns on investments in a given time period could be affected by, among other things, existing and proposed tax legislation, competition policy and other governmental regulations and policies, including the interest rate policies of the Federal Reserve, the Bank of Canada or other global central banks and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities or industry-specific legislation or regulations.

*Poor Investment Performance*

Poor investment performance could negatively impact each of Arena Investors, AFC and AOC. Poor investment performance by the funds and managed accounts to be managed by Arena Investors could lead to a loss of clients, lower AUM and a decline in revenues. Arena's revenues will be, in part, dependent upon the Management Fees and Performance Fees earned by Arena Investors with respect to such funds and managed accounts, which will be based on the value of the AUM. Poor investment performance (relative to Arena Investors' competitors or otherwise) could impair revenues and growth as existing clients might withdraw funds in favour of better performing products and the ability of Arena Investors to attract funds from existing and new clients would be reduced. All of the foregoing could result in lower AUM and could impact Arena Investors' ability to earn fees. In addition, the ability to earn Performance Fees is directly related to investment performance and therefore, poor investment performance may cause Arena Investors to earn lower Performance Fees. There can be no assurance that Arena Investors will be able to achieve or maintain any particular level of AUM, which may have a material adverse affect on its ability to attract and retain clients, the Management Fees and potential Performance Fees earned, and overall profitability, which accordingly could adversely affect the business, financial condition and/or profitability of Westaim. Poor performance of the investments made by AOC or acquired by AFC could result in losses and/or a write down of the carrying value of such investments which could adversely affect the financial condition and/or profitability of Westaim.

*Illiquid Strategies*

The investment strategies contemplated for clients of Arena Investors will involve investments with limited or no liquidity which could make it challenging to raise investment capital from third party investors, making Arena Investors a less profitable investment for Westaim. Illiquid investments might not be able to be disposed of at favourable prices or at all, which could lead to investment losses and lower fees, and accordingly, could adversely affect the business, financial condition and/or profitability of Westaim.

*Risk Management*

A failure in management's ability to manage risks in Arena's investment products could materially adversely affect the business, financial condition and/or profitability of Arena, which accordingly could adversely affect the business, financial condition and/or profitability of Westaim. Some of the methods of managing risk to be used are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated. Other risk management methods may depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

*Key Management and Staff*

Failure by the Arena Group to retain and attract qualified staff could lead to a loss of key employees and clients and could lead to a decline in the Arena Group's revenues and consequentially Westaim's profitability. The Arena Group's business will be dependent on the highly skilled and often highly specialized individuals engaged by Arena Investors. These employees have critical industry experience and relationships that will be relied upon to implement the business plan of the Arena Group. However, there can also be no assurance that their historical success can be replicated. The contribution of these individuals to the investment management, client service, sales, marketing and operational teams is important to attracting and retaining clients. While resources will be devoted to recruiting, training and compensating these individuals, the growth in total AUM in the investment management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products have increased the demand for high quality professionals in all aspects of asset management.

*Competitive Pressures*

The investment management industry is highly competitive. Competitive pressures could reduce Arena's revenues. Some of Arena's current competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources. There can be no assurance that Arena will be able to achieve or maintain any particular level of AUM or revenues in this competitive environment. Competition could have a material adverse effect on Arena's profitability and there can be no assurance that Arena will be able to compete effectively in this

environment. In addition, the ability to grow Management Fees and Performance Fees is dependent on the ability to provide clients with products and services that are competitive. Investors have become more price and value conscious for a variety of reasons, including the current state of the capital markets, low interest rates and reduced investment return expectations, increased regulatory focus, investment performance and the availability of lower cost investment products. There can be no assurance that Arena will be able to retain a given fee structure or, with such fee structure, retain clients in the future. A significant reduction in the Management Fees or Performance Fees would have a material adverse effect on Arena's revenues, which could adversely affect the business, financial condition and/or profitability of Westaim.

*Conflicts of Interest*

Arena Investors will be subject to certain conflicts of interest in the management of assets on behalf of its clients and in respect to transactions involving AFC and AOC. These conflicts are expected to arise primarily from the involvement of AOC and other affiliates regarding: (1) the acquisitions of loans originated by Arena Investors, which will constitute principal transactions; (2) an acquisition of loans originated by another Arena Group investment vehicle, which may constitute a principal transaction; (3) cross-trades among such entities or between an Arena Group investment vehicle and an Arena Investors managed account client, which also may constitute principal transactions, (3) co-investments between one Arena Group investment vehicle and another; and (4) the provision of services to an Arena Group investment vehicle for compensation. Further, entities comprising the Arena Group may engage in a broad spectrum of activities, including direct (or principal) investment activities for their own accounts and Arena Investors' investment advisory activities that, with respect to any particular client, are independent from, and may from time to time conflict with, overlap with or compete with, the investment activities of that client and/or of other clients.

In addition to the foregoing, bonuses or incentive compensation that may be paid to employees of the Arena Group will be determined by the WAHII Board. At such time that BPL's Equity Percentage in WAHII exceeds 50%, BPL will be entitled to appoint three members of the five member WAHII Board. Accordingly, at such time, BPL's nominees (which are expected to include the senior management team of Arena Investors) will be able to determine the quantum of bonuses or incentive compensation that may be paid to employees of the Arena Group. In such circumstances, although the WAHII LLC Agreement provides that such bonuses or incentive compensation must be reasonable in the circumstances and consistent with industry practice (unless approved by the WAHHI Board by unanimous consent), it is expected that the senior management team of Arena Investors will retain wide latitude in determining such compensation.

*Employee Error or Misconduct*

Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely affect the business, financial condition and/or profitability of Arena. Misconduct by employees could include binding Arena to transactions that exceed authorized limits or present unacceptable risks, or concealing from Arena unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory enforcement proceedings, sanctions and serious reputational harm. Arena is also susceptible to loss as a result of employee error. While management will proactively take measures to deter employee misconduct or prevent employee error, the precautions management takes to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the business, financial condition and/or profitability of Arena which could adversely affect the business, financial condition and/or profitability of Westaim.

*Loan Concentration*

It is intended that Arena will finance borrowers in a variety of industries. However, if industry segments in which Arena has a concentration of investments experience adverse economic or business conditions, loan delinquencies, default rates or write-downs in those segments may increase and could materially adversely affect Arena, and accordingly, adversely affect the financial condition and/or profitability of Westaim.

**Risks Related to Specialty Finance Operations**

*Creditworthiness of Borrowers*

The specialty finance operations of AOC and AFC will depend on the creditworthiness of its borrowers and their ability to fulfill their obligations. Although AOC intends to originate opportunities only with borrowers which it believes to be creditworthy, there can be no assurance that borrowers will not default and that AOC or AFC will not sustain a loss on its loans as a result. AOC and AFC will also rely on representations made by borrowers in their loan documentation. However,

there can be no assurance that such representations will be accurate or that AOC or AFC will have any recourse against the borrower in the event a representation proves to be untrue.

*Default by and Bankruptcy of a Borrower*

A borrower's failure to satisfy its borrowing obligations, including any covenants imposed, could lead to defaults and the termination of the borrower's loans and enforcement against its assets. In order to protect and recover its investments, AOC or AFC may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting borrower. In certain circumstances, a borrower's default under one loan could also trigger cross-defaults under other agreements and jeopardize that borrower's ability to meet its obligations under a loan agreement it may have with AOC or AFC. Should a borrower become insolvent, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale of all of a borrower's collateral will be sufficient to satisfy the loan obligations secured by the collateral, or that sufficient assets will remain after priority creditors have been repaid.

*Adequacy of Provision for Credit Losses*

A provision for credit losses that reflects management's judgment of the risk of losses inherent in the loan portfolio is expected to be maintained. Management will periodically review its provisions for credit losses to ensure they are adequate and will consider factors such as economic conditions and trends, collateral values (including third party appraisals), credit quality indicators, past charge-off experience, levels of past due loans, past due loan migration trends, and non-performing assets when performing its analysis. Evidence of impairment for loans at both a specific asset and collective level will be considered. All individually significant loans will be assessed for specific impairment. Those found not to be specifically impaired will be collectively assessed for any impairment that has been incurred but not yet identified. Determining the appropriate level of the provision for credit losses is an inherently uncertain process and therefore the determination of this provision may prove to be inadequate to cover losses in connection with the portfolio of loans. Factors that could lead to the inadequacy of a provision for credit losses may include the inability to appropriately underwrite credit risk of new loans, to effectively manage collections or to anticipate adverse changes in the economy or the occurrence of discrete events that adversely affect specific borrowers, industries, markets or geographic areas. For these reasons, there can be no assurance that provisions for credit losses will be adequate to cover credit losses relating to the loans advanced and such provisions may not keep pace with changes in the creditworthiness of borrowers or in collateral values. If the credit quality of borrowers declines, if the risk profile of a market, industry, or group of borrowers changes significantly, or if a market for the collateral against which AOC or AFC has secured its loans deteriorates significantly, management's previous estimates of the appropriate level of reserves for credit losses may be inadequate and accordingly could materially adversely affect operations and profitability.

*Collateral Securing Loans*

While it is intended that the loans will be generally secured by a lien on specified collateral of the borrower (particularly inventory, receivables and tangible fixed assets), there can be no assurance that such security will be properly obtained or perfected, or that the value of the collateral securing any particular loan will protect AOC or AFC from suffering a partial or complete loss if the loan becomes non-performing and AOC or AFC moves to enforce against the collateral. In such event, loan losses could be suffered which could materially adversely affect the business, financial condition and/or profitability of AOC or AFC, as applicable, and accordingly, adversely affect the financial condition and/or profitability of Westaim.

*Monitoring, Enforcement and Liquidation Procedures*

From time to time, AOC or AFC may be required to take enforcement proceedings with respect to non-performing loans and to liquidate collateral. Enforcement and liquidation proceedings can be time-consuming and, if a sufficient number of loans require enforcement, management's attention may be diverted from day-to-day operations or from pursuing other investment opportunities and significant expenses may be incurred for which there may be no recovery.

*Fraud by a Borrower*

While AOC and AFC will make every effort to verify the accuracy of information provided to it when making an investment decision, and will have systems and controls to assist it in protecting itself against fraud, a borrower may

fraudulently misrepresent information relating to its financial health, operations or compliance with the terms under which AOC is prepared to advance funds or AFC is prepared to purchase a loan. In cases of fraud, it will be difficult and more unlikely that AOC or AFC, as applicable, will be able to collect amounts owing under a loan or realize on collateral, which could have a material adverse effect on AOC or AFC, as applicable, and, in turn, adversely affect the financial condition and/or profitability of Westaim.

*Lack of Regulation*

Unlike major commercial banks, asset-based lenders are not subject to regulatory capital requirements that would impede their ability to extend credit. Any changes to the regulation of the asset-based lending industry could have a material adverse effect on AOC's and AFC's business and, accordingly, adversely affect the financial condition and/or profitability of Westaim.

*Conduct of a U.S. Trade or Business*

Under U.S. tax laws, if a partnership is engaged in the conduct of a trade or business in the United States, the partners in such partnership are also treated as so engaged. There is a risk that the U.S. tax authorities may assert that AFHC, a partnership for U.S. federal income tax purposes, is engaged in the conduct of a U.S. trade or business by virtue of its acquisition and disposition of credit investments. If the U.S. tax authorities successfully make this assertion, then AFC will also be treated as engaged in the conduct of a trade or business in the United States as a result of being a partner in AFHC. In such instance, AFC will be subject to U.S. federal income tax at a maximum 35% rate (under current law) on its allocable share of AFHC's income that is effectively connected with a U.S. trade or business ("**Effectively Connected Income**"), and will be required to file U.S. federal income tax returns to report such income. AFC may also be subject to a 30% "branch profits tax" on any Effectively Connected Income; this branch profits tax may be reduced to 5% under the United States-Canada income tax treaty, however, if AFC qualifies for treaty benefits. In addition to the foregoing, AFC may have tax payment and tax return filing obligations in one or more states in which AFHC conducts activities or acquires and sells investments.

**Risks Related to the Offering**

*Conditions for Release of Escrowed Funds Not Satisfied.*

The proceeds of the Offering are being held in escrow. Such proceeds will be released from escrow pending the earlier of the release of the Escrowed Funds following delivery of the Escrow Release Notice (as hereinafter defined) and the Termination Time. There can be no assurance that the conditions for the release of the Escrowed Funds will be satisfied at or prior to the Termination Time. If the Escrow Release Notice has not been received by the Escrow Agent at or prior to the Termination Time, or if the Termination Notice is received by the Escrow Agent, the Escrow Agent will return to each holder of Subscription Receipts, commencing on the second business day following the Termination Time, an amount equal to the full Offering Price for such holder's Subscription Receipts plus an amount equal to such holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds, less any applicable withholding tax. In such event, the Arena Transactions will not have been completed and the business of Westaim would consist solely of its existing business. In addition, Westaim will have incurred significant costs relating to the Offering and the Arena Transactions including, without limitation, 50% of the Underwriters' Fee which was paid on the closing of the sale of the Special Warrants as well as certain other expenses of the Offering.

*No Market for Subscription Receipts.*

There is currently no market through which the Subscription Receipts may be sold and there may not be an active, liquid trading market for the Subscription Receipts. There is no guarantee that an active, liquid trading market for the Common Shares into which the Subscription Receipts are convertible will be maintained on the TSXV. Investors may not be able to sell their Subscription Receipts purchased under this Prospectus or Underlying Shares. The terms of the Subscription Receipts have been determined by negotiations among the Company and the Lead Underwriters. The Offering Price may bear no relationship to the price at which the Subscription Receipts will trade in the public market subsequent to this Offering. The Company cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained.

*Dilution to Common Shares*

Westaim is authorized to issue an unlimited number of Common Shares. Upon the deemed conversion of the Subscription Receipts, additional Common Shares will be issued by the Company. With any additional issuance of Common Shares, Westaim's existing shareholders will suffer dilution to their voting power and the Company may experience dilution in its earnings per share. See "*Description of Subscription Receipts*".

*PFIC Status*

Based upon certain management estimates and the nature of Westaim's current business activities, the Company does not believe it was a PFIC for U.S. income tax purposes for its 2014 fiscal year, and does not expect to be a PFIC in its current taxation year. However, the tests for determining PFIC status are based upon the composition of the income and assets of Westaim and its subsidiaries and affiliates from time to time, and it is difficult to make accurate predictions of future income and assets. Accordingly, there can be no assurance that Westaim will not become a PFIC in the future, as a result of its investment in Arena Investors, AOC, AFC, or otherwise. A non-U.S. corporation generally will be considered a PFIC for any taxable year if either: (i) at least 75% of its gross income is passive income; or (ii) at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income (which generally includes cash). The market value of Westaim's assets may be determined in large part by the market price of the Common Shares, which is likely to fluctuate. It is difficult to make accurate predictions of future income and assets, which are relevant to the determination of PFIC status. If Westaim were to be treated as a PFIC for any taxation year, such characterization could result in adverse U.S. income tax consequences to certain Westaim investors in the United States.

## USE OF PROCEEDS

The net proceeds to the Company from the sale of the Special Warrants was approximately $221,768,634 after deduction of the Underwriters' Fee of approximately $11,121,837 and the estimated expenses of the Offering of $1,500,000. Upon release from escrow of the Escrowed Funds, the Company intends to utilize the net proceeds of the Offering together with its existing cash resources as follows:

(i) to fund the estimated start-up costs of the Arena Group of approximately US$4.3 million, including capitalizing the operations of Arena Investors as an investment manager. The start-up costs of US$4.3 million are expected to consist of costs relating to accounting, administration and human resources; banking, brokerage, investment advisory and a lending facility; registration, regulatory and compliance; entity formation; real estate, technology and infrastructure; marketing and public relations; and transaction expenses and capital expenditures; and

(ii) to capitalize AFC in an aggregate amount estimated to be approximately US$148.1 million for the purpose of facilitating the purchase of fundamentals-based, asset-oriented credit investments from AOC or otherwise, and (iii) to capitalize AOC in an aggregate amount estimated to be approximately US$34.8 million for the purpose of facilitating the making of fundamentals-based, asset-oriented credit investments. The final funding amounts for AFC and AOC will be determined primarily based on the US/CAD dollar exchange rate at the time the Escrowed Funds are released, and could be higher or lower than estimated. Such amounts are expected to be deployed in six to twelve months from the commencement of operations of AFC and AOC, expected in September 2015.

Until the funds are required for investment purposes, they are expected to be invested in cash or cash equivalents. The activities to be conducted by Arena pending the investment of the funds is expected to consist of establishing and organizing the funds and/or pooled investment vehicles of Arena Investors and related client documentation (expected to be completed in early September 2015), the continued hiring by AMC of support staff and the sourcing and investigation of possible loans or other credit investment (expected to be completed in late September 2015 or early October 2015).

## DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Indenture. The Subscription Receipts will be issued upon the deemed exercise of the Special Warrants pursuant to the Subscription Receipt Indenture.

Each Subscription Receipt will entitle the holder thereof to receive upon deemed conversion, without further consideration or action, one Underlying Share, subject to adjustment in certain circumstances in accordance with the Subscription Receipt Indenture.

Upon the deemed conversion of the Subscription Receipts as a result of the issuance of a receipt for this Prospectus, it is expected that there will be 142,417,487 Common Shares issued and outstanding.

The Escrowed Funds, being approximately $228,480,680, are being held in escrow by the Escrow Agent in an interest-bearing account with a Schedule I Canadian bank pending the release of the Escrowed Funds in accordance with the Subscription Receipt Indenture.

**Escrow Release**

The Escrowed Funds shall be released to the Company upon fulfillment of the following conditions (the "**Escrow Release Conditions**"): (i) all conditions required to complete the Arena Transactions (other than payment of the purchase price therefor and any conditions comprising the Escrow Release Conditions) having been satisfied or waived by the Company, acting reasonably and such waiver being disclosed in writing to the Underwriters; (ii) the TSXV having approved the listing of the Underlying Shares on the TSXV and the Arena Transactions; (iii) the SEC having approved the registration of Arena Investors and, if required, AFC and the respective personnel of Arena Investors and AFC; (iv) the legal and economic terms of the Arena Transactions being no less favourable in the aggregate to the Company as compared to the terms as described in the Term Sheet and the press release dated May 5, 2015 announcing the Offering in the opinion of the Lead Underwriters, acting reasonably; (v) the Lead Underwriters having received a certificate of the CEO of the Company confirming that the legal and economic terms of the Arena Transactions are no less favourable in the aggregate to the Company as compared to the terms as described in the Term Sheet and the press release dated May 5, 2015 announcing the Offering; and (vi) the Company having delivered written notice (the "**Escrow Release Notice**") to the Escrow Agent confirming that (a) all regulatory, corporate and other approvals required in respect of the Offering have been obtained; and (b) all other escrow release conditions have been met or waived; provided that the prior written consent of the Underwriters is obtained for any waiver referenced in (b) above, such consent not to be unreasonably withheld or delayed, such Escrow Release Conditions to be met on or before the earlier of: (x) 4:30 p.m. (Toronto time) on September 15, 2015, and (y) the time and date, if any, that the Arena Transactions are terminated pursuant to their terms (in each case, the "**Termination Time**"). In relation to (ii) above, the TSXV has approved the listing of the Underlying Shares on the TSXV and the Arena Transactions, and in relation to (iii) above, the SEC has issued an order declaring Arena Investors' registration as an investment adviser to be effective.

The Subscription Receipts will be deemed to be converted by the holders thereof into Underlying Shares upon satisfaction of the Escrow Release Conditions provided that such conditions have been satisfied at or prior to the Termination Time. In the event that the Escrow Release Conditions are not satisfied at or prior to the Termination Time, the Subscription Receipts shall be cancelled and each holder of a Subscription Receipt shall receive from the Escrow Agent an amount in cash equal to the holder's aggregate Offering Price, plus the holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds, less any applicable withholding tax. In the event that the Escrowed Funds are less than the amount owed to the holders of Subscription Receipts, such shortfall will be paid by the Company who will deposit an amount equal to such shortfall with the Escrow Agent prior to the time on which the payment is required to be paid pursuant to the Subscription Receipt Indenture.

**Voting Rights**

Holders of the Subscription Receipts are not shareholders and the Subscription Receipts do not carry any voting rights as shareholders whatsoever. Holders of the Subscription Receipts are only entitled to receive (i) Common Shares, or (ii) a return of the Offering Price for their Subscription Receipts, together with a *pro rata* portion of any interest earned or income generated on the Escrowed Funds, in each case as applicable, as described above.

**Amendments**

From time to time the Company (when authorized by its directors), the Lead Underwriters and the Escrow Agent may jointly, subject to the provisions of the Subscription Receipt Indenture, execute and deliver indentures or instruments supplemental hereto, for, among other things, (i) adding to, deleting or altering the provisions of the Subscription Receipt Indenture in respect of the transfer of Subscription Receipts or the conversion of Subscription Receipt certificates, and making any modification in the form of the Subscription Receipt certificates that does not affect the substance thereof; and (ii) modifying any provision of the Subscription Receipt Indenture or relieving the Company from any obligation, condition or restriction contained therein, except that no such modification or relief will be or become operative or effective if in the opinion of counsel it would impair any right of the holders of Subscription Receipts or of the Escrow Agent. The

Subscription Receipt Indenture provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an Extraordinary Resolution. The term "**Extraordinary Resolution**" is defined in the Subscription Receipt Indenture to mean a motion proposed at a meeting of holders of Subscription Receipts at which there are present in person or by proxy at least 25% of the holders of Subscription Receipts holding in the aggregate more than 25% of the total number of Subscription Receipts then outstanding and passed by the affirmative votes of holders of Subscription Receipts who hold in the aggregate not less than $66^{2/3}$% of the total number of Subscription Receipts represented at the meeting and voted on the motion. Any action that may be taken and any power that may be exercised by holders of Subscription Receipts at a meeting may also be taken and exercised by holders of Subscription Receipts who hold in the aggregate not less than 50% of the total number of Subscription Receipts at the time outstanding or in the case of an Extraordinary Resolution, holders of Subscription Receipts who hold in the aggregate not less than $66^{2/3}$% of the total number of Subscription Receipts at the time outstanding, by their signing, each in person or by attorney duly appointed in writing, an instrument in writing in one or more counterparts.

**Booked-Based System**

Subscription Receipts issued upon the exercise or deemed exercise of the Special Warrants sold pursuant to the Underwritten Offering will be issued in the form of fully-registered global subscription receipts (the "**Global Subscription Receipt Certificates**") held by, or on behalf of CDS, or recorded electronically through the non-certificated issue ("**NCI**") system of CDS, in either case as custodian for its CDS Participants. Except in limited circumstances, all Subscription Receipts will be represented in the form of Global Subscription Receipt Certificates registered in the name of CDS or its nominee or will be delivered electronically through the NCI system of CDS. Purchasers of Subscription Receipts represented by Global Subscription Receipts Certificates or an NCI position will not receive definitive Subscription Receipts in fully-registered form ("**Definitive Subscription Receipts**"). Rather, the Subscription Receipts will be represented only in "book-entry only" form (unless the Company, in its sole discretion, elects to prepare and deliver Definitive Subscription Receipts). Beneficial interests in the Subscription Receipts, constituting ownership of the Subscription Receipts, will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect CDS Participants. Each purchaser of a Subscription Receipt represented by a Global Subscription Receipt Certificate or recorded electronically through the NCI system of CDS will receive a customer confirmation of purchase from the Underwriter or registered dealer from whom the Subscription Receipt is purchased in accordance with the practices and procedures of the selling Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in Subscription Receipts. If CDS notifies the Company that it is unwilling or unable to continue as depository in connection with the Subscription Receipts, or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Company is unable to locate a qualified successor, or if the Company elects, in its sole discretion, to terminate the book-entry system, beneficial owners of Subscription Receipts represented by Global Subscription Receipt Certificates or recorded electronically through the NCI system of CDS at such time will receive Definitive Subscription Receipts.

The Underlying Shares will be delivered electronically through the NCI system of CDS. Concurrent with the release of the Escrowed Funds to Westaim, the Company, via its transfer agent, will electronically deliver the Underlying Shares registered to CDS or its nominee. Transfers of ownership of Common Shares in Canada must be effected through a CDS Participant, which includes securities brokers and dealers, banks and trust companies.

All rights of shareholders who hold Common Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS Participant through which the shareholder holds such Common Shares. A holder of a Common Share participating in the NCI system will not be entitled to a certificate or other instrument from the Company or the Company's transfer agent evidencing that person's interest in or ownership of Common Shares, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS Participant.

**Transfer and Exchange of Subscription Receipts**

Transfers of beneficial ownership in Subscription Receipts represented by Global Subscription Receipt Certificates or recorded electronically through the NCI system of CDS will be effected through records maintained by CDS for such Subscription Receipts or its nominees (with respect to interests of CDS Participants) and on the records of CDS Participants (with respect to interests of persons other than CDS Participants). Unless the Company elects, in its sole discretion, to prepare and deliver Definitive Subscription Receipts, beneficial owners who are not CDS Participants in the depository's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Global Subscription Receipts

Certificates or recorded electronically through the NCI system of CDS, may do so only through CDS Participants in the depository's book-entry system.

The ability of a beneficial owner of an interest in a Subscription Receipt represented by a Global Subscription Receipt Certificate or recorded electronically through the NCI system of CDS to pledge such Subscription Receipt or otherwise take action with respect to such owner's interest in a Subscription Receipt may be limited due to the lack of a physical certificate.

Neither the Company nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or its nominee or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a CDS Participant. The rules governing CDS provide that it acts as the agent and depositary for the CDS Participants. As a result, CDS Participants must look solely to CDS and beneficial owners of the Subscription Receipts must look solely to CDS Participants for any payments on the Subscription Receipts paid by, or on behalf of, the Company to CDS.

## DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Class A preferred shares, issuable in series and an unlimited number of Class B preferred shares, issuable in series. On February 8, 2010, the Company amended the Articles to create a series of Class A preferred shares designated as Series 1 Class A non-voting, participating, convertible preferred shares (the "**Non-Voting Shares**"). The terms of the Non-Voting Shares were revised on February 26, 2010 and September 11, 2012.

As of the date hereof, the Company had issued and outstanding 70,297,342 Common Shares. No Non-Voting Shares or other series of Class A preferred shares or Class B preferred shares are outstanding.

### Common Shares

Each Common Share carries one vote at all meetings of shareholders, is entitled to receive dividends as and when declared by the directors, and, subject to the prior rights of the holders of the Non-Voting Shares, is entitled to a *pro rata* share of the remaining property and assets of the Company distributable to the holders of the Common Shares and the Non-Voting Shares, upon any liquidation, dissolution or winding up of the Company.

The state insurance laws in the United States applicable to HIIG prohibit any person from acquiring control of a domestic insurance company or any entity that controls such insurance company unless that person has filed a notification with specified information with that state's Commissioner of Insurance (the "**Commissioner**") and has obtained the Commissioner's prior approval (the "**Control Restrictions**"). Under such laws, the acquisition of 10% or more of the voting securities (or securities convertible into voting securities) of an insurance company or an entity that controls an insurance company is presumptively considered an acquisition of control of the insurance company, although such presumption may be rebutted. Accordingly, any person or entity that acquires, directly or indirectly, 10% or more of the voting securities of the Company (or securities convertible into voting securities) without the requisite prior approvals will be in violation of these laws and may be subject to injunctive action requiring the disposition or seizure of those securities or prohibiting the voting of those securities, or to other actions that may be taken by the applicable state insurance regulators.

In view of the foregoing restrictions, the bylaws of the Company contain the following provisions designed to enable the Company to enforce compliance with the Control Restrictions:

- The Company may require a proposed subscriber or transferee of shares to submit a declaration with respect to the holding of shares of the Company and any other matter that the directors consider relevant to determine if the registration of the subscription or transfer would result in a violation of the Control Restrictions.

- The Company also may require a declaration at any time if proxies are solicited from shareholders or when, in the opinion of the directors, the acquisition, ownership, holding or control of shares by any person could violate the Control Restrictions.

- The Company has the power to refuse to issue or record a transfer and to prevent a shareholder from exercising the voting rights, of any share of any class if:

    (a) Such person (i) owns, holds or controls, directly or indirectly, or (ii) following the issue or recording of the transfer, the shareholder would own, hold or control, directly or indirectly, a "significant voting interest" in the Company, unless the required approvals from all relevant insurance regulatory authorities have been obtained; or

    (b) The person requesting the issue or recording of the transfer refuses to sign and deliver a declaration (or provide other information reasonably necessary to assist the directors in making a determination that the Control Restrictions have not been contravened) with respect to his, her or its ownership, holding or control of shares of the Company.

For these purposes, a "significant voting interest" in the context of the Company means the holding, directly or indirectly, of voting securities of the Company carrying 10% or more of the votes carried by all voting securities of the Company.

The restrictions relating to the transfer and the issue of shares of the Company do not generally apply to the transfer and the issue of securities of the Company in favour of a securities broker while such securities broker is performing no more than a function that is usual and customary for a securities broker.

The restrictions on the ownership, transfer and voting of the Common Shares may have an effect on the marketability and liquidity of such securities.

The foregoing provisions will cease to apply if and for so long as the Control Restrictions are no longer applicable to the Company.

**Class A Preferred Shares**

The Class A preferred shares of each series shall rank equally with the Class A preferred shares of every other series with respect to dividends and return of capital, and shall be entitled to preference over the Class B preferred shares and Common Shares and over any other shares ranking junior to the Class A preferred shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidating, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs. Except as required by law or unless provision is made in the Company's articles, in general, the holders of the Class A preferred shares as a class shall not be entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company.

*Non-Voting Shares*

Any holder of Non-Voting Shares may convert any or all Non-Voting Shares held by such holder into Common Shares based on the then applicable exercise number which at the date hereof is one Common Share for each Non-Voting Share. The Non-Voting Shares: (i) rank equally with the Class A preferred shares of every other series with respect to dividends and return of capital; (ii) are entitled to such dividends as the directors may declare; provided, however, that no dividend on the Non-Voting Shares shall be declared unless the directors shall declare an equal dividend on the Common Shares; and (iii) are entitled to a preference as to $0.0001 per Non-Voting Share over the Class B preferred shares and the Common Shares and over any other shares ranking junior to the Non-Voting Shares, following which the Non-Voting Shares shall rank equally with the Common Shares with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding up its affairs. Except as required by law, the holders of the Non-Voting Shares as a series shall not be entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company.

**Class B Preferred Shares**

Subject to the prior rights of the Class A preferred shares, the Class B preferred shares of each series shall rank equally with the Class B preferred shares of every other series with respect to dividends and return of capital, and shall be entitled to preference over the Common Shares and over any other shares ranking junior to the Class B preferred shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidating, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of

winding-up its affairs, but are subject to the preference of the Class A preferred shares. Except as required by law or unless provision is made in the Company's articles, in general, the holders of the Class B preferred shares as a class shall not be entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company.

## PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12 months prior to the date hereof:

| DATE OF ISSUE | TYPE OF SECURITY ISSUED | NUMBER OF SECURITIES ISSUED | ISSUANCE / EXERCISE PRICE PER SECURITY |
|---|---|---|---|
| July 29, 2014 | Common Shares[(1)] | 50,995,385 | $2.65 |
| July 31, 2014 | Common Shares | 5,399,020 | $2.65 |
| November 14, 2014 | RSUs[(2)] | 2,375,000 | n/a |

Notes:

(1) The Common Shares were issued upon the conversion of 50,995,385 subscription receipts issued by the Company on April 23, 2014 at a purchase price of $2.65 per subscription receipt for aggregate gross proceeds of approximately $135.1 million.

(2) Each RSU entitles the holder thereof to receive, at the election of the holder, either one Common Share or a cash payment equal to the closing price of the Common Shares on the TSXV on the fifth trading day following the election by the holder to receive cash consideration. The RSUs vested as to 33% on December 31, 2014 and 22% on May 31, 2015. The remaining 45% of the RSUs vest evenly over 24 months, with the first vesting having occurred on June 30, 2015.

## TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the symbol "WED". The following table sets forth the high and low prices and the monthly aggregate trading volume of the Common Shares, as recorded by the TSXV, for the periods indicated.

| MONTH | HIGH | LOW | AGGREGATE TRADING VOLUME |
|---|---|---|---|
| **2014** | | | |
| August | $3.30 | $3.00 | 2,374,030 |
| September | $3.23 | $2.90 | 1,591,249 |
| October | $3.00 | $2.54 | 931,336 |
| November | $2.97 | $2.62 | 570,396 |
| December | $3.09 | $2.80 | 1,007,683 |
| **2015** | | | |
| January | $3.05 | $2.67 | 658,756 |
| February | $3.36 | $2.90 | 3,403,134 |
| March | $3.63 | $3.15 | 1,956,018 |
| April | $3.54 | $3.36 | 1,226,178 |
| May | $3.47 | $3.15 | 1,532,698 |
| June | $3.29 | $3.20 | 2,238,111 |
| July | $3.26 | $2.89 | 2,339,156 |
| August 3 to 27 | $3.14 | $2.80 | 883,873 |

## CONSOLIDATED CAPITALIZATION

As of the date hereof, the Company had issued and outstanding 70,297,342 Common Shares. No Non-Voting Shares or shares of any series of Class A preferred shares or Class B preferred shares are outstanding.

The following table sets forth the capitalization of the Company as at June 30, 2015 as well as any material change in, and the effect of the material change on, the share capital of the Company, on a consolidated basis, since June 30, 2015, including any material changes that will result from the issuance of the Underlying Shares:

| DESCRIPTION | AS AT JUNE 30, 2015 BEFORE GIVING EFFECT TO THE OFFERING | AS AT JUNE 30, 2015 AFTER GIVING EFFECT TO OFFERING[(1)] |
|---|---|---|
| | ($000s) | ($000s) |
| Share Capital (Common Shares) | 343,317 | 565,086 |
| Contributed Surplus | 12,890 | 12,890 |
| Deficit | (157,452) | (157,452) |
| Total Shareholders' Equity | 198,755 | 420,524 |

Note:

(1) After deducting the Underwriters' Fee of $11,121,837.16 and expenses of the Offering, estimated to be $1,500,000.

## PLAN OF DISTRIBUTION

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 72,120,145 Subscription Receipts, if any, issuable upon the exercise or deemed exercise of 72,120,145 previously issued Special Warrants.

On May 28, 2015, the Company completed the Offering pursuant to prospectus exemptions under applicable securities legislation, comprised of an aggregate of 72,120,145 Special Warrants. In connection with the Underwritten Offering, the Company issued the Special Warrants in the Qualifying Jurisdictions (and in jurisdictions outside of Canada in compliance with laws applicable therein) on a private placement basis at a price of $3.25 per Special Warrant, which was determined by arm's length negotiation between the Company and the Lead Underwriters, on their own behalf and on behalf of the other Underwriters.

The Special Warrant Indenture provides that the holding of Special Warrants does not make the holder thereof a shareholder of the Company or entitle the holder to any right or interest granted to shareholders. The Special Warrant Indenture provides that all holders of Special Warrants shall be bound by any resolution passed at a meeting of the holders of Special Warrants held in accordance with the provisions of the Special Warrant Indenture. The foregoing summary of certain provisions of the Special Warrant Indenture is qualified in its entirety by reference to the provisions of the Special Warrant Indenture, a copy of which may be obtained on request without charge from the Company at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9, telephone: (416) 969-3333.

The TSXV has accepted the Offering and the listing of the Underlying Shares.

Pursuant to the Underwriting Agreement, the Company paid the Underwriters a cash commission equal to 5.5% of the gross proceeds from the sale of the Special Warrants under the Underwritten Offering (2.75% of the gross proceeds of sales to certain specified purchasers), amounting to $11,121,837.16. The Company is responsible for reimbursing certain fees and expenses, including legal fees, incurred by the Underwriters in connection with the issuance and distribution of the Special Warrants and the Subscription Receipts underlying the Special Warrants. The Company has also agreed to indemnify the Underwriters against certain liabilities and expenses, including liabilities under applicable Canadian securities legislation, or to contribute to payments the Underwriters may be required to make in respect of those liabilities.

The Company has agreed that, until the earlier of: (i) the termination of the Underwriting Agreement; and (ii) 120 days following the later of: (a) the closing date of the Offering; and (b) the date on which the Escrow Release Conditions have been satisfied (the "**Black-Out Period**"), it shall not, without the prior written consent of the Lead Underwriters, such consent not to be unreasonably withheld, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of any additional Common Shares or any securities convertible, exercisable or exchangeable into Common Shares, or enter into any swap, derivative or other arrangement that transfers in whole or in part any of the economic consequences of ownership of Common Shares or other securities of the Company convertible, exercisable or exchangeable into Common Shares, other than (i) pursuant to the Offering; (ii) pursuant to the grant or exercise of stock options and other similar issuances pursuant to the existing option and incentive plans of the Company (as the same may be amended in accordance with applicable stock exchange rules) and other existing compensation arrangements; (iii) the exercise or conversion of securities of the Company that are currently issued and outstanding; (iv) to satisfy the consideration payable by the Company in one or more bona fide

arm's length acquisitions which may be agreed to by the Company after the date of the Underwriting Agreement, or (v) in connection with the Arena Transactions. Notwithstanding anything else contained in the Underwriting Agreement, in the event the Escrow Release Conditions are not satisfied at or before the Termination Time, the Black-Out Period shall end at the Termination Time.

The Special Warrants, Subscription Receipts and Underlying Shares have not been nor will they be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered, sold or delivered, directly or indirectly, in the United States except in accordance with the Underwriting Agreement and in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Until 40 days after the commencement of the Offering, an offer or sale of the Subscription Receipts or Underlying Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act. The Subscription Receipts and Underlying Shares distributed in the United States will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act.

The Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Subscription Receipts will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

In connection with the Underwritten Offering, certain of the Underwriters or securities dealers may distribute prospectuses electronically.

In the ordinary course of business, each of the Underwriters and/or its affiliates has provided and may provide in the future investment banking, commercial banking and other financial services to the Company and/or the Company and their respective affiliates for which it has received or will receive compensation.

## TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc., located in Calgary, Alberta, Canada.

## INTEREST OF EXPERTS

The following are the names of each person or company who has prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company. No such person or company has received or shall receive a direct or indirect interest in the property of the Company or any associate or affiliate of the Company.

The auditor of the Company is Deloitte LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto Ontario. The auditors of the: (i) audited consolidated balance sheets of HIIG as at December 31, 2013 and 2012 and audited consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012 and the related notes to such financial statements included in the 2014 BAR; and (ii) audited consolidated balance sheets of HIIG as at December 31, 2014 and 2013 and audited consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the years ended December 31, 2014 and 2013 and the related notes to such financial statements included in the 2015 BAR, are Ham, Langston & Brezina L.L.P., Certified Public Accountants, Houston, Texas. Each of Deloitte LLP and Ham, Langston & Brezina L.L.P. have advised the Company that they are independent with respect to the Company, in the case of Deloitte LLP, within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and, in the case of Ham, Langston & Brezina L.L.P., within the meaning of the SEC rules on auditor independence.

Certain legal matters relating to the Offering will be passed upon on behalf of the Company by Baker & McKenzie LLP and relating to the Underwritten Offering, on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date of this Prospectus, the respective "designated professionals" (as such term is defined in Form 51-102F2 - Annual Information Form) of each of Baker & McKenzie LLP and Fasken Martineau DuMoulin LLP, beneficially own, directly or

indirectly, less than 1% of any outstanding securities of any class of the Company or any associate or affiliate of the Company.

## STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to the applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or should consult with a legal advisor.

## CONTRACTUAL RIGHT OF RESCISSION

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who (i) acquires Subscription Receipts on the deemed exercise of the Special Warrants as provided for in this Prospectus or (ii) acquires Underlying Shares on the deemed conversion of the Subscription Receipts, is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this Prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of (i) the holder's deemed exercise of its Special Warrant, (ii) the holder's deemed conversion of its Subscription Receipt, and (iii) the private placement transaction under which the Special Warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and

(c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

## CERTIFICATE OF THE COMPANY

Dated: August 28, 2015

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia.

## THE WESTAIM CORPORATION

(Signed) J. CAMERON MACDONALD
Chief Executive Officer

(Signed) GLENN G. MACNEIL
Chief Financial Officer

On behalf of the Board of Directors

(Signed) IAN W. DELANEY
Director

(Signed) JOHN W. GILDNER
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: August 28, 2015

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the Subscription Receipts issuable on deemed exercise of the Special Warrants issued under the Underwritten Offering offered by this short form prospectus as required by the securities legislation of each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia.

**GMP SECURITIES L.P.**

(Signed) KEVIN SULLIVAN

**TD SECURITIES INC.**

(Signed) JONATHAN BROER

**CORMARK SECURITIES INC.**

(Signed) ROGER POIRIER

**SCOTIA CAPITAL INC.**

(Signed) BURHAN KHAN