



WESTAIM ANNOUNCES AGREEMENT TO SELL JEVCO INSURANCE COMPANY

TORONTO, May 2, 2012 – The Westaim Corporation (the “Company”) (TSX:WED) announced today that it has entered into a definitive agreement (the “Agreement”) with Intact Financial Corporation (“Intact”) (TSX:IFC) pursuant to which, subject to the terms and conditions of the Agreement, Intact has agreed to purchase from the Company all of the issued and outstanding shares in the capital of JEVCO Insurance Company (“Jevco”) for \$530 million in cash (the “Transaction”). Adjusting for the payment of a \$30 million cash dividend paid by Jevco to Westaim during the first quarter of fiscal 2012, the purchase price is approximately 1.38 times the net book value of Jevco as at December 31, 2011.

The Agreement contains, among other things, a non-solicitation covenant on the part of Westaim, subject to customary “fiduciary out” provisions that entitle Westaim to consider and accept a superior proposal, a right in favour of Intact to match any superior proposal and the payment to Intact of a termination fee of \$18.5 million if the Transaction is not completed as a result of a superior proposal.

The Board of Directors of Westaim, after consultation with its financial and legal advisors, has unanimously approved entering into the Agreement and recommends that Westaim shareholders approve the Transaction at a special meeting of shareholders to be convened and held for the purpose of approving the Transaction. Full details of the Transaction will be included in a management information circular and related proxy materials (collectively, the “Circular”) to be mailed to Westaim shareholders in accordance with applicable securities laws. Westaim expects to mail the Circular to Westaim shareholders on or about June 8, 2012.

The Transaction, which is expected to close during the fall, is conditional upon, among other things, the approval of Westaim’s shareholders and the receipt of the required regulatory approvals. Alberta Investment Management Corporation, on behalf of certain funds whose investments it manages, Goodwood Inc., Goodwood Management Inc. and the directors and executive officers of Westaim and Jevco, have agreed to vote their Westaim shares (representing in the aggregate approximately 48.6% of the outstanding common shares and approximately 53.7% of all outstanding shares entitled to vote at the special meeting of Westaim shareholders) in favour of the Transaction.

Following the closing of the Transaction, it is expected that Westaim will distribute substantially all of the net proceeds from the sale in the form of a return of capital to the shareholders of Westaim.

Cameron MacDonald, CEO of Westaim commented, “The sale of Jevco represents a significant appreciation for Westaim’s shareholders. We expect this transaction to produce an attractive return to Westaim shareholders who participated in our equity financing at the time of the Jevco acquisition in March 2010. The success of this transaction can be directly attributed to the hard work and dedication of Serge Lavoie, CEO of Jevco, and his team.”

GMP Securities LP, acting as financial advisor to Westaim, has provided an opinion that consideration to be received by Westaim in connection with the Transaction is fair, from a

financial point of view, to Westaim. Westaim's legal advisors are Heenan Blaikie LLP (corporate, securities and tax) and Cassels Brock & Blackwell LLP (insurance and competition).

About The Westaim Corporation

Westaim is a financial holding company focused on the property and casualty insurance industry. Westaim's common shares are listed on The Toronto Stock Exchange under the trading symbol WED. Further information can be found in the disclosure documents filed by the Company with the securities regulatory authorities, available at www.sedar.com.

For more information please contact:

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Certain portions of this press release as well as other public statements by Westaim contain forward-looking statements. Such forward-looking statements include but are not limited to statements concerning the proposed Transaction, Jevco's business and the industry in which it operates; investment strategies and expected rates of return; and strategic alternatives to maximize value for shareholder. These statements are based on current expectations that are subject to risks, uncertainties and assumptions and Westaim can give no assurance that these expectations are correct. Westaim's actual results could differ materially from those anticipated by forward-looking statements for various reasons generally beyond our control, including but not limited to: (i) failure to complete the Transaction on the terms described herein or at all, (ii) changes in market conditions or deterioration in underlying investments; (iii) general economic, market, financing, regulatory and industry developments and conditions; (iv) the risks relating to Jevco's business; and (iv) other risk factors set forth in Westaim's Annual Report, Quarterly Reports or Annual Information Form. Westaim disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise except as required by law. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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