



WESTAIM COMPLETES PRIVATE PLACEMENT OFFERINGS OF SPECIAL WARRANTS AND ENTERS INTO SUBSCRIPTION AGREEMENT FOR COMMON SHARES FOR AGGREGATE GROSS PROCEEDS OF APPROXIMATELY \$237 MILLION

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Toronto, Ontario – May 28, 2015 – The Westaim Corporation (“**Westaim**” or the “**Company**”) (TSXV: “**WED**”) today announced that, further to its press release of May 5, 2015 (the “**Initial Press Release**”), the Company has completed the sale of an aggregate of 72,120,145 special warrants (the “**Special Warrants**”) at a purchase price of \$3.25 per Special Warrant for aggregate gross proceeds of \$234,390,471 (the “**Offering**”). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Initial Press Release.

An aggregate of 65,296,993 Special Warrants (\$212,215,227) were sold pursuant to an underwriting agreement between the Company, GMP Securities L.P. and TD Securities Inc. (together, the “**Joint Bookrunners**”) and Cormark Securities Inc. and Scotia Capital Inc. (collectively with the Joint Bookrunners, the “**Underwriters**”). The Special Warrants sold pursuant to the Underwriting Agreement include the partial exercise of the Underwriters' option. An additional 6,823,152 Special Warrants (\$22,175,244) were sold pursuant to a concurrent non-brokered private placement of Special Warrants (the “**Concurrent Private Placement**”). The Concurrent Private Placement included subscriptions by members of the Company's board of directors and management team (collectively, the “**Insiders**”).

In connection with their services, Westaim agreed to pay to the Underwriters a cash commission (the “**Commission**”) of 5.5% of the aggregate proceeds of the Offering (provided that a reduced Commission of 2.75% is payable in respect of certain president's list subscribers). The gross proceeds from the sale of the Special Warrants, less an amount equal to (i) 50% of the Commission plus (ii) the costs and expenses of the Underwriters (the “**Escrowed Funds**”), have been deposited with Equity Financial Trust Company as escrow agent (the “**Escrow Agent**”) under the terms of a special warrant indenture among the Company, the Escrow Agent and the Joint Bookrunners (the “**SW Indenture**”), pending the receipt of notice from Westaim confirming that all of the following conditions to the release of the Escrowed Funds from escrow (the “**Escrow Release Conditions**”) have been satisfied or waived by both the Company and the Underwriters, acting reasonably:

1. all conditions required to complete the Arena Transactions (other than payment of the purchase price therefor and any conditions listed below 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;
2. the TSX Venture Exchange (the “**TSXV**”) having approved the listing of the Underlying Shares on the TSXV and the Arena Transactions;
3. the SEC having approved the registration of Arena Investors and, if required, AFC and the respective personnel of Arena Investors and AFC;

4. the legal and economic terms of the Arena Transactions being no less favourable in the aggregate to Westaim as compared to the terms as described in the Term Sheet and the Initial Press Release in the opinion of the Joint Bookrunners, acting reasonably;
5. the Joint Bookrunners having received a certificate of the Chief Executive Officer of Westaim confirming that the legal and economic terms of the Arena Transactions are no less favourable to Westaim in the aggregate as compared to the terms as described in the Term Sheet and the Initial Press Release; and
6. Westaim having delivered a notice to the Escrow Agent confirming that (i) all regulatory, corporate and other approvals required in respect of the Offering, the Concurrent Private Placement and the Zwirn Subscription (as defined below) have been obtained; and (ii) 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 (ii) above, such consent not to be unreasonably withheld or delayed.

Concurrent with closing of the Offering and the Concurrent Private Placement, Westaim also entered into a subscription agreement with Dan Zwirn pursuant to which Mr. Zwirn agreed to irrevocably subscribe for 769,231 common shares of Westaim ("**Common Shares**") at a price per share of \$3.25 for aggregate gross proceeds of approximately \$2,500,000 (the "**Zwirn Subscription**") and Westaim agreed to purchase from Mr. Zwirn limited partnership interests in Lantern Endowment Partners, L.P. with a net asset value of approximately \$2,500,000 (the "**Lantern Purchase**"). Completion of each of the Zwirn Subscription and the Lantern Purchase is conditional upon the completion of the Arena Transactions and the receipt of TSXV approval.

Each Special Warrant entitles the holder thereof to acquire, upon the deemed exercise thereof, without payment of any additional consideration and without further action on the part of the holder, one subscription receipt of the Company (each, a "**Subscription Receipt**") upon the earlier of (a) the date on which a receipt for a (final) short form prospectus qualifying the distribution of the Subscription Receipts is obtained, and (b) the date the Escrow Release Conditions are satisfied, and until such time, no Special Warrants may be exercised by the holder thereof.

The Subscription Receipts will be issued under a subscription receipt indenture (together with the SW Indenture, the "**Indentures**") among Westaim, the Joint Bookrunners and the Escrow Agent. Each Subscription Receipt will entitle the holder to receive, without payment of any additional consideration and without further action on the part of the holder, one common share of Westaim (each, an "**Underlying Share**") upon the satisfaction at or prior to the Termination Time (as defined herein) of the Escrow Release Conditions, and until such time, no Subscription Receipts may be exercised by the holder thereof.

If the Escrow Release Conditions are not satisfied on or before the earlier of: (i) 4:30 p.m. (Toronto time) on September 15, 2015; and (ii) the time and date, if any, that the parties determine not to proceed with the Arena Transactions (in each case, the "**Termination Time**"), the Escrow Agent and the Company will return to each holder of Special Warrants or Subscription Receipts, as applicable, commencing on the second business day following the Termination Time, an amount equal to the issue price of each holder's Special Warrants and their *pro rata* entitlements to interest actually earned or income generated on the Escrowed Funds (less any applicable withholding tax).

The aggregate gross proceeds of the Offering, the Concurrent Private Placement and the Zwirn Subscription are expected to be approximately \$237 million. Such proceeds, together with the Company's other available cash resources, will be used by the Company to fund the Arena

Transactions. For further details regarding the Arena Transactions please see the Initial Press Release, a copy of which is available under the Company's profile on SEDAR (www.sedar.com).

The balance of the proceeds, if any, will be used by the Company for general corporate purposes and to consider and possibly fund potential future acquisitions.

The TSXV has conditionally approved the listing of the Underlying Shares. Listing is subject to the satisfaction of certain conditions by the Company on or before July 6, 2015. The Special Warrants and the Subscription Receipts and the Underlying Shares will be subject to a hold period under applicable Canadian securities laws expiring on September 29, 2015. The Common Shares issuable pursuant to the Zwrn Subscription will be subject to a hold period under applicable Canadian securities laws expiring four months and a day after the closing of the Arena Transactions.

Further details regarding the terms of the Special Warrants and the Subscription Receipts are contained in the Indentures which will be available on SEDAR.

MI 61-101 Disclosure

The purchase of Special Warrants by the Insiders constitutes a "related party transaction" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company has relied on the exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in section 5.5(a) and section 5.7(1)(a) of MI 61-101 in respect of the related party transactions based on the fact that the fair market value of the related party participation in the Concurrent Private Placement does not exceed 25% of the Company's market capitalization prior to the closing of the Offering.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

About Westaim

Westaim is a publicly traded Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global 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 with a focus towards the financial services industry and grow shareholder value over the long-term.

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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 investment strategies and expected rates of return; and strategic alternatives to maximize value for shareholders. 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) our ability to obtain all requisite approvals, including TSXV and SEC approval, as applicable, in connection with the Offering, the Concurrent Private Placement, the Zwiirn Subscription and the Arena Transactions; (ii) our ability to qualify the distribution of the Subscription Receipts on the terms described herein or at all; (iii) our ability to complete the Lantern Purchase, the Zwiirn Subscription and Arena Transactions or any portion thereof on the terms described herein or at all; (iv) changes in market conditions or deterioration in underlying investments; (v) general economic, market, financing, regulatory and industry developments and conditions; and (vi) other risk factors set forth in Westaim's 2014 Audited Annual Financial Statements and Management's Discussion and Analysis, 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.