

THE WESTAIM CORPORATION

**SELECTED FINANCIAL INFORMATION IN RESPECT OF
HOUSTON INTERNATIONAL INSURANCE GROUP, LTD.**

AUGUST 28, 2014

Note to Readers

The selected financial information (the “HIIG Financial Information”) concerning Houston International Insurance Group, Ltd. (“HIIG”) contained herein has been derived from the interim unaudited consolidated financial statements of HIIG for the six months ended June 30, 2014. Such statements are the responsibility of the management of HIIG, are unaudited and have been prepared in accordance with United States generally accepted accounting principles (“US GAAP”).

The HIIG Financial Information is being filed by The Westaim Corporation (“Westaim”) with applicable Canadian securities regulators to provide investors with selected information regarding HIIG’s most recent financial results. The HIIG Financial Information should be read in conjunction with Westaim’s historical financial statements including the notes thereto and the related management’s discussion and analysis as well as Westaim’s other public filings.

The HIIG Financial Information has been provided solely by HIIG. Although Westaim has no knowledge that would indicate that any of the HIIG Financial Information contained herein is untrue or otherwise misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by HIIG to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim.

Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the HIIG Financial Information, its accuracy, completeness or by reason of reliance by any person on any of it.

The HIIG Financial Information is not to be distributed in the United States or to U.S. newswire services.

**Supplemental Selected Financial Information in respect of
Houston International Insurance Group, Ltd.
For the six months ended June 30, 2014 and 2013⁽¹⁾
(U.S. GAAP, US\$000's)**

	For the six months ended	
	June 30, 2014	June 30, 2013
	(unaudited)	
<u>Income Statement</u>		
Gross Written Premium	\$ 254,189	\$ 216,578
Net Premiums Written	\$ 152,245	\$ 134,775
Net Premiums Earned	\$ 155,977	\$ 95,469
Net Income	\$ 8,461	\$ 1,494
<u>Segmented Information</u>		
Net Premiums Written:		
Construction	\$ 23,858	\$ 15,959
Energy	26,649	12,781
Professional	14,392	13,863
Property	15,782	21,692
Specialty	67,916	60,487
Non-continuing lines and other	3,648	9,993
	\$ 152,245	\$ 134,775
Net Loss and Loss Adjustment Expense Ratio:		
Construction	61%	62%
Energy	55%	65%
Professional	60%	39%
Property	36%	43%
Specialty	71%	76%
Non-continuing lines and other	n.m. ⁽²⁾	n.m. ⁽²⁾
	66%	71%
<u>Balance Sheet Information</u>		
Stockholders' Equity at June 30, 2014	\$ 151,645	
Adjusted Stockholders' Equity at June 30, 2014 ⁽³⁾	\$ 232,487	

Notes:

(1) The above selected financial information has been derived from the interim consolidated financial statements of Houston International Insurance Group, Ltd. ("HIIG"). Such statements are the responsibility of the management of HIIG. The information herein is unaudited and is presented in accordance with United States generally accepted accounting principles ("US GAAP").

(2) Not meaningful, but included in the aggregate ratios below.

(3) Adjusted Stockholders' Equity at June 30, 2014 is determined in accordance with US GAAP and after giving effect to (i) the closing of the acquisition of HIIG, (ii) the treasury purchase of HIIG common shares by the Westaim HIIG Limited Partnership, and (iii) other related transactions that occurred on July 31, 2014 all as if they had occurred on June 30, 2014.