



WESTAIM COMPLETES ARENA TRANSACTIONS

THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Toronto, Ontario – August 31, 2015 – Further to the press releases issued by The Westaim Corporation (“**Westaim**” or the “**Company**”) (TSXV: “WED”) on May 5, 2015, May 28, 2015 and July 20, 2015 (the press release of July 20, 2015 being referred to as the “**July Press Release**”), the Company is pleased to announce that it has completed the Arena Transactions (as such term is defined in the July Press Release). Pursuant to the Arena Transactions, Westaim has (i) established and capitalized the operations of Arena Investors, LP (“**Arena Investors**”), which will operate as a U.S.-based investment manager; (ii) established and capitalized Arena Finance Company Inc. (“**AFC**”) in the amount of approximately US\$146 million to facilitate the acquisition, holding and possible future sale by AFC, through Arena Finance Holdings Co., LLC (“**AFHC**”), of fundamentals-based, asset-oriented credit investments, and (iii) established and capitalized Arena Origination Co., LLC (“**AOC**”) in the amount of approximately US\$34 million to facilitate the origination of fundamentals-based, asset-oriented credit investments for its own account and/or for possible future sale to AFC, clients of Arena Investors and/or other third parties.

In connection with the Arena Transactions, Bernard Partners, LLC (“**BPL**”), a limited liability company (“**LLC**”) controlled by certain members of the management team of Arena Investors, was provided with the opportunity to receive an equity ownership position in Westaim Arena Holdings II, LLC (“**WAHII**”), an LLC that controls Arena Investors, and to acquire an equity ownership position in each of AFHC and AOC. The rights provided to BPL consist of “earn-in” rights (in relation to WAHII) and “option-type” rights (in relation to each of AFHC and AOC).

Further details of the Arena Transactions, including a summary of the material terms of the limited liability company agreements (each an “**LLC Agreement**”) governing each of WAHII, AFHC and AOC are contained in Westaim’s short form prospectus dated August 28, 2015 and will be contained in a material change report to be filed by Westaim on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), which can be accessed online at www.sedar.com. In addition, copies of the LLC Agreements in respect of each of WAHII, AFHC and AOC will be filed on SEDAR as material contracts.

Escrow Release and Common Share Issuance

In connection with the Arena Transactions, on May 28, 2015, Westaim 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 gross proceeds of \$234,390,471 (the “**Offering**”). In respect of the Offering, 65,296,993 Special Warrants (\$212,215,227) were sold pursuant to an underwriting agreement between the Company, GMP Securities L.P., TD Securities Inc., Cormark Securities Inc. and Scotia Capital Inc. An additional 6,823,152 Special Warrants (\$22,175,244) were sold pursuant to a concurrent non-brokered private placement of Special Warrants.

On August 31, 2015, net proceeds of approximately \$222.8 million from the sale of the Special Warrants were released from escrow to Westaim and an aggregate of 72,120,145 additional common shares of Westaim (“**Westaim Shares**”) were issued upon the deemed conversion of an equal number of subscription receipts (“**Subscription Receipts**”) issued on the deemed exercise of the Special Warrants.

An additional 769,231 Westaim Shares were issued today to Daniel B. Zwirn at an effective purchase price of \$3.25 per Warrant Share pursuant to the Zwirn Subscription (as such term is defined in the July Press Release).

As a result of and immediately following the foregoing transactions, (i) there were a total of 143,186,718 Westaim Shares issued and outstanding and (ii) Westaim is expected to have cash and cash equivalents on hand at the holding company of approximately \$15 million.

Cameron MacDonald, the President and Chief Executive Officer of Westaim stated: “We are extremely excited to have completed the Arena Transactions and look forward to working with Dan and his team of seasoned professionals to build out the Arena group. The addition of the Arena group represents another step in our goal of assembling a portfolio of high-quality businesses.”

Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer of the Arena group stated: “We are pleased to be partnering with Westaim in the launch of the new Arena businesses and appreciate the confidence shown by investors in the potential of Arena. We hope to reward that confidence by developing Arena and delivering returns to Westaim’s shareholders.”

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.

For more information, contact:

J. Cameron MacDonald, President and Chief Executive Officer or
Robert T. Kittel, Chief Operating Officer
The Westaim Corporation
416- 969-3333
info@westaim.com

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.

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. 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. Readers of this press release are cautioned not to place undue reliance on these “forward-looking statements”. 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.