



WESTAIM ANNOUNCES THE ACQUISITION BY SKYWARD SPECIALTY INSURANCE GROUP OF AEGIS SURETY AND SALE OF XPRO BUSINESS, BOTH WITH K2 INSURANCE SERVICES

Note: All dollar amounts in this press release are expressed in U.S. dollars, except as otherwise noted.

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Toronto, Canada – January 20, 2021 – The Westaim Corporation (“Westaim”) (TSXV: WED) today announced Skyward Specialty Insurance Group, Inc. (“Skyward Specialty”), a leader in the specialty Property and Casualty market and a subsidiary of Westaim, acquired Aegis Surety and the simultaneous sale of XPro (solutions for the Pest Control industry). K2 Insurance Services is both the seller of Aegis Surety and the buyer of XPro.

“Combining Aegis Surety into Skyward Surety vaults us into a leadership position in our target surety markets.” said Skyward Specialty CEO Andrew Robinson. *“Above all else it is about great talent. The Aegis Surety transaction effectively doubles our underwriting and leadership team, ensuring we have the exceptional talent to deliver the value and service our customers expect while further positioning the business for profitable growth.”*

“We have great admiration for Bob Kimmel and the leadership team at K2, and we view the sale of our market leading XPro business as an excellent opportunity to work with a world-class organization. Skyward will continue to be the insurer in partnership with K2 as the managing general agent (MGA) for this program. These transactions, taken together, illustrate our commitment to be a top-tier specialty insurer with strong defensible positions and an aim to ‘rule our niche’; The transactions are also accretive,” added Robinson.

Aegis Surety Senior Vice President Trevor Hash will become the Head of Contract Surety, reporting to Skyward Specialty’s Head of Surety, Matthew Semeraro. *“Along with our entire team, I am excited to join Skyward Specialty and support the growth and development of this business,”* said Hash. *“Skyward Specialty is building a world-class specialty insurance company with incredible talent. We are all proud to join this team.”*

Aegis Surety offers surety bonds to a broad range of contractors in addition to commercial surety, specializing in underwriting bid, performance, payment, supply and maintenance bonds. Headquartered in Harrisburg, Pennsylvania, Aegis Surety supports businesses in 45 states and the District of Columbia with offices in Syracuse, New York; Wayne, Pennsylvania; Atlanta, Georgia; Boston, Massachusetts; and Charleston, South Carolina.

About Skyward Specialty

Skyward Specialty is a property and casualty insurance holding company with nearly a billion dollars in premium and \$2 billion in assets. The company has highly respected businesses in specialty lines including management and professional liability, medical stop loss, surety, E&S property and liability, and large commercial property, programs, as well as multi-line solutions for the energy, trucking and construction industries.

Skyward Specialty’s subsidiary insurance companies consist of Houston Specialty Insurance Company; Imperium Insurance Company; Great Midwest Insurance Company; Oklahoma Specialty Insurance Company; and Boston Indemnity Company, Inc. These insurance companies are rated A- (Excellent) by A.M. Best Company. Skyward Specialty was formerly known as Houston International Insurance Group (HIIG). For more information about Skyward Specialty, its people and products, please visit www.skywardinsurance.com.

About K2 Insurance Services

K2 Insurance Services (K2) is an insurance services holding company, which owns and controls a diverse set of specialty program administrators. Through its MGAs, K2 markets, underwrites and services over \$1 billion annually in niche commercial and personal insurance premiums. From workers’ compensation for high hazard exposures such as commercial transportation to personal lines coverage for manufactured homes, K2 helps insure clients across a diverse array of risks and industries. K2 is headquartered in San Diego, California and is a privately held company. For more information about K2, its people and products, please visit www.k2ins.com.

About Westaim

Westaim is a 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. Westaim's investments include significant interests in Skyward Specialty and the Arena Group. Skyward Specialty, Arena, the Arena Group, Arena FINCOs and Arena Investors are defined in the notes to Westaim's unaudited consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 and the related MD&A. Westaim's common shares are listed and posted for trading on the TSX Venture Exchange under the trading symbol "WED".

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Except for statements of historical fact contained herein, information in this press release may constitute "forward-looking information" within the meaning of Canadian securities laws, including information relating to Westaim's leadership position, talent base, profitable growth and future prospects concerning the transactions. Other than statements of historical fact, all statements that involve various known and unknown risks, uncertainties and other factors are "forward-looking statements". There can be no assurance that such statements will prove accurate. Results and future events could differ materially from those anticipated in such statements.

Although Westaim believes the forward-looking information in this press release is reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. Westaim cautions investors that any forward-looking information by Westaim are not guarantees of future results, and that actual results may differ materially from those in forward-looking information as a result of various factors, including, but not limited to, the risks set out in Westaim's annual information form for its fiscal year ended December 31, 2019 and its MD&A for the three and nine month periods ended September 30, 2020. As a result, readers should not place undue reliance on the forward-looking information contained in this press release.

Except as otherwise required by applicable law, Westaim expressly disclaims any intention or obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise.