



22nd Annual Insurance Conference

20th March 2018

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Non-GAAP Measures

Non-GAAP Measures – Westaim

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

Book Value Per Share ("BVPS") is a non-GAAP measure – see section 15 of Westaim's Q3 2017 MD&A for a discussion of BVPS including a reconciliation to the Corporation's shareholders' equity as at September 30, 2017 determined under IFRS.

HIIG

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

Arena Group

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

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

Disclaimer

Disclosure Related to Arena Group

Arena Special Opportunities Fund, LP

Fund performance returns presented herein are unaudited. The returns are calculated net of management fees of 2% and an incentive fee of 20%, which represent the highest fees that may be charged to investors in the Fund. All returns shown herein reflect the reinvestment of dividends and interest and the deduction of all fees and expenses.

Affiliates of Arena charge a fee of 50bps (.50%) per annum of the assets of the illiquid loans in connection with the management and servicing of those assets. This fee is in addition to applicable management fees borne by the clients and is used to defray the expenses of engaging personnel and incurring other overhead costs to manage those loans in lieu of hiring an unaffiliated loan servicer.

The information set forth herein does not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Unless otherwise stated, the information contained herein is current as of the date of this presentation. In addition, any reference to dollars is US dollars. This document is not advice, a recommendation or an offer to enter into any transaction with Arena or any of its affiliates or to engage in any trading strategy. Past performance is not necessarily indicative of or a guarantee of future returns.

HIIG Separately Managed Account

The unaudited returns herein are for HIIG's primary strategy with Arena which commenced operations on Feb 1, 2016; HIIG has an additional strategy managed by Arena with a different mandate. The investments included in the composite are privately negotiated, illiquid investments that are denominated in both the United States Dollar and foreign currencies. Foreign currency denominated positions in the composite owner's account are unhedged and subject to exchange rate fluctuations between the United States Dollar and each position's respective foreign currency, which may be material. Investments which are not currently a component of the account's mandate have been excluded from the composite. Publicly traded corporate securities have been excluded from this composite. Certain investments may have embedded leverage; however, no leverage has been used at the account level. Arena would typically utilize an account level leverage facility in its investment program when available.

The SMA return is net of 1.5% management and 10% incentive fees; Arena's fee structure may be found in its Form ADV Part 2. Net return is calculated by dividing the total net income by the sum of the beginning of month net asset value plus intra-month contributions, adjusted for the number of days outstanding during the month. Management fees are charged on the beginning of month fair value of deployed capital where fair value of deployed capital as a percentage of beginning of month net asset value (NAV) is less than 80%. Where it is greater than 80%, management fees are charged on beginning of month NAV. For the period February 1, 2016 (account inception) through September 30, 2016, all management fees were charged based on beginning of month fair value of deployed capital. For the month ended October 31, 2016 and subsequent months, management fees were charged based on the NAV as of the beginning of the month. For full discussion of fees, please refer to Arena's Form ADV Part 2. Past performance is not necessarily indicative of or a guarantee of future returns.

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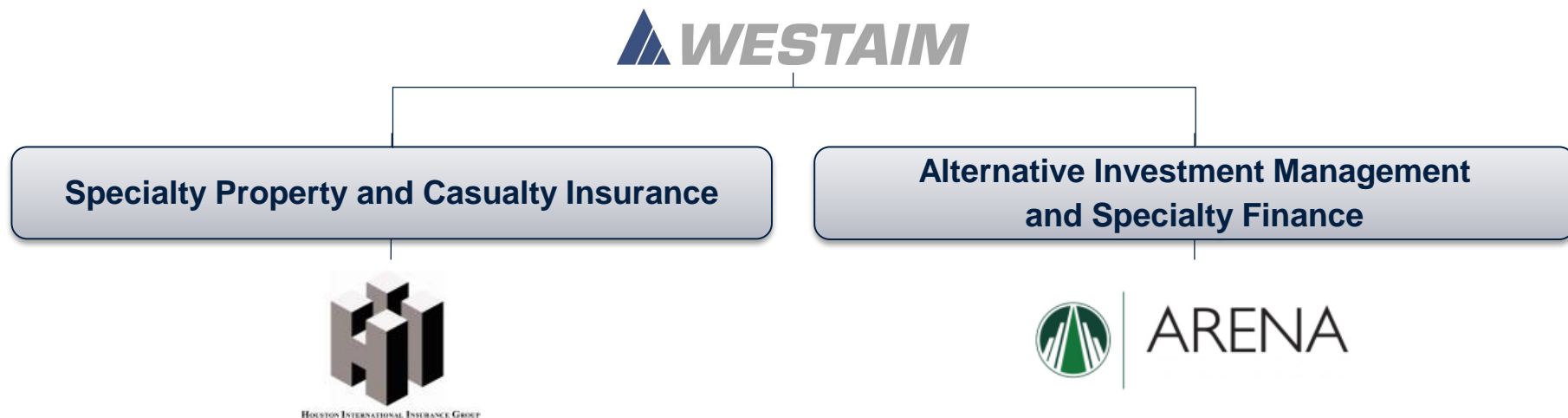
For more information on all of Arena Group's products and strategies, please contact IR@arenaco.com.

Agenda

- 1 **The Westaim Corporation**
- 2 **Houston International Insurance Group, Ltd. (“HIIG”)**
- 3 **Arena Group**
- 4 **Questions and Answers**

The Westaim Corporation - Overview

The Westaim Corporation Structure



Market Statistics

Ticker	TSXV:WED
Share price (March 12, 2018)	C\$ 2.81
Shares outstanding (millions)	143.2
Market capitalization	C\$ 402.4
Shareholders' equity - Q3 2017	US\$ 318.6 / C\$ 397.3
BVPS - Q3 2017 ⁽²⁾	US\$ 2.27 / C\$ 2.83
Corporate Headquarters	Toronto, Ontario

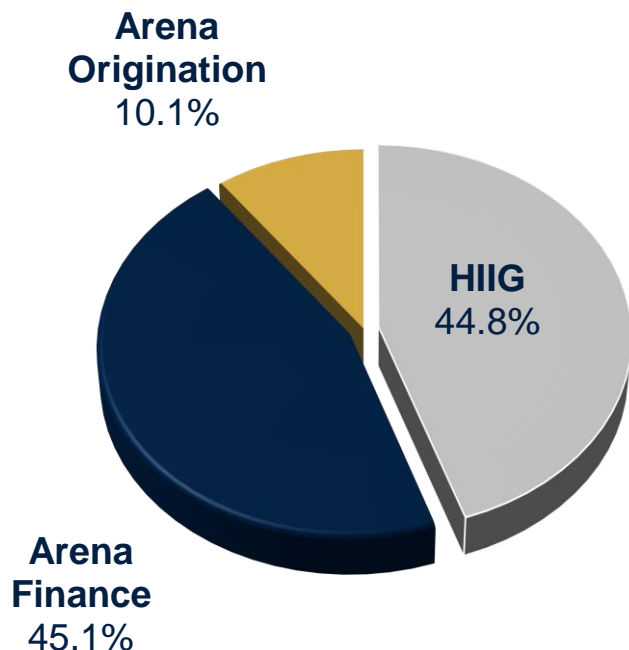
Note: Balance sheet data as at September 30, 2017; Exchange rate used 1.2470 C\$ / US\$ (as at September 30, 2017).

(1) The terms "Arena" or the "Arena Group" refer collectively to Arena Investors, Arena Finance Company Inc. ("Arena Finance") and Arena Origination Co., LLC ("Arena Origination") and their respective affiliated entities (as defined in Westaim's Q3 2017 MD&A).

(2) Book Value Per Share ("BVPS") is a non-GAAP measure as reported at September 30, 2017 – see section 15 of Westaim's Q3 2017 MD&A.

The Westaim Corporation

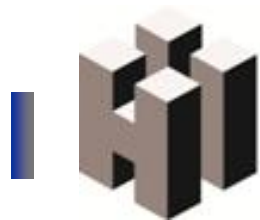
Breakdown of BVPS at September 30, 2017 – Significant Embedded Value



Entity	BVPS (US\$)	BVPS (C\$)
HIIG (43.9% owned by Westaim) ⁽¹⁾⁽²⁾	\$1.02	\$1.27
Arena Group		
Arena Finance (100% owned by Westaim) ⁽²⁾	1.03	1.28
Arena Origination (100% owned by Westaim) ⁽²⁾	0.23	0.29
Arena Investors (51% owned by Westaim) ⁽³⁾⁽⁴⁾	(0.01)	(0.01)
Arena Group - Total	\$1.25	\$1.56
Total	\$2.27	\$2.83
YTD Change in BVPS (US\$)		2.7%
YTD Change in BVPS (C\$)		(4.7%)

Note: Above graph excludes Arena Investors and cash and net working capital; Exchange rate used 1.2470 C\$ / US\$ (as at September 30, 2017).

- (1) At September 30, 2017, the HIIG Partnership owned approximately 75.0% of the HIIG Shares and the Company owned, directly and indirectly, approximately 58.5% of the HIIG Partnership, representing an approximate 43.9% indirect ownership interest in HIIG.
- (2) Recorded as investments in private entities in interim consolidated financial statements of The Westaim Corporation for the nine months ended September 30, 2017. Ownership subject to the vesting and conversion of Class M Units held by Bernard Partners, LLC ("BP LLC") described under "Investment in the Arena Group - Arena Finance" in the interim consolidated financial statements of The Westaim Corporation for the nine months ended September 30, 2017.
- (3) Recorded as investments in associates in the interim consolidated financial statements of The Westaim Corporation for the nine months ended September 30, 2017. Ownership subject to the vesting and conversion of Class M Units held by BP LLC described under "Investment in the Arena Group - Arena Origination" in the interim consolidated financial statements of The Westaim Corporation for the nine months ended September 30, 2017.
- (4) Legal equity ownership is 100%, and beneficial ownership denotes profit percentage subject to change over time pursuant to the earn-in rights granted to BP LLC described under "Investment in the Arena Group - Arena Investors" of Westaim's MD&A for the nine months ended September 30, 2017.



HOUSTON INTERNATIONAL INSURANCE GROUP

Houston International Insurance Group, Ltd.

Business Description

**Diversified specialty
Insurance Holding
Company**

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

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

**Trailing Twelve Months
Gross Written Premium:**
\$559 million⁽¹⁾

**Investments, Cash and
Cash Equivalents
(September 30, 2017):**
\$617 million⁽¹⁾



A- Excellent or Better

**Trailing Twelve Months
Net Premiums Written:**
\$261 million⁽¹⁾

**Stockholders' Equity
(September 30, 2017):**
\$334 million⁽¹⁾

Headquarters:
Houston, TX

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



Houston International Insurance Group, Ltd.

Overview

- **HIIG is a U.S. based diversified specialty insurance holding company with 4 subsidiary P&C insurance companies and an underwriting agency**

- **Investment in HIIG represented an opportunity to partner with an experienced management team with a proven track record in the global specialty P&C insurance market**

- **Achieving organic growth**
 - Prudent underwriting
 - Brought the vast majority of claims in house, which has improved claims handling
 - Hired senior, experienced staff
 - Increased reinsurance to manage our growth and reduce severity and catastrophe claims in a soft industry environment

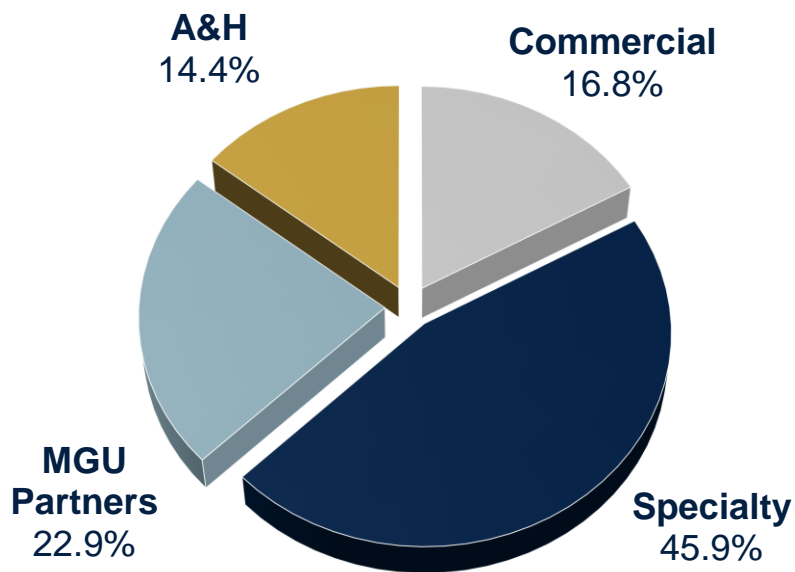
- **Expansion through opportunistic acquisitions**
 - The Compass Group, Inc. specializes in title agents and insurance agents errors and omissions liability insurance
 - Elite Underwriting Services, a MGU offers in excess medical insurance and other A&H insurance products
 - RISCUM offers commercial auto, transportation, general liability, garage, commercial property, and inland marine lines
 - HIIG acquired Capital Risk Underwriters, Inc. a managing general underwriting agency (MGU) specializing in insurance for pest control companies

- **Insurance company subsidiaries are rated A- (Excellent) or better by A.M. Best**

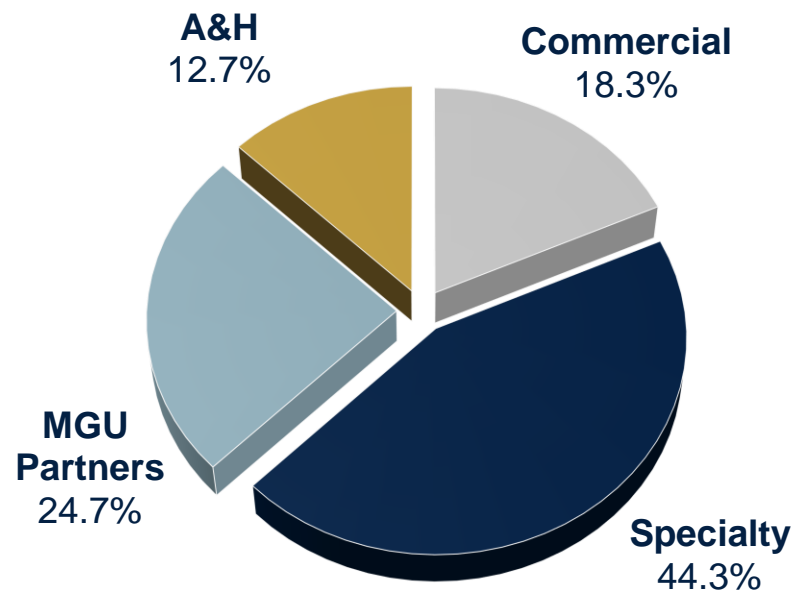


Houston International Insurance Group, Ltd.

Gross Written Premium⁽¹⁾⁽²⁾
For the Trailing Twelve Month Period Ended
September 30, 2017



Net Premiums Written⁽¹⁾⁽²⁾
For the Trailing Twelve Month Period Ended
September 30, 2017



Gross Premium Written: \$559.0 Million⁽²⁾

Net Premium Written: \$262.5 Million⁽²⁾

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



Arena Group

Overview

- **Arena Investors originates (vs. syndicates) asset-backed credits with a highly diversified, global multi-strategy mandate**

- **Relative to our largest peers, Arena captures the vacuum of opportunities between \$10-100mm where the larger competitors do not focus**

- **Arena provides access to credit for businesses that are underserved and often ignored by conventional sources:**
 - Uncertain regulatory environment and bank deleveraging has reduced the availability of credit for unconventional, “special” situations
 - As a result, a number of businesses that require financing are ignored by traditional sources of capital
 - Arena Group generally focus on deals that are between \$10-100 million, a segment of the market that is commonly overlooked by peers
 - Flexible mandate allows for investments across a wide array of structures, products and geographies

- **Arena has access to a vast network to originate investment opportunities**
 - A systematic investment process selects those among them who offer, the most compelling risk and reward profile

Arena Group

Overview



Arena Finance and Arena Origination

- Global specialty finance
- Participates in highly diversified credit opportunities
- Fair value (September 30, 2017): ~\$185 million

Arena Investors Onshore and Offshore Fund

- Global investment management company for third party investors
- Committed AUM (September 30, 2017): ~\$74 million

Separately Managed Account (“SMA”)

- Arena’s SMA offering is a tailored solution, where investment guidelines are developed jointly with Arena’s clients
- Committed AUM (September 30, 2017): ~\$486 million

Portfolio Construction

- Highly diversified portfolio
- Originated versus syndicated
- Unlevered
- Loan-to-value of ~55%
- No preference regarding industry, structure or geography

Term / Duration

- ~18-30 months; duration of ~18 months

Terms and Conditions

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

Arena Group

The Arena Group Advantage⁽¹⁾



Note: Logos, trademarks and copyrights included above are strictly for identification and informational purposes only, and may be owned by companies or persons not affiliated with HIIG, Arena Group or Westaim; no claim is made that any such company or person has sponsored or endorsed the use of such logos, trademarks and copyrights, nor has any such company or their related persons sponsored or endorsed HIIG, Arena Group or Westaim.

(1) Company websites, augmented with Arena Group's own internal benchmarking, which may be subjective.

Arena Group

How is Arena different?

Style Constraints

- Agnostic to asset class, industry, and geography; rather than operate under institutional boundaries, Arena Group encourage flexibility in mandates
- Avoids the largest risk in specialty finance

Proprietary Sourcing

- Direct marketing and relationships of Arena Group senior investment professionals
- Exclusive sourcing arrangement with deal brokers
- Exclusive sourcing arrangements with asset servicers

Systems / IT

- Arena Group's internally developed platform manages the legal, documentation management, asset management and payment processing challenges for private investment transactions
- Achieve scale through automated workflow, controls, proprietary software and systems integration

Arena Group provides a unique, differentiated business model

Arena Group

Arena Group for the P&C Insurance Industry

- **Arena Group has experience and expertise managing capital for leading global P&C insurance and reinsurance companies**

- **Arena's portfolio characteristics are desirable for a P&C insurance company for the following reasons:**
 - Short-Term and Secured Credits: Average term is three years; portfolio duration between one and three years
 - Monthly Cash Interest Payments: 10 - 12% per annum
 - Floating rate structures in place to protect capital from rising interest rates
 - Typically first lien positions, with strong collateral coverage resulting in conservative Loan-to-Values ("LTV")
 - Arena Group's Separately Managed Account ("SMA") offering is a tailored solution, where investment guidelines are developed jointly with Arena Group's clients in order to satisfy their unique accounting and regulatory requirements

- **A moderate allocation to Arena Group strategies enables P&C insurance companies to structure a high yielding, short duration portfolio with minimal mark-to-market characteristics**

Arena Group

Arena for the P&C Insurance Industry

Investment Characteristic	P&C Industry ⁽¹⁾	Arena
Interest Rate Risk	Largely Fixed Rate	Largely Floating Rate
Credit Quality	High (Secured / Unsecured)	Medium - High (90%+ first lien ⁽²⁾ , 52% LTV ⁽³⁾ / Secured)
Mark-to-Market Volatility	Medium	Low
Term / Duration	Medium (5 - 6 Years)	Very Short (1 - 3 Years)
Liquidity	Medium	Low

Arena Group's portfolio is ideally suited as part of a P&C insurance investment portfolio

(1) Bond characteristics are from SNL data as of December 31, 2016.

(2) Includes real property and hard assets. Actual underwritten characteristics of private loans and credit investments as of October 31, 2017.

(3) Actual underwritten characteristics of private loans and credit investments as of October 31, 2017.

Arena Group

Net Unlevered Return to Investors (Unaudited)

Arena Special Opportunities Fund, LP

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.73%												0.73%
2017	0.35%	0.69%	0.78%	0.81%	0.66%	0.59%	1.32%	1.34%	2.85%	4.43%	0.37%	0.57%	15.70%
2016	0.12%	0.09%	0.29%	0.21%	0.12%	(0.23%)	0.38%	0.05%	0.33%	0.19%	0.29%	0.74%	2.60%
2015										(0.04%)	0.09%	0.0%	0.05%

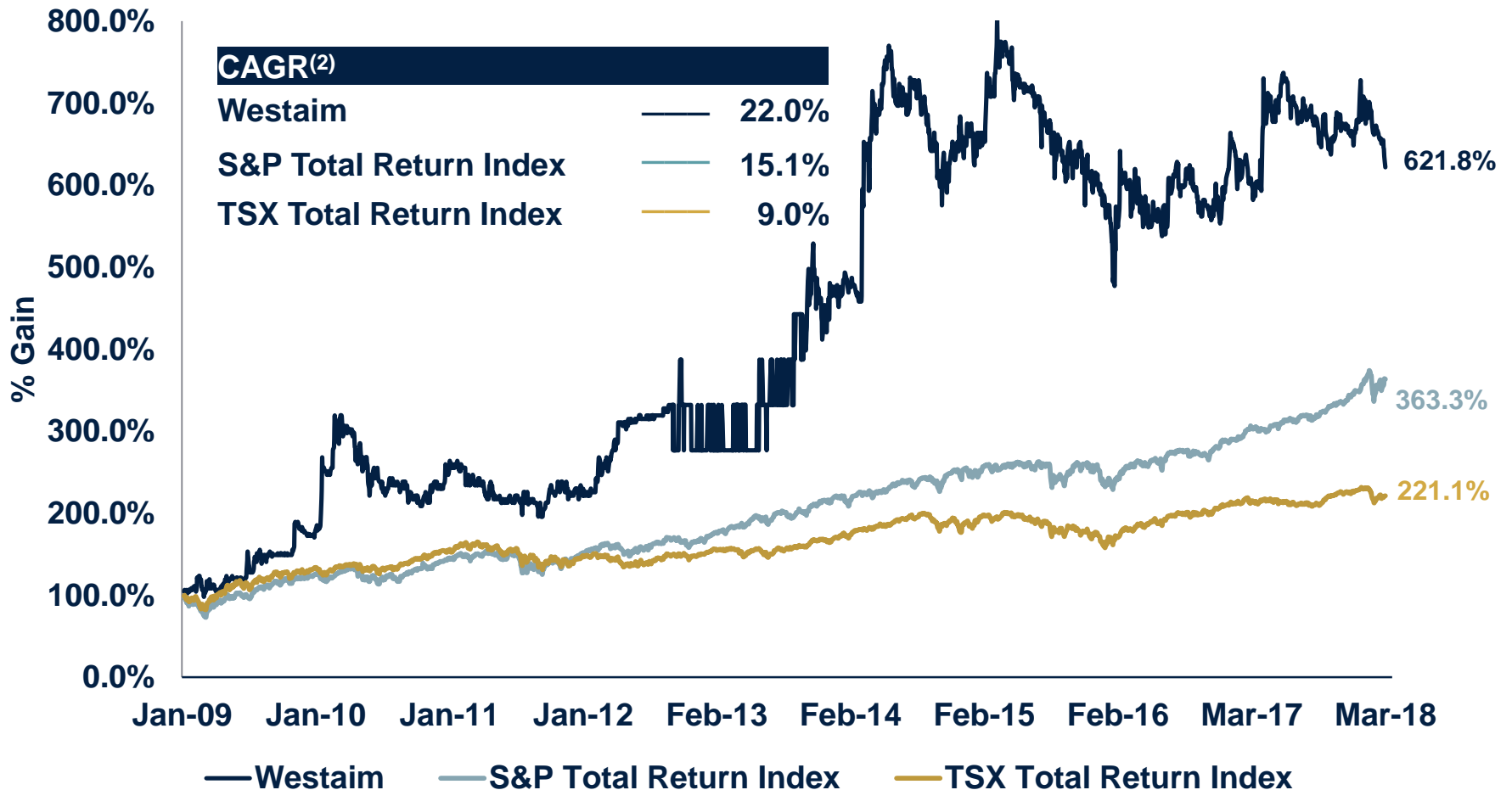
HIIG Separately Managed Account

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.73%												0.73%
2017	0.78%	0.82%	1.24%	1.03%	0.94%	0.85%	0.93%	1.05%	0.51%	0.60%	0.72%	0.66%	10.62%
2016		(0.11%)	(0.05%)	0.15%	0.16%	0.36%	0.60%	0.56%	1.22%	0.78%	0.68%	0.81%	5.28%

Note: Please refer slide 3 - "Disclosures related to Arena Group".

The Westaim Corporation

Share Price Performance⁽¹⁾



Source: Capital IQ

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

(2) Compounded annual growth rate is from January 2, 2009 – March 12, 2018, the period current management has been involved with Westaim.



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