Execution Version

UNDERWRITING AGREEMENT

May 28, 2015

The Westaim Corporation
70 York Street, Suite 1700
Toronto, Ontario
M5J 1S9

Attention: J. Cameron MacDonald, President and Chief Executive Officer

Dear Sir:

The undersigned, GMP Securities L.P. ("**GMP**") and TD Securities Inc. (together with GMP, the "**Joint Bookrunners**") and Cormark Securities Inc. and Scotia Capital Inc. (collectively, with the Joint Bookrunners, the "**Underwriters**" and individually, an "**Underwriter**") understand that The Westaim Corporation (the "**Company**") proposes to issue and sell to the Underwriters on a private placement basis an aggregate of 61,540,000 special warrants of the Company (the "**Special Warrants**") at a price per Special Warrant of $3.25 (the "**Issue Price**") for aggregate gross proceeds to the Company of $200,005,000 (the "**Offering**"). Subject to the terms and conditions set out in this Agreement (as defined below), the Underwriters hereby severally and not jointly, in the respective percentages set forth in paragraph 18, agree to purchase the Special Warrants and, by its acceptance hereof, the Company agrees to issue and sell to the Underwriters, the Special Warrants at the Closing Time (as defined below) at the Issue Price per Special Warrant for an aggregate purchase price of $200,005,000.

In consideration of the Underwriters' agreement to purchase the Special Warrants, the Company hereby grants to the Underwriters an option (the "**Underwriters' Option**"), exercisable in whole or in part by notice given to the Company at any one time not less than two business days prior to the Closing Date (as defined below), to purchase from the Company up to an additional 9,231,000 Special Warrants at the Issue Price. For the purposes of this Agreement, "Special Warrants" includes the Special Warrants, if any, that are issued by the Company pursuant to the exercise by the Underwriters of the Underwriters' Option.

The Special Warrants shall be duly and validly created and issued pursuant to, and governed by, a special warrant indenture (the "**Special Warrant Indenture**") to be entered into on the Closing Date between the Company and Equity Financial Trust Company (the "**Escrow Agent**), or such other trust company as may be acceptable to the Company and the Joint Bookrunners (on behalf of the Underwriters), in its capacity as special warrant agent thereunder. The description of the Special Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Special Warrants to be set forth in the Special Warrant Indenture. In the case of any inconsistency between the description of the Special Warrants in this Agreement and their terms and conditions as set forth in the Special Warrant Indenture, the provisions of the Special Warrant Indenture shall govern.

Each Special Warrant will entitle the holder thereof to receive upon exercise, without further consideration or action, one subscription receipt of the Company (collectively, the "**Subscription Receipts**"). The Special Warrants shall be deemed to be exercised by the holders thereof at 4:59 p.m. (Toronto time) on the date that is the earlier of: (i) the second Business Day after a receipt or deemed receipt, as applicable, has been issued for the Final Prospectus (as defined below) by the Securities Commissions (as defined below) in each of the Qualifying Jurisdictions (as defined below) qualifying the distribution of the Subscription Receipts issuable upon the exercise of the Special Warrants; and (ii) the date upon which the Escrow Release Conditions (as defined below) are satisfied, provided that such conditions have been satisfied at or prior to the Termination Time (as defined below). In the event the Escrow Release Conditions are not satisfied at or prior to the Termination Time, the Special Warrants shall be cancelled and each holder of a Special Warrant shall receive from the Escrow Agent, and the Company where applicable, an amount in cash equal to the holder's aggregate Issue Price, plus the holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds (as defined below), less any applicable withholding tax.

The Subscription Receipts shall be duly and validly created and issued pursuant to, and governed by, a subscription receipt indenture (the "**Subscription Receipt Indenture**") to be entered into on the Closing Date between the Company and the Escrow Agent, or such other trust company as may be acceptable to the Company and the Joint Bookrunners (on behalf of the Underwriters), in its capacity as subscription receipt agent thereunder. The description of the Subscription Receipts herein is a summary only and is subject to the specific attributes and detailed provisions of the Subscription Receipts to be set forth in the Subscription Receipt Indenture. In the case of any inconsistency between the description of the Subscription Receipts in this Agreement and their terms and conditions as set forth in the Subscription Receipt Indenture, the provisions of the Subscription Receipt Indenture shall govern.

Each Subscription Receipt will entitle the holder thereof to receive upon deemed conversion, without further consideration or action, one common share in the capital of the Company (collectively, the "**Underlying Shares**"), subject to adjustment in certain circumstances in accordance with the Subscription Receipt Indenture. The Subscription Receipts shall be deemed to be exercised by the holders thereof upon satisfaction of the Escrow Release Conditions, provided that such conditions have been satisfied at or prior to the Termination Time. In the event that the Escrow Release Conditions are not satisfied at or prior to the Termination Time, the Subscription Receipts shall be cancelled and each holder of a Subscription Receipt shall receive from the Escrow Agent an amount in cash equal to the holder's aggregate Issue Price, plus the holder's *pro rata* entitlement to the interest earned or income generated, if any, on the Escrowed Funds, less any applicable withholding tax.

Assuming that the Escrow Release Conditions are satisfied at or prior to the Termination Time, the Company will use the proceeds from the Offering (less the Commission and the fees and expenses of the Underwriters payable pursuant to this Agreement), the Concurrent Private Placement (as defined below) and its other available cash resources to commence operations as an investment manager through: (i) the acquisition of Arena Investors, LLC or, if determined appropriate, the business currently being carried on by Arena Investors, LLC, in either case for US$1.00 (Arena Investors, LLC or such other entity which acquires the business currently being carried on by Arena Investors, LLC being referred to as "**Arena Investors**"); and (ii) the creation

and capitalization of AFC (as defined below) in the amount of approximately US$200 million (collectively, the "**Arena Transactions**"), provided that the management of the businesses acquired or created pursuant to the Arena Transactions shall be led by Daniel B. Zwirn.

The Underwriters understand that the Company proposes to conduct a concurrent non-brokered private placement resulting in gross proceeds to the Company of up to approximately $22,500,000 (the "**Concurrent Private Placement**"). Pursuant to the Concurrent Private Placement, the Company will issue up to approximately 6,923,077 Special Warrants at the Issue Price. The Special Warrants to be issued under the Concurrent Private Placement will be issued on the Closing Date on substantively the same terms as the Special Warrants issued under the Offering. Investors in the Concurrent Private Placement are expected to include members of the Company's board of directors and/or management team (collectively, the "**Westaim Investors**") and certain other investors determined by the Company. Completion of the Offering is conditional on the completion of the Concurrent Private Placement and completion of the Concurrent Private Placement is conditional on the closing of the Offering.

The Underwriters also understand that, concurrent with the closing of the Offering and the Concurrent Private Placement, the Company and Daniel B. Zwirn will enter into a definitive subscription agreement pursuant to which Daniel B. Zwirn will irrevocably subscribe for 769,231 common shares in the capital of the Company at the Issue Price for aggregate gross proceeds of approximately $2,500,001 (the "**DBZ Subscription**" and together with the Concurrent Private Placement, the "**Non-Brokered Offering**"). The DBZ Subscription will be conditional upon and close concurrently with the Arena Transactions.

The gross proceeds from the Offering and the Concurrent Private Placement, less an amount equal to (i) 50% of the Commission (as defined below), and (ii) the costs and expenses payable by the Company to the Underwriters pursuant to paragraph 9 on or before the Closing Date (together, the "**Escrowed Funds**"), shall be held in escrow in accordance with paragraph 11.

In consideration of the services to be rendered by the Underwriters in connection with the sale and purchase of Special Warrants under the Offering and all other services related thereto, the Company shall pay to the Underwriters the Commission in accordance with the provisions of paragraph 2.5.

Sales of the Special Warrants may be made to substituted purchasers pursuant to exemptions from the prospectus and registration requirements of applicable securities laws of each of the provinces and territories of Canada and in the United States on a private placement basis. In the United States, sales of the Special Warrants shall be made only on a private placement basis pursuant to an exemption from the registration requirements in Rule 144A or Regulation D (as defined herein). With respect to Special Warrants to be sold in the United States to Qualified Institutional Buyers (as such term is defined in Schedule "A" of this Agreement) in compliance with Rule 144A under the U.S. Securities Act (as defined herein), the Underwriters and/or their U.S. Affiliates (as defined herein) shall purchase such Special Warrants from the Company for resale in compliance with Rule 144A and in accordance with Schedule "A" of this Agreement. The Underwriters will also be entitled to sell the Special Warrants in any other jurisdictions, provided that no prospectus or registration statements is required to be filed or comparable obligation arises, and the Company does not thereafter become subject to continuous disclosure obligations in such jurisdictions.

The Offering is conditional upon and subject to the additional terms and conditions set forth below.

1. Interpretation.

In this Agreement and the Schedules hereto, in addition to the terms defined above, unless otherwise indicated or unless the context otherwise requires, the following terms shall have the following meanings:

"**AFC**" means Arena Finance Company or such other entity or entities as is or are created by the Company to participate in credit-oriented opportunities pursuant to the Arena Transactions and to be capitalized in the amount of approximately US$200 million;

"**affiliate**" and "**associate**" have the respective meanings ascribed to them in the *Securities Act* (Ontario);

"**Agreement**" means this agreement and includes the schedules hereto, as modified, amended and/or supplemented from time to time;

"**AIF**" means the annual information form of the Company prepared in accordance with NI 51-102 in respect of its fiscal year ended December 31, 2014 and filed on SEDAR;

"**Ancillary Documents**" means all agreements (including the Subscription Agreements, the Special Warrant Indenture and the Subscription Receipt Indenture), certificates (including the global certificates representing the Underlying Shares, the Subscription Receipts and the Special Warrants), officer's certificates of the Company including those contemplated to be delivered pursuant to Schedule "B", notices and other documents executed and delivered, or to be executed and delivered, by the Company in connection with the Offering;

"**Applicable Laws**" means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, written policies, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and conditions of any grant of approval, permission, authority or license of any court, governmental entity or statutory body or regulatory body (including the TSXV) applicable to the Offering and/or the Arena Transactions, and includes without limitation Securities Laws;

"**Arena Investors**" has the meaning ascribed to such term above;

"**Arena Transactions**" has the meaning ascribed to such term above;

"**Business Day**" means a day which is not a Saturday, a Sunday or a statutory or civic holiday, or a day on which commercial banks are not open for business, in the City of Toronto, Ontario;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Closing**" means the completion of the issue and sale by the Company, and the purchase by the Underwriters and/or Purchasers of the Special Warrants pursuant to this Agreement and the Subscription Agreements;

"**Closing Date**" means May 28, 2015 or such other date as the Company and the Joint Bookrunners may agree;

"**Closing Time**" means 8:30 a.m. (Toronto time) on the Closing Date or such other time as the Company and the Joint Bookrunners may agree;

"**Commissioners of Insurance**" means the Commissioner of Insurance for Texas and the Commissioner of Insurance for Oklahoma;

"**Common Share**" means a common share in the capital of the Company;

"**Concurrent Private Placement**" has the meaning ascribed to such term above;

"**Contaminant**" means and includes any pollutants, dangerous substances, liquid wastes, hazardous wastes, hazardous materials, hazardous substances or contaminants;

"**Commission**" has the meaning ascribed to that term in paragraph 2.5;

"**Controlled Entity**" means any entity whose asset or business will be directly or indirectly acquired or controlled by the Company immediately following the closing of the Offering;

"**DBZ Subscription**" has the meaning ascribed to such term above;

"**Disclosure Documents**" means all information regarding the Company (and its predecessors and former Subsidiaries) that has been filed on SEDAR since January 1, 2013, or is filed on SEDAR on or prior to the Termination Time, including the Financial Statements, the AIF, press releases, material change reports, prospectuses, and information circulars;

"**distribution**" means distribution or distribution to the public, as the case may be, as those terms are defined in Securities Laws;

"**Documents Incorporated by Reference**" means all financial statements, management's discussion and analysis, management information circulars, annual information forms, business acquisition reports, material change reports or other documents filed by the Company, whether before or after the date of this Agreement, that are required to be incorporated by reference, or that are deemed to be incorporated by reference, under Securities Laws in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as applicable;

"**Environmental Activity**" means and includes any past or present activity, event or circumstance in respect of a Contaminant including the storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation thereof, or the release, escape, leaching, dispersal or migration thereof into the natural environment, including the movement through or in the air, soil, surface water or groundwater;

"**Environmental Disclosure Information**" means the emails sent to the Underwriters' counsel dated November 7, 2013, April 1, 2014 and May 26, 2015 by the Company's counsel, including the attachments thereto regarding certain environmental matters;

"**Environmental Laws**" means and includes any and all applicable international, federal, provincial, state, municipal, national or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety;

"**Escrow Agent**" has the meaning ascribed to such term above;

"**Escrow Release Conditions**" means those conditions set forth in Schedule "B";

"**Escrow Release Notice**" means a notice of the Company addressed to the Escrow Agent confirming the satisfaction of the Escrow Release Conditions;

"**Escrowed Funds**" has the meaning ascribed to such term above;

"**Expiry Date**" means September 15, 2015;

"**Final Prospectus**" means the (final) short form prospectus of the Company (and the French language version thereof), including all of the Documents Incorporated by Reference, prepared by the Company and certified by the Company and the Underwriters (in the case of the Underwriters, only in respect of the Subscription Receipts issued upon the exercise of Special Warrants issued pursuant to the Offering) qualifying the distribution of the Subscription Receipts in the Qualifying Jurisdictions;

"**Financial Statements**" means, collectively: (i) the unaudited consolidated financial statements of the Company as at, and for the three month period ended March 31, 2015; and (ii) the audited consolidated financial statements of the Company as at, and for the fiscal years ended, December 31, 2014 and December 31, 2013, and the notes thereto, together with the report of Deloitte LLP thereon filed on SEDAR on March 31, 2015;

"**General Partner**" means Westaim HIIG GP Inc., the general partner of the Partnership;

"**GMP**" has the meaning ascribed to such term above;

"**HIIG**" means Houston International Insurance Group, Ltd.;

"**HIIG Financial Statements**" means the audited consolidated financial statements of HIIG as at, and for the fiscal years ended, December 31, 2014 and December 31, 2013;

"**IFRS**" means International Financial Reporting Standards, as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada in Part I of The Chartered Professional Accountants Canada Handbook - Accounting, as amended from time to time;

"**including**" means "including without limitation";

"**Indemnitor**" has the meaning ascribed to that term in paragraph 14;

"**Lock-Up Agreements**" has the meaning ascribed to that term in paragraph 4(q);

"**Material Adverse Effect**" means any change, fact, event, circumstance or state of being which could reasonably be expected to have a material and adverse effect (actual or anticipated, whether financial or otherwise) on the business, affairs, operations, properties, assets, liabilities (contingent or otherwise), capital, prospects, results of operations or condition (financial or otherwise) of the Company or any of its Subsidiaries (taken as a whole);

"**misrepresentation**", "**material fact**" and "**material change**" have the respective meanings ascribed to them in the *Securities Act* (Ontario);

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators, and includes any replacements or modifications thereof;

"**Non-Brokered Offering**" has the meaning ascribed to such term above;

"**Offering**" has the meaning ascribed to such term above;

"**Offering Memorandum**" means the investor presentation of the Company dated April 27, 2015 relating to the Company and the Arena Transactions;

"**Partnership**" means Westaim HIIG Limited Partnership;

"**Person**" includes an individual, a firm, a corporation, a body corporate, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of any nature or kind whatsoever;

"**Personnel**" has the meaning ascribed to that term in paragraph 14;

"**Preliminary Prospectus**" means the preliminary short form prospectus of the Company (and the French language version thereof), including all of the Documents Incorporated by Reference, prepared by the Company and certified by the Company and the Underwriters (in the case of the Underwriters, only in respect of the Subscription Receipts issued upon the exercise of Special Warrants issued pursuant to the Offering) relating to the distribution of the Subscription Receipts in the Qualifying Jurisdictions;

"**Proposal**" means the non-binding term sheet dated April 27, 2015 between the Company and Arena Investors, LLC relating to the Arena Transactions (as amended);

"**Purchasers**" means the Persons who as purchasers acquire Special Warrants by duly completing and executing the Subscription Documents;

"**Qualifying Jurisdictions**" means each of the provinces and territories of Canada in which Special Warrants are sold;

"**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;

"**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Commission**" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions and "**Securities Commissions**" has a comparable meaning;

"**Securities Laws**" means all applicable securities laws in each of the Qualifying Jurisdictions and the respective rules and regulations made thereunder, together with applicable published policy statements, instruments, orders and rulings of the securities regulatory authorities in such provinces, the rules of the TSXV and the securities legislation and published policies of each other jurisdiction (including, without limitation, the United States) the securities laws of which are applicable to the sale of the Special Warrants;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval established by National Instrument 13-101 of the Canadian Securities Administrators;

"**Special Warrant**" has the meaning ascribed to such term above;

"**Special Warrant Indenture**" has the meaning ascribed to such term above;

"**Subscription Agreements**" means the subscription agreements, in the form agreed upon by the Company and the Underwriters, pursuant to which Purchasers agree to subscribe for and purchase Special Warrants;

"**Subscription Documents**" means, with respect to a Purchaser, a Subscription Agreement duly completed by the Purchaser together with all applicable duly completed schedules to the Subscription Agreement in the forms attached thereto and any other forms or documents required under applicable Securities Laws or any other Applicable Laws;

"**Subscription Receipt**" has the meaning ascribed to such term above;

"**Subscription Receipt Indenture**" has the meaning ascribed to such term above;

"**Subsequent Disclosure Documents**" means any annual and/or interim financial statements, management's discussion and analysis, information circulars, annual information forms, material change reports, business acquisition reports or other documents issued by the Company after the date of this Agreement that are required to be incorporated by reference into the Preliminary Prospectus, the Final Prospectus or any Supplementary Material;

"**Subsidiary**" means a subsidiary for purposes of the *Securities Act* (Ontario) and, for greater certainty, when used in respect of the Company's Subsidiaries, shall include the Partnership and HIIG;

"**Supplementary Material**" means, collectively, any amendment to or amendment and restatement of, the Preliminary Prospectus and/or the Final Prospectus, and any further amendment, amendment and restatement or supplemental prospectus thereto or ancillary materials that may be filed by or on behalf of the Company under the Securities Laws relating to the qualification of the distribution of the Subscription Receipts;

"**Termination Time**" has the meaning ascribed to that term in paragraph 11(d);

"**TSXV**" means the TSX Venture Exchange;

"**Underlying Shares**" means the Common Shares issuable upon exercise of the Subscription Receipts;

"**Underwriters**" has the meaning ascribed to such term above;

"**Underwriters' Option**" has the meaning ascribed to such term above;

"**U.S. Affiliate**" means a duly registered United States broker-dealer affiliate of an Underwriter;

"**U.S. Person**" means a "U.S. person" as that term is defined in Rule 902(k) of Regulation S;

"**U.S. Securities Act**" means the United States Securities Act of 1933; and

"**Westaim Investors**" has the meaning ascribed to such term above.

1.2 Knowledge. Where any representation or warranty contained in this Agreement or any Ancillary Document is expressly qualified by reference to the "knowledge" of the Company, or where any other reference is made herein or in any Ancillary Document to the knowledge of the Company, it shall be deemed to refer to the actual knowledge of the President and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of the Company, after having made reasonable enquiry of appropriate and relevant persons.

1.3 Business Days. Where any action or step is to be taken or completed on or by a specified date, and such date is not a Business Day in the applicable jurisdiction, then such action or step may be taken or completed on the next following Business Day.

1.4 Plural and Gender. Whenever used in this Agreement, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and neuter.

1.5 Currency. Unless otherwise specified, references to "$" and "Cdn.$" are to Canadian currency and references to "US$" are to United States currency.

1.6 Schedule. The following schedules are attached to this Agreement and are deemed to be a part of and incorporated into this Agreement:

Schedules	**Title**
"A"	United States Offers and Sales
"B"	Escrow Release Conditions

2. Terms and Conditions

2.1 Sale on Exempt Basis. The Special Warrants to be offered by the Underwriters pursuant to the Offering shall be offered by the Underwriters in the Qualifying Jurisdictions in compliance with the Securities Laws and only to such Purchasers and in such manner to reasonably ensure that, pursuant to the provisions of applicable Securities Laws, no prospectus (as such term is defined in Securities Laws) or other similar document needs be filed or delivered

in connection therewith. The Underwriters covenant with the Company that they will: (i) obtain from each Purchaser a duly completed and executed Subscription Agreement; (ii) ensure that any selling agent appointed by the Underwriters in connection with sales of the Special Warrants agrees with the Underwriters to comply with the covenants and obligations of the Underwriters contained herein; and (iii) execute and deliver to the Company, subject to the terms and conditions of this Agreement, any certificate required to be executed by them under Securities Laws in connection with the Offering provided that the Underwriters are satisfied, acting reasonably, that it is appropriate and responsible to do so. Any offer and sale of Special Warrants in the United States or for the account or benefit of any person in the United States or a U.S. Person shall be made pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws and in accordance with the terms and conditions set out in Schedule "A" to this Agreement. The Company and the Underwriters shall, and the Underwriters shall cause their respective U.S. Affiliates through which sales of Special Warrants in the United States or for the account or benefit of a person in the United States or a U.S. Person are to be effected to, comply with the terms and conditions set out therein.

2.2 Legal Compliance. The Company undertakes to file or cause to be filed, within the time periods stipulated by Applicable Laws, all forms, undertakings and other documents required to be filed by the Company under Applicable Laws in connection with the offer and sale of the Special Warrants in order that the distribution of the Special Warrants and the Underlying Shares may lawfully occur without the necessity of filing a prospectus, registration statement or similar document in Canada or any other jurisdiction where Special Warrants are offered and sold by the Underwriters. The Company's obligation to file any form, undertaking or other document under the Applicable Laws of any other jurisdiction (other than Canada) shall be subject to the Underwriters advising the Company of such requirement. All fees payable in connection with such filings shall be at the sole expense of the Company. The Company further agrees to comply with all Securities Laws and applicable stock exchange requirements (including those of the TSXV) in connection with the distribution of the Special Warrants, the Subscription Receipts and the Underlying Shares.

2.3 Black-Out Period. The Company agrees that, for a period beginning on the date hereof and ending on the earlier of: (i) the termination of this Agreement; and (ii) 120 days following the later of: (a) the Closing Date; and (b) the date on which the Escrow Release Conditions have been satisfied (the "**Black-Out Period**"), it shall not, without the prior written consent of the Joint Bookrunners, such consent not to be unreasonably withheld, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of any additional Common Shares or any securities convertible, exercisable or exchangeable into Common Shares, or enter into any swap, derivative or other arrangement that transfers in whole or in part any of the economic consequences of ownership of Common Shares or other securities of the Company convertible, exercisable or exchangeable into Common Shares, other than pursuant to (i) the Offering and the Non-Brokered Offering, (ii) pursuant to the grant or exercise of stock options and other similar issuances pursuant to the existing option and incentive plans of the Company (as the same may be amended in accordance with applicable stock exchange rules) and other existing compensation arrangements, (iii) the exercise or conversion of securities of the Company that are currently issued and outstanding, (iv) to satisfy the consideration payable by the Company in one or more *bona fide* arm's length acquisitions which may be agreed to by the

Company after the date hereof, or (v) in connection with the Arena Transactions. Notwithstanding anything else contained in this Agreement, in the event the Escrow Release Conditions are not satisfied at or before the Termination Time, the Black-Out Period shall end at the Termination Time.

2.4 Reduction in Issue Price. The Joint Bookrunners, together with the other Underwriters, propose to offer the Special Warrants initially at the Issue Price. After a reasonable effort has been made to sell all of the Special Warrants at the Issue Price, the Joint Bookrunners may subsequently reduce the selling price to investors from time to time in order to sell any Special Warrants remaining unsold. Any such reduction in the Issue Price shall not affect the proceeds received by the Company pursuant to the Offering.

2.5 Commission. In consideration for the services rendered by the Underwriters hereunder, the Company shall pay a cash commission (the "**Commission**") to the Underwriters equal to 5.5% of the gross proceeds from the sale of the Special Warrants pursuant to the Offering (including with respect to Special Warrants sold pursuant to the Underwriters' Option), other than in respect of sales to certain purchasers agreed upon between the Company and the Underwriters, in respect of which the Commission shall be 2.75% of the gross proceeds from the sale of the Special Warrants. Fifty percent (50%) of the Commission shall be paid by the Company to the Underwriters at the Closing Time and, if the Escrow Release Conditions are satisfied at or prior to the Termination Time, fifty percent (50%) of the Commission shall be paid to the Underwriters upon satisfaction of the Escrow Release Conditions. For greater certainty, no Commission shall be payable to the Underwriters in respect of the Special Warrants sold pursuant to the Non-Brokered Offering.

3. Filing of Preliminary Prospectus and Final Prospectus

(a) **Preliminary Prospectus.** The Company covenants and agrees to use its best efforts to: (i) prepare and file the Preliminary Prospectus and obtain a receipt therefor from the Securities Commissions as soon as practicable following the Closing Date; and (ii) promptly resolve all comments received or deficiencies raised by the Securities Commissions in respect of the Preliminary Prospectus as expeditiously as possible, provided that the Company shall provide to the Underwriters copies of all correspondence received by the Company from the Securities Commissions relating to such comments or deficiencies and shall afford the Underwriters and their counsel a reasonable opportunity to review and provide input on the Company's responses to such correspondence.

(b) **Final Prospectus.** The Company covenants and agrees to use its best efforts to, as soon as practicable after all comments of the Securities Commissions have been satisfied with respect to the Preliminary Prospectus, prepare and file the Final Prospectus and obtain a receipt therefor from the Securities Commissions. The Company shall promptly take, or cause to be taken, all reasonable steps and proceedings that may from time to time be required under Securities Laws to qualify the distribution of the Subscription Receipts and the Underlying Shares in the Qualifying Jurisdictions.

(c) **Commercial Copies.** The Company shall cause commercial copies of the Final Prospectus and any Supplementary Material to be delivered to the Underwriters without charge, in such numbers and in such cities in the Qualifying Jurisdictions as the Underwriters may reasonably request. Such delivery shall be effected as soon as practicable and, in any event, within two Business Days after the filing thereof in the Qualifying Jurisdictions. The Underwriters shall cause to be delivered to the Purchasers copies of the Final Prospectus and any Supplementary Material required to be delivered to them.

(d) **Representation as to Final Prospectus and Supplementary Material.**

Each delivery to any Underwriter of the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material by or on behalf of the Company shall constitute the representation and warranty of the Company to the Underwriters that:

(i) all information and statements (except information and statements relating solely to and provided in writing by the Underwriters) contained and incorporated by reference in the Preliminary Prospectus or the Final Prospectus or any Supplementary Material, as the case may be, at the respective dates of delivery thereof, contain no misrepresentation or untrue, false or misleading statement of a material fact and, on the respective dates of delivery thereof, the Preliminary Prospectus, the Final Prospectus or any Supplementary Material provide full, true and plain disclosure of all material facts relating to the Company (on a consolidated basis), the Special Warrants, the Subscription Receipts and the Underlying Shares as required by Securities Laws of the Qualifying Jurisdictions;

(ii) no material fact has been omitted from any of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (except information and statements relating solely to and provided in writing by the Underwriters) which is required to be stated therein or is necessary to make the statements therein not misleading in light of the circumstances in which they were made; and

(iii) each of such documents complies in all material respects with the requirements of the Securities Laws of the Qualifying Jurisdictions.

Such delivery shall also constitute the Company's consent to the Underwriters' and any selling group member's use of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in connection with the distribution of the Subscription Receipts and the Underlying Shares in the Qualifying Jurisdictions in compliance with the provisions of this Agreement.

(e) **Review of Prospectuses.** The form and substance of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material shall be satisfactory to the Underwriters, acting reasonably.

(f) **Due Diligence.** The Company shall permit the Underwriters and their counsel to participate in the preparation of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, to discuss the Company's business with its corporate officials, auditors, legal counsel and other advisors and to conduct such full and comprehensive review and investigation of the Company's business, affairs, capital and operations as the Underwriters shall consider to be necessary to establish a due diligence defence under Applicable Securities Laws to an action for misrepresentation or damages and to enable the Underwriters to responsibly execute the Underwriters' certificate in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material. The Company also covenants to use its best efforts to secure the cooperation of the Company's professional advisors (including its legal advisors and auditors) and the officers and directors of Arena Investors to participate in any due diligence conference calls required by the Underwriters, and the Company consents to the use and the disclosure of information obtained during the course of the due diligence investigation where such disclosure is required by Applicable Laws.

(g) **Deliveries.** The Company will deliver to the Underwriters prior to the filing of the Preliminary Prospectus and Final Prospectus, as applicable, unless otherwise indicated:

(i) a copy of the Preliminary Prospectus and the Final Prospectus (in both the English and French languages) manually signed on behalf of the Company, by the persons and in the form required by Applicable Securities Laws;

(ii) a copy of any other document (in the English and French languages, as applicable) filed with, or delivered to, the Securities Commissions by the Company under Applicable Securities Laws in connection with the filing of the Preliminary Prospectus or Final Prospectus;

(iii) an opinion addressed to the Underwriters, dated the date of the Preliminary Prospectus or the Final Prospectus, as the case may be, from the Company’s auditors Deloitte LLP, in form and substance satisfactory to the Underwriters, acting reasonably, to the effect that the French language version of the Financial Statements, accounting data and other financial information and statements contained or incorporated by reference in each of the Preliminary Prospectus and the Final Prospectus, is, in all material respects, a complete and proper translation of the English language version thereof;

(iv) a legal opinion addressed to the Underwriters, dated the date of the Preliminary Prospectus or the Final Prospectus, as the case may be, from the Company’s Quebec legal counsel, in form and substance satisfactory to the Underwriters, acting reasonably, to the effect that the French language version of each of the Preliminary Prospectus and the Final Prospectus, except for the Financial Statements, accounting data and other financial information and statements contained or incorporated by

reference, as to which no opinion need be expressed by such counsel, is, in all material respects, a complete and proper translation of the English language version thereof; and

(v) in the case of the Final Prospectus, a "long-form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters, from the Company's auditors (and, if required with respect to any financial and accounting information of HIIG, from HIIG's auditors, Ham, Langston and Brezina, LLP), and based on a review completed not more than two Business Days prior to the date of the letter, with respect to certain financial and accounting information relating to the Company included and incorporated by reference in the Final Prospectus, which letter shall be in addition to the auditors' report contained in the Final Prospectus and any auditors' comfort letter addressed to or filed with the Securities Commissions under Securities Laws.

(h) **Supplementary Material.** If applicable, the Company shall prepare and deliver promptly to the Underwriters copies of all Supplementary Material. Concurrently with the delivery of any Supplementary Material, the Company shall deliver to the Underwriters, with respect to such Supplementary Material, documents substantially similar to those referred to in Section 3(g).

(i) **Limitation on Liability.** The Underwriters will assume no liability whatsoever to any purchasers participating in the Non-Brokered Offering, including pursuant to the Preliminary Prospectus, the Final Prospectus or any other documents prepared in connection with the Offering or the Non-Brokered Offering.

(j) **No Qualification Obligation.** Subject to Section 4(s), in the event that the Escrow Release Conditions are satisfied prior to the date a receipt is obtained for the Final Prospectus, the Company will have no further obligation from and after the date the Escrow Release Conditions are satisfied to qualify the distribution of the Subscription Receipts or to list the Subscription Receipts for trading on the TSXV.

4. Covenants of the Company.

In addition to the covenants of the Company set out in the other paragraphs of this Agreement, the Company hereby covenants to and for the benefit of the Underwriters and the Purchasers that:

(a) for so long as the Special Warrants and the Subscription Receipts remain outstanding, the Company shall comply with its obligations under Applicable Laws;

(b) the Company shall duly execute and deliver the Special Warrant Indenture and the Subscription Receipt Indenture on or before the Closing Date in form and substance satisfactory to the Underwriters and their counsel, acting reasonably,

and the Company shall comply with its covenants contained in the Special Warrant Indenture and the Subscription Receipt Indenture;

(c) the Company shall keep the Underwriters fully informed of any significant developments in the negotiations regarding the Arena Transactions and the regulatory approval process associated therewith and to provide the Underwriters with copies of each draft material agreement relating to the Arena Transactions received from or sent to Arena Investors promptly upon receipt or sending of same;

(d) subject to Section 3(j), the Company shall use its commercially reasonable efforts to cause the Subscription Receipts to be listed and posted for trading on the TSXV from and after the date upon which a receipt is issued for the Final Prospectus until such time as they are no longer outstanding;

(e) the Company shall ensure that the Underlying Shares are or will be listed and posted for trading on the TSXV upon their issue when any applicable "hold periods" under Securities Laws expire, and the Company shall on or before the Closing Time provide to the Underwriters a copy of the conditional acceptance from the TSXV for the same, subject only to the fulfillment of customary listing conditions as are acceptable to the Underwriters, acting reasonably;

(f) the Company shall at all times prior to the earlier of the date on which the Escrow Release Conditions have been satisfied and the Expiry Date allow the Underwriters and their representatives to conduct all due diligence which the Underwriters may reasonably require to be conducted including with respect to the Arena Transactions;

(g) the Company shall forthwith notify the Underwriters upon the satisfaction of the Escrow Release Conditions and shall execute and deliver the Escrow Release Notice substantially in the form of notice required by the Subscription Receipt Indenture;

(h) the Escrowed Funds, if and when released to the Company from escrow in accordance with the terms of the Subscription Receipt Indenture, will be used by the Company, together with the proceeds from the Non-Brokered Offering and the Company's other available cash resources, to complete the Arena Transactions;

(i) the Company will deliver to the Underwriters copies of all material correspondence and other written communications between the Company, regulatory authorities, the Commissioners of Insurance, the SEC and the TSXV, relating to the Offering, the Non-Brokered Offering and the Arena Transactions and will generally keep the Underwriters apprised of the progress and status of, including all favourable and adverse developments relating to, the Offering, the Non-Brokered Offering and the Arena Transactions;

(j) the Company shall use its commercially reasonable efforts to obtain, to the extent not already obtained, all consents and approvals from (i) the TSXV in connection

with the Offering, the Non-Brokered Offering and the Arena Transactions, and (ii) any required shareholder approvals for the Arena Transactions, in each case on such terms as are mutually acceptable to the Company and the Underwriters, acting reasonably, and shall make all necessary filings and give any required notices and use its commercially reasonable efforts to obtain all other necessary governmental, regulatory and other consents, authorizations and approvals required in connection with the Offering, the Non-Brokered Offering and the Arena Transactions;

(k) to the extent required, the Company shall use its commercially reasonable efforts to obtain, to the extent not already obtained, all consents and approvals from the Commissioners of Insurance in connection with the Offering, the Non-Brokered Offering and the Arena Transactions;

(l) the Company shall fulfil all legal requirements to permit (i) the creation, issue, offering and sale of the Special Warrants, (ii) the creation and issue of the Subscription Receipts, and (iii) the allotment, reservation and issue of the Underlying Shares as contemplated in this Agreement, in each case in compliance with the Applicable Laws and in the manner contemplated by this Agreement;

(m) the Company shall ensure that at all times sufficient Underlying Shares are allotted and reserved for issuance upon the due and proper exercise of the Subscription Receipts;

(n) at all times prior to the completion of the distribution of the Underlying Shares, the Company shall continue to operate its business in compliance with Applicable Laws and, except for such matters and actions as are reasonably related to the completion of the Arena Transactions, in the ordinary course;

(o) the Company shall not give any direction or instruction to the Escrow Agent with respect to the investment of, or release to the Company of, the Escrowed Funds unless it does so in writing and only if the prior written consent of the Joint Bookrunners (on behalf of the Underwriters) is obtained with respect thereto;

(p) the Company shall forthwith notify the Underwriters of any breach of any covenant of this Agreement or any Ancillary Document by any party thereto, or upon it becoming aware that any representation or warranty of the Company contained in this Agreement or any Ancillary Document is or becomes untrue or inaccurate in any material respect;

(q) the Company shall cause J. Cameron MacDonald, the President and Chief Executive Officer of the Company and Ian W. Delaney, the Chairman of the Company, to enter into and shall use its commercially reasonable best efforts to cause each of the other directors and officers of the Company and their respective associates to execute agreements (the "**Lock-Up Agreements**") in favour of the Underwriters, agreeing not to, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any

intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any common shares or other securities of the Company held by them, directly or indirectly, for a period commencing on the date of this Agreement and ending on the earlier of: (i) the termination of this Agreement, and (ii) 120 days following the later of: (a) the Closing Date; and (b) the date on which the Escrow Release Conditions have been satisfied unless (among other customary exceptions) (a) they first obtain the prior written consent of the Joint Bookrunners (on its own behalf and on behalf of the other Underwriters), such consent not to be unreasonably withheld, or (b) there occurs a take-over bid or similar transaction involving a change of control of the Company; provided, however, that in the event Escrow Release Conditions are not satisfied on or before the Termination Time, the Lock-Up Agreements shall terminate at the Termination Time.

(r) the Company shall use its commercially reasonable efforts to enter into definitive agreements in respect of, and to complete, the Arena Transactions on legal and economic terms that are no less favourable to the Company in the aggregate as compared to the terms described in the Proposal and the press release dated May 5, 2015 announcing the Offering;

(s) the Company shall use its commercially reasonable efforts to satisfy or cause to be satisfied the Escrow Release Conditions as soon as practicable and, in any case, on or before the Expiry Date, provided, however, that in the event the Company believes that the issuance of a receipt for the Final Prospectus may occur within a period of two Business Days, the Company will not deliver the Escrow Release Notice until the earliest of: (i) such a receipt having been issued; (ii) the two Business Day period having elapsed; or (iii) the Company no longer believing, acting reasonably, that a receipt will be issued during such period, provided further that in no event will the Company be required to delay delivery of the Escrow Release Notice beyond the Termination Time; and

(t) the Company shall use its commercially reasonable efforts to make the Special Warrants, Subscription Receipts and Underlying Shares issued to holders resident in Canada eligible for deposit in CDS.

5. Underwriters' Representations, Warranties and Covenants. Each Underwriter hereby severally (on its own behalf and not on behalf of any other Underwriter) represents and warrants to, and covenants with the Company that it is duly qualified and registered to carry on business as a securities dealer in each of the jurisdictions where the sale of the Special Warrants requires such qualification and/or registration in a manner that permits the sale of the Special Warrants on a basis described in paragraph 5(a). Notwithstanding any other provision in this Agreement, the representations, warranties and covenants of the Underwriters made in this Agreement are limited to the Special Warrants issued and sold pursuant to the Offering and do not extend to the Special Warrants issued or sold by the Company pursuant to the Concurrent Private Placement. Each of the Underwriters hereby severally (on its own behalf

and not on behalf of any other Underwriters) represents and warrants to, and covenants with, the Company that:

(a) it shall offer and solicit offers for the purchase of the Special Warrants in compliance with Applicable Laws and only from such persons and in such manner that, pursuant to applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer, sale and solicitation of the Special Warrants under this Offering, no prospectus, registration statement or similar document need be delivered or filed, other than any prescribed reports of the issue and sale of the Special Warrants and, in the case of any jurisdiction other than the Qualifying Jurisdictions, no continuous disclosure obligations will be created;

(b) it will make any offers or sales of Special Warrants in accordance with the terms of this Agreement;

(c) it will conduct, and will cause its affiliates and any person acting on its behalf to conduct, activities in connection with arranging for the offer and sale of the Special Warrants in compliance with applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer and sale of the Special Warrants;

(d) it will obtain from each Purchaser a completed and executed Subscription Agreement, together with all Subscription Documents (including documents required by the TSXV, if any) as may be necessary in connection with subscriptions for Special Warrants to ensure compliance with applicable Securities Laws and the securities laws of any other jurisdiction applicable to the offer and sale of the Special Warrants under this Offering; and

(e) it will refrain from advertising the Offering in (A) printed media of general and regular paid circulation, (B) radio, (C) television, or (D) telecommunication (including electronic display and the Internet) and not make use of any green sheet or other internal marketing document other than the Offering Memorandum without the consent of the Company, such consent to be promptly considered and not to be unreasonably withheld.

In performing their respective obligations under this Agreement, the Underwriters are acting severally (and not jointly nor jointly and severally) and no Underwriter will be liable to the Company under this Agreement with respect to a default by any other Underwriter or any member of the selling dealer group appointed by another Underwriter.

6. Material Changes During Distribution. During the period from the date hereof until the earlier of (i) the completion of the distribution and issuance of all of the Underlying Shares issuable upon the exercise of the Subscription Receipts, and (ii) the Termination Time, the Company shall, upon becoming aware of the same, promptly notify the Underwriters (and, if requested by the Underwriters, confirm such notification in writing) and provide full particulars to the Underwriters of (i) any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or

otherwise), condition (financial or otherwise), prospects or capital of the Company and its Subsidiaries or, to the knowledge of the Company, Arena Investors or any of its Subsidiaries, and (ii) any material developments relating to the Arena Transactions. The Company shall promptly, and in any event, within any applicable time limitation periods prescribed by Securities Laws, comply with all applicable filing and other requirements under Securities Laws as a result of any such change, provided, however, that the Company shall not, subject to Applicable Laws, file or publicly issue any document in respect of any such change without first providing the Underwriters with a copy of such document and an opportunity to review and comment thereon, provided that the Underwriters agree that whether or not such comments are appropriate will be determined by the Company, acting reasonably. The Company shall in good faith discuss with the Underwriters any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt as to whether notice in writing need be given to the Underwriters pursuant to this paragraph 6.

7. Representations and Warranties and Additional Covenants of the Company. The Company represents and warrants to, and covenants with, the Underwriters and the Purchasers, and acknowledges that each of them is relying upon such representations and warranties and covenants in entering into this Agreement and completing the Closing, that as of the date hereof and the Closing Time or as of such other time as is contemplated by any representation, warranty or covenant set forth below:

(a) the Company has been duly incorporated and is validly existing under the laws of the Province of Alberta and has all requisite corporate power, capacity and authority to (i) own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted and to execute, deliver and carry out its obligations under this Agreement and all Ancillary Documents, and to do all acts and things and execute and deliver all documents as are required hereunder and thereunder in accordance with the terms hereof and thereof, (ii) create, offer, issue and sell the Special Warrants in accordance with this Agreement, (iii) to create, issue and deliver the Subscription Receipts in accordance with this Agreement, (iv) to allot, reserve, issue and deliver the Underlying Shares in accordance with this Agreement and the Subscription Receipt Indenture, and (v) to negotiate, enter into definitive agreements in respect of and to complete the Arena Transactions;

(b) the Partnership has been duly formed and is validly existing under the laws of the Province of Ontario and has all requisite power, capacity and authority to own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted;

(c) the Company and each Subsidiary is current with all filings required to be made under its jurisdiction of incorporation or formation, as applicable, and all other jurisdictions in which it carries on any material business and has, and will upon completion of each of the Offering and the Arena Transactions have, all necessary licences, leases, permits, authorizations and other approvals necessary to permit it to conduct its business as currently conducted or proposed to be conducted,

except where the failure to make any filing or obtain any licence, lease, permit, authorization or other approval could not have a Material Adverse Effect;

(d) the Company's only Subsidiaries are Westaim Management GP Inc., Westaim HIIG GP Inc., Westaim Management Limited Partnership, the Partnership and HIIG;

(e) the Company has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and each Ancillary Document and to observe and perform the provisions of this Agreement and each Ancillary Document in accordance with the provisions hereof and thereof, including the creation and issue of the Special Warrants and the Subscription Receipts upon the terms and conditions set forth herein and the issue and delivery of the Subscription Receipts and the Underlying Shares upon the exercise of the Special Warrants and the Subscription Receipts, respectively;

(f) none of the Company nor any of its Subsidiaries has committed an act of bankruptcy and is insolvent, has proposed a compromise or arrangement to any of its creditors, has had a petition or a receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any action with respect to a compromise or arrangement, has taken any action to have itself declared bankrupt or wound-up, has taken any action to have a receiver appointed for any of its property or has had any execution or distress become enforceable or levied upon any of its property or assets;

(g) the authorized capital of the Company consists of an unlimited number of Common Shares, Class A preferred shares and Class B preferred shares, of which as of the date hereof, 70,297,342 Common Shares were issued and outstanding as fully paid and non-assessable shares and no preferred shares were outstanding. As of the date hereof, other than (i) an aggregate of 3,000 stock options to acquire an aggregate of 3,000 Common Shares, (ii) an aggregate of 2,375,000 restricted stock units, and (iii) pursuant to the Special Warrants and the Non-Brokered Offering, no Person will have any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Company;

(h) other than the amended and restated stockholders' agreement between HIIG and its stockholders, there are no, and at the Closing Time, there will be no shareholders' agreements to which the Company or any Subsidiary of the Company is a party, and to the knowledge of the Company (other than, in respect of HIIG, as disclosed in writing to the Underwriters) there are no, and at the Closing Time there will be no, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of the Company or any Subsidiary of the Company. Other than pursuant to the limited partnership agreement governing the Partnership, there are no, and at the Closing Time there will be no, agreement or other instrument pursuant to which any

Person may have any right or claim in connection with any existing or past equity interest in the Company or any Subsidiary of the Company;

(i) all necessary corporate action has been taken by the Company to authorize the valid creation, issue and sale of, and the delivery by the Company of the Special Warrants, the Subscription Receipts and the Underlying Shares via a non-certificated inventory deposit with CDS;

(j) upon payment of the requisite consideration therefor, the Special Warrants will be validly created and issued and, upon the exercise of the Special Warrants, the Subscription Receipts will be validly created and issued and, upon the exercise of the Subscription Receipts, the Underlying Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company;

(k) none of the (i) creation, issuance and sale of the Special Warrants or the creation or issuance of the Subscription Receipts, (ii) the execution and delivery of this Agreement or any Ancillary Document, (iii) compliance by the Company with the provisions of this Agreement or any of the Ancillary Documents, (iv) completion of the Non-Brokered Offering, including the issuance of securities to "related parties" of the Company (as that term is defined in Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*), or (v) consummation of the transactions contemplated herein and therein including, without limitation, the creation, issue, sale and delivery (as the case may be) of the Special Warrants, the Subscription Receipts and the Underlying Shares, and the completion of the Arena Transactions will (X) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any governmental agency, body or authority, court, stock exchange, securities regulatory authority, any class or classes of the securityholders of the Company or other Person, except (A) such as have been obtained, (B) in the case of the registration with the SEC of Arena Investors and if required, AFC and the respective personnel of Arena Investors and AFC, as will be obtained prior to satisfaction of the Escrow Release Conditions, or (C) such as may be required under applicable Securities Laws of the Qualifying Jurisdictions and will be obtained in compliance with the requirements of Securities Laws and the TSXV, or (Y) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under (whether after notice or lapse of time or both), any indenture, mortgage, deed of trust, lease or other material agreement or instrument to which the Company or any Subsidiary of the Company is a party or by which any of them or any of the assets thereof are bound, or the articles, by-laws or any other constating document of the Company or any Subsidiary of the Company or any resolution passed by the directors (or any committee thereof) or shareholders of the Company or any Subsidiary of the Company, or any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, arbitrator, stock exchange or securities regulatory authority applicable to the Company or any Subsidiary of the Company or any of the assets thereof, which could have a Material Adverse Effect;

(l) each of this Agreement, the Special Warrant Indenture and the Subscription Receipt Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with the terms hereof or thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(m) the Company has filed with all applicable regulatory authorities all documents required under Applicable Laws, subject to the Company filing with the SEC a notice on Form D within 15 days after the first sale of Special Warrants in the United States and all amendments required to be filed as a result of subsequent sales of Special Warrants in the United States and the Company filing within prescribed time periods any notices required to be filed with state securities authorities under applicable blue sky laws in connection with any securities sold pursuant to Rule 506(b) of Regulation D promulgated under the U.S. Securities Act, to the extent applicable. The Disclosure Documents complied in all material respects with Securities Laws at the time they were filed. There is no material fact known to the Company which the Company has not disclosed to, or which the Company has withheld from, the Underwriters and which has or may reasonably be expected to have a Material Adverse Effect or which materially adversely affects or which may reasonably be expected to materially adversely affect the ability of the Company to perform its obligations under this Agreement or any Ancillary Document;

(n) there has not occurred any material change in the assets, liabilities, capital, affairs, prospects, business, operations or condition of the Company and its Subsidiaries taken as a whole which has not been publicly disclosed in a Disclosure Document;

(o) no order preventing, ceasing or suspending trading in any securities of the Company or prohibiting the issue and sale of securities by the Company has been issued and no proceedings for any of such purposes have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened;

(p) the Financial Statements and the notes thereto, present fairly, in all material respects, the financial position of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flow of the Company as at the dates and for the periods specified in such Financial Statements, and have been prepared in conformity with IFRS applied on a consistent basis throughout the periods involved, and there has been no material change in accounting policies or practices of the Company since December 31, 2014;

(q) other than as disclosed in the Disclosure Documents or in respect of this Offering, since December 31, 2014, none of the Company or any Subsidiary of the Company has:

(i) paid or declared any dividend or incurred any material capital expenditure or made any commitment therefor;

(ii) incurred any obligation or liability, direct or indirect, contingent or otherwise, except in the ordinary course of business and which is not, and which in the aggregate are not, material; or

(iii) entered into any material transaction;

(r) other than as disclosed in the Disclosure Documents or in respect of this Offering, none of the Company or any Subsidiary of the Company has approved or entered into any agreement in respect of:

(i) the purchase of any material assets or any interest therein;

(ii) the sale, transfer or other disposition of any assets or any interest therein currently owned, directly or indirectly, by the Company or any Subsidiary of the Company whether by asset sale, transfer of shares or otherwise, except as would not be material to the Company and its Subsidiaries taken as a whole; or

(iii) to the knowledge of the Company, the change of control (by sale or transfer of shares or sale of all or substantially all of the assets of the Company or any Subsidiary of the Company or otherwise) of the Company or any Subsidiary of the Company;

(s) the Company has filed in a timely manner all necessary tax returns and notices and has paid all applicable taxes of whatsoever nature for all tax years prior to the date hereof to the extent that such taxes have become due or have been alleged to be due and the Company is not aware of any tax deficiencies or interest or penalties accrued or accruing, or alleged to be accrued or accruing, thereon where, in any of the above cases, it might reasonably be expected to have a Material Adverse Effect and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by any of them or the payment of any material tax, governmental charge, penalty, interest or fine against any of them. There are no material actions, suits, proceedings, investigations or claims now threatened or pending against the Company which could result in a liability in respect of taxes, charges or levies of any governmental authority, penalties, interest, fines, assessments or reassessments or any matters under discussion with any governmental authority relating to taxes, governmental charges, penalties, interest, fines, assessments or reassessments asserted by any such authority except as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and the Company has withheld (where applicable) from each

payment to each of the present and former officers, directors, employees and consultants thereof the amount of all taxes and other amounts, including, but not limited to, income tax and other deductions, required to be withheld therefrom, and has paid the same or will pay the same when due to the proper tax or other receiving authority within the time required under applicable tax legislation;

(t) the Company and each Subsidiary of the Company has conducted and is conducting the business thereof in compliance in all material respects with all Applicable Laws, tariffs, orders and directives of each jurisdiction in which it carries on a material portion of its business and possesses all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, state, municipal, federal, national or other regulatory agency or body necessary to carry on the business currently carried on or contemplated to be carried on by it, is in compliance in all material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licenses and with all laws, regulations, tariffs, rules, orders and directives material to the operations thereof, and none of the Company or any Subsidiary of the Company has received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such approval, consent, certificate, authorization, permit or license which, singly or in the aggregate, if the subject of an unfavourable decision, order, ruling or finding, could result in a Material Adverse Effect. All such material approvals, consents, certificates, registrations, authorizations, permits and licenses are and will at the Closing Time be valid, subsisting and in good standing;

(u) neither the Company nor any Subsidiary of the Company is (i) in violation of any material term of the articles or by-laws or any constating document thereof, (ii) in violation of any term or provision of any material agreement, indenture or other instrument applicable to it which could result in any Material Adverse Effect, (iii) in default in the payment of any obligation owed which is now due and there are no actions, suits, proceedings or investigations commenced, pending or, to the knowledge of the Company, threatened which, in the aggregate, might result in any Material Adverse Effect or which places, or could place, in question the validity of the Offering or the Arena Transactions, or the validity or enforceability of this Agreement or any Ancillary Document;

(v) except as disclosed in writing to the Underwriters in respect of HIIG, the Company and the Subsidiaries of the Company are the absolute legal and beneficial owner of, and have good and marketable title to, all of the material assets thereof, free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, and no other property rights are necessary for the conduct of the business of the Company or any Subsidiary of the Company as currently conducted or as contemplated to be conducted, none of the Company or any Subsidiary of the Company knows of any claim or the basis for any claim that might or could adversely affect the right thereof to use, transfer or otherwise exploit such rights, and the none of the Company or any Subsidiary of

the Company has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any Person with respect to its property rights;

(w) none of the Company or any Subsidiary of the Company is in default of any material term, covenant or condition under or in respect of any judgment, order, agreement or instrument to which it is a party or to which it or any of the assets thereof are or may be subject, and no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a default in respect of any commitment, agreement, document or other instrument to which the Company or any Subsidiary of the Company is a party or by which it is otherwise bound entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which could result in a Material Adverse Effect;

(x) the Company and each Subsidiary of the Company is in compliance with Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance could not result in a Material Adverse Effect, and there is no labour strike, dispute, slowdown, stoppage, complaint or grievance pending or threatened against the Company or any Subsidiary of the Company;

(y) the Company and each Subsidiary of the Company:

(i) and the assets, including, to the knowledge of the Company, formerly owned assets and operations during the time period of the Company's ownership and operation thereof, comply or complied, as applicable, in all material respects with all applicable Environmental Laws, or any Environmental Activity during the time period of the Company's ownership of such assets;

(ii) other than as disclosed in the Company's Environmental Disclosure Information, do not have any knowledge of, and have not received any notice of, any material claim, assertion of liability in any form, judicial or administrative proceeding, pending or threatened against, or which may affect, the Company or any Subsidiary of the Company or any of the assets, currently or previously held, or operations thereof, relating to, or alleging any violation of any Environmental Laws;

(iii) other than as disclosed in the Environmental Disclosure Information, to the knowledge of the Company, none of the current or former assets or operations thereof is the subject of any investigation, evaluation, audit or review by any governmental authority to determine whether any violation of any Environmental Laws has occurred, during the time period of the Company's ownership of such assets or operations, or is occurring or whether any remedial action is needed in connection with a release of any Contaminant into the environment, except for compliance investigations conducted in the normal course by any governmental authority;

(iv) other than as disclosed in the Environmental Disclosure Information, do not store any hazardous or toxic waste or substance on their current or, to the knowledge of the Company, former properties and have not disposed of any hazardous or toxic waste, in each case in a manner contrary to any Environmental Laws; and

(v) are not subject to any material contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or non-compliance with Environmental Law, other than as disclosed in the Financial Statements;

(z) other than as disclosed in the Financial Statements, or, with respect to HIIG, in the HIIG Financial Statements, no material legal or governmental proceedings are pending to which the Company or any Subsidiary of the Company is a party or to which any property, or any property interest, of the Company or any Subsidiary of the Company is subject, and to the knowledge of the Company, no such proceedings have been threatened or are contemplated;

(aa) other than the Underwriters and except as may be consented to by the Underwriters, there is no Person acting or purporting to act at the request of the Company, who is entitled to any brokerage underwriting, finders', advisory or agency fee in connection with the Offering or the Non-Brokered Offering;

(bb) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences;

(cc) the Company is a reporting issuer or the equivalent thereof in all of the provinces and territories of Canada and is not in default of any of its obligations under the securities laws of such provinces and territories;

(dd) the Company is in material compliance with all rules, regulations and policies of the TSXV;

(ee) the Company maintains insurance against loss of, or damage to, its assets by all insurable risks on a replacement cost basis in accordance with industry standards, and all of the policies in respect of such insurance coverage are in good standing in all respects and not in default except in each case as could not reasonably be expected to have a Material Adverse Effect;

(ff) none of the Company, any of its Subsidiaries or any employee or agent of the Company or any of its Subsidiaries has made any unlawful contribution or other

payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any Canadian, United States, foreign or other governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by Applicable Laws;

(gg) the Offering Memorandum (other than those statements relating exclusively to Arena Investors and its officers and directors) did not contain a misrepresentation as of the date of thereof and, to the knowledge of the Company, the statements in the Offering Memorandum relating exclusively to Arena Investors and its officers and directors do not contain a misrepresentation as of the date thereof;

(hh) the Company beneficially owns 4,000 common shares of the General Partner, representing 100% of the issued and outstanding common shares of the General Partner; and

(ii) the authorized capital of the Partnership consists of an unlimited number of Class A limited partnership units (the "**Class A Units**") and an unlimited number of Class B limited partnership units (the "**Class B Units**") of which as of the date hereof, the Company holds 113,075.504 Class A Units, representing approximately 58.5% of the issued and outstanding Class A Units. No Class B Units are currently issued and outstanding. As of the date hereof, the Partnership holds 49,708,074 shares of common stock of HIIG, representing approximately 75.7% of the issued and outstanding HIIG common stock.

8. Closing. The purchase and sale of the Special Warrants shall be completed at the Closing Time at the offices of Baker & McKenzie LLP in Toronto, Canada or at such other place as the Underwriters and the Company may agree upon. At the Closing Time, the Company will cause the Special Warrants to be delivered to the Underwriters via a non-certificated inventory deposit with CDS (including the Special Warrants purchased pursuant to the Underwriters' Option, if any) against payment by the Underwriters to the Escrow Agent of the Escrowed Funds in lawful money of Canada by wire transfer to the Escrow Agent. The Escrowed Funds shall be held in escrow and released by the Escrow Agent, together with accrued interest (if any) thereon, in accordance with the terms hereof and the terms of the Special Warrant Indenture and the Subscription Receipt Indenture (which shall also reflect the applicable terms for release set forth in this Agreement).

9. Fees and Expenses of the Company. The Company shall pay all fees and expenses, including applicable taxes thereon, (i) payable in connection with the Offering and the Non-Brokered Offering, including, without limitation, all expenses of or incidental to the creation, issue, sale or distribution of the Special Warrants, the Subscription Receipts or the Underlying Shares, (ii) payable to the Escrow Agent in connection with the preparation, delivery, certification and exercise of the Special Warrants and the Subscription Receipts in accordance with the terms and conditions of the Special Warrant Indenture and the Subscription Receipt Indenture, respectively, (iii) payable to the Escrow Agent in connection with the initial or any additional transfers of Special Warrants or Subscription Receipts as may be required following the Closing Date, (iv) associated with the distribution of the Underlying Shares and Escrowed

Funds, (v) all private placement fees required under Securities Laws, the fees and expenses of counsel to the Company and all local counsel selected by the Company, (vi) incurred in connection with the preparation of documents relating to the Offering and the Non-Brokered Offering, and (vii) of the Underwriters' Canadian counsel (subject to a maximum of $400,000 excluding disbursements and applicable taxes), (viii) of the TSXV and other listing fees, (ix) of the Company's auditors, and (x) of the Underwriters (including all reasonable travel, meals and accommodation expenses in connection with road show presentations, marketing and due diligence). The fees and expenses set forth in items (i) to (x) above will be paid by the Company regardless of whether or not this Agreement is terminated, the Escrow Release Conditions are satisfied or the transactions contemplated by this Agreement are completed.

10. Closing Conditions. In addition to the deliveries contemplated by paragraph 8, each Purchaser's subscription to purchase the Special Warrants, the Underwriters' obligation to purchase the Special Warrants, and the Underwriters' obligations to close the purchase of Special Warrants from the Company at the Closing Time shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

(a) the TSXV shall have accepted notice of the issuance of, and conditionally approved the Offering, the Concurrent Private Placement and the listing of the Underlying Shares and the Common Shares issuable upon the deemed exercise of the subscription receipts issued pursuant to the Concurrent Private Placement on the terms and conditions contemplated herein, subject to the Company fulfilling the customary requirements as to the filing of certain documents and the payment of the necessary listing fees, and provided that such acceptance and approval shall be on terms satisfactory to the Underwriters acting reasonably;

(b) the Underwriters shall have received a certificate, dated as of the Closing Date, signed by the Chief Executive Officer or Chief Financial Officer of the Company, or such other senior officer as may be acceptable to the Joint Bookrunners, certifying for and on behalf of the Company, to the best of the knowledge, information and belief of the person so signing, after having made due enquiry, but without personal liability, that:

(i) since December 31, 2014, except as disclosed in the Disclosure Documents (A) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs, prospects, operations, assets, liabilities (contingent or otherwise), financial condition or capital of the Company and (B) no transaction has been entered into by the Company which is or would be material to the Company;

(ii) no order, ruling or determination having the effect of suspending or prohibiting the sale or ceasing the trading of the Common Shares, Special Warrants, Subscription Receipts, Underlying Shares, or other securities of the Company has been issued by any applicable regulatory authority in any applicable jurisdiction and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge

of such officers, contemplated or threatened by any applicable regulatory authority in any such jurisdiction; and

(iii) the Company has duly complied in all material respects with all of its covenants, and satisfied all of the terms and conditions, of this Agreement on its part to be complied with or satisfied up to the Closing Time (other than those which have been waived in writing by the Underwriters).

Notwithstanding the foregoing, the certificate contemplated by this paragraph 10(b) shall certify such other matters as the Underwriters may reasonably request;

(c) the Underwriters shall have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Company addressed to the Underwriters and counsel to the Underwriters, with respect to the constating documents of the Company, all resolutions of the Company's board of directors relating to this Agreement, the Ancillary Documents, the creation, issuance, offering, sale, allotment and reservation (as applicable) of the Special Warrants, the Subscription Receipts and Underlying Shares and the consummation of the respective transactions contemplated herein and therein, and the incumbency and specimen signatures of signing officers and such other matters as the Joint Bookrunners may reasonably request;

(d) the Company's board of directors shall have authorized and approved this Agreement and the Ancillary Documents pursuant to which the Special Warrants and the Subscription Receipts are to be issued, and the creation, offering, issue, sale allotment and reservation (as applicable) of the Special Warrants, the Subscription Receipts and the Underlying Shares, and all matters relating thereto;

(e) the Subscription Agreements shall have been accepted, executed and delivered by the Company;

(f) the Special Warrant Indenture and the Subscription Receipt Indenture shall have been executed and delivered by the Company, the Escrow Agent and the Joint Bookrunners in form and substance satisfactory to the Joint Bookrunners and their counsel, acting reasonably;

(g) the Underwriters shall have received favourable legal opinions addressed to the Purchasers and the Underwriters, in form and substance satisfactory to the Joint Bookrunners and their legal counsel, dated the Closing Date from Baker & McKenzie LLP, counsel for the Company, as to the laws of Canada and of the Qualifying Jurisdictions in which Purchasers are resident at the Closing Time and as to the laws of the United States in the event any sales of Special Warrants have been made in the United States, provided that they may rely on opinions of local counsel of recognized standing in such jurisdictions where they are not qualified to practice law (or may arrange to provide such opinions addressed directly to the applicable Purchasers and the Underwriters), which counsel may rely, as to factual matters only, on certificates of the Company's auditors, the Company's registrar and transfer agent, public and stock exchange officials and officers of the

Company, which opinion shall address such matters as the Joint Bookrunners may reasonably request;

(h) the Company shall have fulfilled to the satisfaction of the Underwriters all covenants set forth in paragraph 4 that are required to be satisfied by it on or prior to the Closing Time, including, among other things, the delivery of the executed Lock-Up Agreements to the Underwriters;

(i) the Arena Transactions shall not have been withdrawn, amended, supplemented, modified, terminated or cancelled and the Company shall not have indicated that it otherwise is not prepared to proceed with the Arena Transactions;

(j) closing of the Concurrent Private Placement shall have occurred;

(k) the subscription agreement in respect of the DBZ Subscription shall have been entered into; and

(l) the Underwriters shall not have terminated their obligations under this Agreement pursuant to paragraph 12.

11. Conditions of Escrow and Release of Escrowed Funds.

(a) On the closing of the Offering, the Escrowed Funds will be held in escrow on behalf of the holders of Special Warrants by the Escrow Agent in an interest bearing account pending satisfaction of the Escrow Release Conditions.

(b) If the Escrow Release Conditions are satisfied at or before the Termination Time, the Company shall deliver the Escrow Release Notice to the Escrow Agent in accordance with the Special Warrant Indenture or the Subscription Receipt Indenture, as applicable.

(c) Upon receipt of the Escrow Release Notice at or prior to the Termination Time, the following shall occur in the following order:

(i) any outstanding Special Warrants will be deemed to be exercised and shall automatically be converted into Subscription Receipts;

(ii) the outstanding Subscription Receipts (including those referred to in paragraph 11(c)(i)) will be deemed to be exercised and shall automatically be converted into Underlying Shares;

(iii) an amount equal to 50% of the Commission and all costs and expenses payable by the Company to the Underwriters that have not previously been paid shall be released to the Underwriters from the Escrowed Funds; and

(iv) the balance of the Escrowed Funds shall be released to the Company.

(d) In the event that the Escrow Release Conditions are not satisfied on or before the earlier of: (i) 4:30 p.m. (Toronto time) on the Expiry Date, and (ii) the time and date, if any, that the Arena Transactions are terminated pursuant to their terms (in each case, the "**Termination Time**"), the holder of each outstanding Special Warrant or Subscription Receipt, as applicable, shall be refunded by the Escrow Agent from the Escrowed Funds an amount equal to the Issue Price thereof plus a *pro rata* portion of the interest earned or income generated on the Escrowed Funds, if any, less any applicable withholding tax commencing on the second Business Day following the Termination Time. To the extent that the Escrowed Funds (plus accrued interest) are not sufficient to refund in full a holder's aggregate Issue Price plus the holder's *pro rata* portion of the interest earned or income generated on the Escrowed Funds, if any, less any applicable withholding tax, the Company shall contribute on or before the second Business Day following the Termination Time all such amounts as are necessary to satisfy any shortfall.

12. Rights of Termination.

(a) Each of the Underwriters shall be entitled, at its sole option, to terminate and cancel, without any liability on the part of the Underwriter, all of its obligations under this Agreement and the obligations of any Purchaser to purchase the Special Warrants, by notice in writing to that effect delivered to the Company prior to or at the Closing Time if:

(i) there shall be any material change in the affairs of the Company, any Controlled Entity, or their respective material Subsidiaries, or there should be discovered any previously undisclosed material fact (other than facts relating solely to an Underwriter) which, in either case, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a Material Adverse Effect or would or would reasonably be expected to prevent or have a material and adverse effect upon the Arena Transactions;

(ii) any order, inquiry, action, suit, investigation or other proceeding whether formal or informal (including matters of regulatory transgression or unlawful conduct) is instituted, announced or threatened or made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency, or instrumentality including, without limitation, the TSXV, Toronto Stock Exchange or any securities regulatory authority against the Company, any Controlled Entity, any of their respective material Subsidiaries or any of their respective officers, directors or principal shareholders or any law or regulation is enacted or changed which in the opinion of the Underwriters (or any of them), acting reasonably, operates or threatens to prevent, cease or restrict the issuance or trading of the securities of the Company by the Company, its officers, directors or principal shareholders or has or will have a Material Adverse Effect or would or would reasonably be expected to prevent or have a material and adverse effect upon the Arena Transactions;

(iii) there should develop, occur or come into effect or existence any event, action, state, accident, condition, terrorist event or major financial occurrence of national or international consequence or any law or regulation which in the reasonable opinion of the Underwriters (or any one of them) seriously adversely affects, or will or could reasonably be expected to, seriously affect, the financial markets or the business, operations, or affairs of the Company, any Controlled Entity or their respective material Subsidiaries, in each case on a consolidated basis either before or after closing of the Arena Transactions; or

(iv) the Underwriters (or any of them) determine that the Company is in breach of a material term, condition, or covenant of this Agreement.

(b) The rights of termination contained in paragraph 12(a) may be exercised by each of the Underwriters and are in addition to any other rights or remedies the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of the Underwriters to the Company or on the part of the Company to the Underwriters except in respect of any liability or obligation which may have arisen or arises after such termination under paragraphs 2.5, 9, 13 or 14, which paragraphs shall survive the termination of this Agreement.

(c) The Underwriters shall use commercially reasonable efforts to give the notice to the Company as contemplated by paragraph 12(a) of the occurrence of any of the events or circumstances referred to therein, provided that neither the giving nor the failure to give such notice shall in any way affect the Underwriters' entitlement to exercise their rights contained in paragraph 12(a) at any time through to the Closing Time.

13. Survival of Representations and Warranties. All warranties, representations, covenants and agreements of the Company herein contained or contained in any Ancillary Documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the issuance and sale of the Subscription Receipts and the issuance of the Underlying Shares and continue in full force and effect for the benefit of the Underwriters and the Purchasers and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the issuance and sale of the Special Warrants or otherwise. All warranties, representations, covenants and agreements provided shall survive the Closing Date for a period of two years.

14. Indemnity.

(a) The Company (the "**Indemnitor**") hereby agrees to indemnify and hold the Underwriters and each of the trustees, directors, officers, employees and shareholders of the Underwriters (hereinafter collectively referred to as the "**Personnel**") harmless from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions,

suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred reasonably and at competitive rates in advising with respect to and/or defending any claim that may be made against the Underwriters, to which the Underwriters and/or the Personnel may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Underwriters and the Personnel hereunder or otherwise in connection with the matters referred to in this Agreement, including for greater certainty:

(i) any information or statement (except any information or statement relating solely to the Underwriters or any of them and furnished in writing by the Underwriters to the Company) in any of the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material (including, for greater certainty, the Documents Incorporated by Reference and any Subsequent Disclosure Documents) containing or being alleged to contain a misrepresentation or being or being alleged to be untrue, or based upon any omission or alleged omission in any of the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material to state in those documents any material fact required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;

(ii) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to the Underwriters or any of them and furnished in writing by the Underwriters to the Company) contained in any of the Preliminary Prospectus, the Final Prospectus and/or any Supplementary Material or any other document or material filed or delivered on behalf of the Company pursuant to this Agreement or the Ancillary Documents, preventing or restricting the trading in or the sale or distribution of the Special Warrants, the Subscription Receipts, the Underlying Shares or any other securities of the Company; and

(i) any matter relating to the Non-Brokered Offering.

(b) Notwithstanding Section 14(a), this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(i) the Underwriters or the Personnel have been grossly negligent or dishonest or have committed any fraudulent act in the course of such performance; and

(ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were caused by the gross negligence, dishonesty or fraud referred to in (i).

(c) If for any reason (other than the occurrence of any of the events itemized in Section 14(b)(i) and (ii)), the foregoing indemnification is unavailable to any of the Underwriters and/or Personnel or insufficient to hold it harmless, then the Indemnitor shall contribute to the amount paid or payable by such Underwriter and/or Personnel as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and such Underwriter and/or Personnel on the other hand but also the relative fault of the Indemnitor and such Underwriter and/or Personnel, as well as any relevant equitable considerations; provided that the Indemnitor shall, in any event, contribute to the amount paid or payable by the Underwriters and/or Personnel as a result of such expense, loss, claim, action, suit, proceeding, damage or liability, any excess of such amount over the amount of the fees received by the Underwriters hereunder pursuant to this Agreement.

(d) Each Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or any of the Underwriters and/or Personnel by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or any of the Underwriters and any Personnel of the Underwriters shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Underwriters, the Underwriters shall have the right to employ their own counsel in connection therewith, and the reasonable fees incurred at competitive rates and expenses of such counsel, including disbursements and applicable taxes, as well as the reasonable costs (including an amount to reimburse the Underwriters for time spent by their Personnel in connection therewith) and out-of-pocket expenses incurred at competitive rates by their Personnel in connection therewith shall be paid by the Indemnitor as they occur. Provided that, notwithstanding the foregoing, the Underwriters and the Underwriters' Personnel shall utilize the Indemnitor's counsel unless in the opinion of the Underwriters, based on counsel, there is an actual, potential or apparent conflict between the interests of such parties and the interests of the Indemnitor such that joint representation would be inappropriate.

(e) Promptly after receipt of notice of the commencement of any legal proceeding against the Underwriters or any of the Personnel or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Underwriters (or any one of them) will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor

all significant actions proposed. The omission to so notify the Company shall not relieve the Company of any liability which the Company may have to the Underwriters or the Personnel except only to the extent that any such delay in giving or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Company would otherwise have under this indemnity had the Underwriters not so delayed in giving or failed to give the notice required hereunder.

(f) The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to those of the Underwriters and the Personnel who are not signatories hereto and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, the Underwriters and any of the Personnel of the Underwriters. The foregoing provisions of this paragraph 14 shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

15. Advertisements. The Company acknowledges that the Underwriters shall have the right, at their own expense, to place such advertisement or advertisements or press releases relating to and following the completion of the sale of the Special Warrants contemplated herein as the Underwriters may consider desirable or appropriate and as may be permitted by Applicable Law. The Company and the Underwriters each agree that it will not make or publish any advertisement or press release in any media whatsoever relating to, or otherwise publicizing, the Offering so as to result in any exemption from the prospectus and registration requirements of applicable Securities Laws being unavailable in respect of the sale of the Special Warrants and issuance of Subscription Receipts or Underlying Shares to prospective purchasers. Subject to compliance with Applicable Law, any press release or advertisement of the Company relating to the Offering or the Arena Transactions will be provided in advance to the Underwriters and the Company will use its reasonable commercial efforts to agree to the form and substance thereof with the Underwriters prior to the release thereof.

16. Compliance with U.S. Securities Laws. The Underwriters make the representations, warranties and covenants applicable to them in Schedule "A" hereto and agree, on behalf of themselves and their U.S. Affiliates, for the benefit of the Company, to comply with the United States selling restrictions imposed by the laws of the United States and set forth in Schedule "A" hereto. The Company makes the representations, warranties and covenants applicable to it in Schedule "A" hereto.

17. Notices. Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "notice") shall be in writing addressed as follows:

If to the Company, at:

The Westaim Corporation
70 York Street, Suite 1700
Toronto, Ontario M5J 1S9

Attention: J. Cameron MacDonald
Facsimile: 416-969-3334

and, in respect of any notice given to the Company, with a copy to:

Baker & McKenzie LLP
Brookfield Place
181 Bay Street, Suite 2100
Toronto, Ontario M5J 2T3

Attention: Kevin Rooney
Facsimile: 416-863-6275

If to the Underwriters (as applicable), at:

GMP Securities L.P.
145 King Street West, Suite 300,
Toronto, Ontario M5H 1J8

Attention: Kevin Sullivan
Facsimile: 416-943-6160

TD Securities Inc.
66 Wellington Street West, 9th Floor
Toronto, Ontario M5K 1A2

Attention: Jonathan Broer
Facsimile: 416-983-3176

Cormark Securities Inc.
200 Bay St., Suite 2800
Toronto, ON M5J 2J2

Attention: Roger Poirier
Facsimile: 416-943-6496

Scotia Capital Inc.
40 King Street West, 66th Floor
Toronto, Ontario M5W 2X6

Attention: Burhan Khan
Facsimile: 416-863-7117

and, in respect of any notice given to any Underwriter, with a copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
Bay Adelaide Centre, Box 20
333 Bay Street, Suite 2400
Toronto ON M5H 2T6

Attention: Robert McDowell/Richard Steinberg
Facsimile: 416-364-7813

or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by facsimile transmission to the addressee and a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and a notice which is sent by facsimile transmission shall be deemed to be given and received on the first Business Day following the day on which it is sent.

18. Obligations Several.

(a) The Underwriters' obligations under this agreement, including their applicable obligations to purchase the Special Warrants are several and not joint nor joint and several in that:

(i) each of the Underwriters shall be obligated to purchase only the percentage of the total number of Special Warrants set forth opposite their names in paragraph 18(b); and

(ii) if any of the Underwriters (a "**Refusing Underwriter"**) has not purchased its applicable percentage of the total number of Special Warrants, and the other Underwriters (each a "**Continuing Underwriter**") shall be willing to purchase their own applicable percentage of the total number of Special Warrants, such Continuing Underwriter(s) shall be relieved of their obligations hereunder;

provided that, notwithstanding the provisions of subparagraph 18(a)(ii), the Continuing Underwriter(s) who shall be willing and able to purchase its applicable percentage of the total number of Special Warrants shall have the right, but not the obligation, to purchase the number of Special Warrants not purchased by the Refusing Underwriter(s). Nothing in this paragraph 18 shall obligate the Company to sell less than all of the Special Warrants or shall relieve any Underwriter in default from liability to the Company.

(b) The applicable percentage of the total number of the Special Warrants which each of the Underwriters shall be separately obligated to purchase is as follows:

Underwriter	**Percentage**
GMP Securities L.P.	40.0%

TD Securities Inc.	40.0%
Cormark Securities Inc.	10.0%
Scotia Capital Inc.	10.0%
Total	100.0%

The Joint Bookrunners shall be entitled to receive a step-up fee, which shall be equal to 5.0% of the Commission and shall be paid to the Joint Bookrunners out of the portion of the Commission paid by the Company to the Underwriters at the Closing Time. The remaining 95.0% of the Commission shall be distributed among the Underwriters in accordance with percentages set forth above.

19. Maple Disclosure. Each of TD Securities Inc. and Scotia Capital Inc., or affiliates thereof, owns or controls an equity interest in TMX Group Limited ("**TMX Group**") and/or has a nominee director serving on the TMX Group's board of directors. As such, such investment dealer may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the Toronto Stock Exchange, the TSXV and the Alpha Exchange. No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service.

20. General.

20.1 Time of the Essence. Time shall, in all respects, be of the essence hereof.

20.2 Headings. The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

20.3 Entire Agreement. This Agreement (including all Schedules) and the other agreements and documents referred to herein constitute the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings between the parties hereto with respect to the transactions contemplated in this Agreement. This Agreement may be amended or modified in any respect by written instrument only.

20.4 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

20.5 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company, the Underwriters and the Purchasers and their respective successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by the Company without the prior written consent of the Underwriters, or by any Underwriter without the prior written consent of the Company.

20.6 Further Assurances. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements

and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

20.7 Effective Date. This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

20.8 Counterparts and Facsimile Execution. This Agreement may be executed in any number of counterparts, which taken together shall form one and the same agreement. This Agreement may be executed by one or more of the parties by facsimile transmitted signature or by e-mail in PDF format and all parties agree that the reproduction of signature by way of facsimile or by e-mail in PDF format will be treated as though such reproductions were executed originals.

20.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto attorn to the non-exclusive jurisdiction of the courts of such province in connection with all matters arising hereunder.

[Signatures on following page]

If the Company is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Joint Bookrunners.

Yours very truly,

GMP SECURITIES L.P.

By: *"Kevin Sullivan"*
Name: Kevin Sullivan
Title: Deputy Chairman

TD SECURITIES INC.

By: *"Jonathan Broer"*
Name: Jonathan Broer
Title: Managing Director, Investment Banking

CORMARK SECURITIES INC.

By: *"Roger Poirier"*
Name: Roger Poirier
Title: Managing Director, Investment Banking

SCOTIA CAPITAL INC.

By: *"Burhan Khan"*
Name: Burhan Khan
Title: Managing Director

DATED as of the 28th day of May, 2015

THE WESTAIM CORPORATION

By: *"J. Cameron MacDonald"*
Name: J. Cameron MacDonald
Title: President and Chief Executive Officer

SCHEDULE "A"
UNITED STATES OFFERS AND SALES

As used in this Schedule "A" and related exhibit, capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Agreement to which this Schedule "A" is annexed and to which it forms a part, and the following terms shall have the meanings indicated:

(a) "**Accredited Investor**" means an institutional accredited investor that satisfies one of more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D;

(b) "**Directed Selling Efforts**" means "directed selling efforts" as that term is defined in Rule 902(c) of Regulation S;

(c) "**Foreign Issuer**" means a foreign issuer as that term is defined in Rule 902(e) of Regulation S;

(d) "**General Solicitation**" and "**General Advertising**" means "general solicitation" and "general advertising", respectively, as used in Rule 502(c) of Regulation D, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over television, radio or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

(e) "**Offshore Transaction**" means an "offshore transaction" as defined in Rule 902(h) of Regulation S;

(f) "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as that term is defined in Rule 144A;

(g) "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;

(h) "**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;

(i) "**Rule 144A**" means Rule 144A under the U.S. Securities Act;

(j) "**SEC**" means the United States Securities and Exchange Commission;

(k) "**Securities**" means Special Warrants of the Company;

(l) "**Selling Firm**" means any dealer and broker other than the Underwriters who participate in the offer and sale of the Securities pursuant to the Underwriting Agreement; and

(m) "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as that term is defined in Rule 902(j) of Regulation S.

(n) "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

Representations, Warranties and Covenants of the Underwriters

Each of the Underwriters acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and state securities laws. Accordingly, each of the Underwriters, represents, warrants and covenants to the Company on its own behalf and on behalf of their respective U.S. Affiliate that:

1. It has not offered and will not offer any Securities except (a) in offshore transactions in accordance with Rule 903 of Regulation S or (b) in the United States as provided in paragraphs 2 through 11 below. Accordingly, none of the Underwriter, its affiliates or any persons acting on its or their behalf has made or will make (except as permitted in paragraphs 2 through 11 below) (i) any offer to sell or any solicitation of an offer to buy any Securities to any person in the United States or a U.S. Person, or (ii) any sale of Securities to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States, or such Underwriter, its affiliates or person acting on their behalf reasonably believed that such Purchaser was outside the United States and not a U.S. Person, or (iii) any Directed Selling Efforts.

2. All offers of Securities by it in the United States or for the account or benefit of a person in the United States or a U.S. Person will be effected by its U.S. Affiliate in accordance with all applicable U.S. federal and state broker-dealer requirements. Such U.S. Affiliate is and will be, on the date of each offer and subsequent sale by the Company of Securities in the United States, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and the securities laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc.

3. It has not entered and will not enter into any contractual arrangement with respect to the distribution of Securities, except with its U.S. Affiliate, any Selling Firm or with the prior written consent of the Company. It shall require each U.S. Affiliate and each Selling Firm to agree, for the benefit of the Company, to comply with, and shall use commercially reasonable efforts to ensure that each U.S. Affiliate and Selling Firm complies with, the provisions of this Schedule “A” applicable to such Underwriter as if such provisions applied to such U.S. Affiliate and Selling Firm.

4. Offers and sales of Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person by it and its U.S. Affiliate in the United States have not been and will not be made (i) by any form of General Solicitation or General Advertising, or (ii) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

5. Any offer or sale of Securities that has been made or will be made in the United States or for the account or benefit of a person in the United States or a U.S. Person was or will be made only to persons reasonably believed to be Accredited Investors or Qualified Institutional Buyers by the Underwriter through its U.S. Affiliate, and in transactions that are exempt from registration under the U.S. Securities Act and applicable state laws or regulations.

6. The Underwriter acting through its U.S. Affilate has offered and will offer the Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person only to offerees with respect to which the Underwriter or its U.S. Affiliate has a pre-existing relationship and has reasonable grounds to believe was at the time of such offer an Accredited Investor or a Qualified Institutional Buyer.

7. All Purchasers that are in the United States or for the account or benefit of a person in the United States or U.S. Person who were offered such securities by the Underwriter through its U.S. Affiliate shall be informed that the Securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and are being offered and sold to such Purchasers in reliance on an exemption from the registration requirements of the U.S. Securities Act or applicable state securities laws.

8. At least one business day prior to the Closing Time, the Company will be provided with: (a) a list of all Purchasers in the United States who were offered such Securities by the Underwriter through its U.S. Affiliate, all Purchasers who were offered Securities in the United States by the Underwriter through its U.S. Affiliate or who are purchasing for the account or benefit of a person in the United States or a U.S. Person; and (b) all executed United States Subscribers Representation Letters in the form attached as Schedule D to the Subscription Agreements.

9. At the Closing Time, each Underwriter together with its U.S. Affiliate that offered the Securities in the United States, will provide to the Company a certificate in the form of Exhibit "A" to this Schedule "A" relating to the manner of the offer and sale of the Securities in the United States or will be deemed to have represented and warranted that it and its U.S. Affiliate did not offer Securities in the United States.

10. Neither the Underwriter, its affiliates, nor any person acting on their behalf (other than the Company, its affiliates and any person acting on their behalf as to which no representation is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Securities Act in connection with the offer or sales of the Securities.

11. With respect to Securities to be offered and sold hereunder in reliance on Rule 506(b) under the U.S. Securities Act ("**Regulation D Securities**"), neither the Underwriter, its U.S. Affiliate, nor any of their respective general partners or managing members, nor any director or executive officer of any of the foregoing, nor any other officer of any of the foregoing participating in the offering of the Regulation D Securities, is subject to any of the "Bad Actor" disqualifications provisions described in Rule 506(d) under the U.S. Securities Act (a "**Disqualification Event**"). Neither the Underwriter nor its U.S.

Affiliate have paid or will pay, nor are they aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriter and its U.S. Affiliate) for solicitation of purchases of Regulation D Securities.

Representations, Warranties and Covenants of the Company

The Company represents, warrants, covenants and agrees that:

1. The Company is a Foreign Issuer with no Substantial U.S. Market Interest in its Securities and is not registered or required to be registered as an "investment company" under the United States Investment Company Act of 1940 and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, registered or required to register as an "investment company" pursuant to the provisions of the United States Investment Company Act of 1940.

2. Except with respect to sales to Accredited Investors or Qualified Institutional Buyers hereunder in reliance upon exemptions from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation and Rule 144A, respectively, neither the Company nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Securities to a person in the United States; or (B) any sale of Securities unless, at the time the buy order was or will have been originated, the Purchaser is (i) outside the United States, or (ii) the Company and any person acting on its behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation is made) reasonably believe that the Purchaser is outside the United States.

3. Neither the Company nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

4. Neither it nor any of its affiliates, nor any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made), has made or will make any Directed Selling Efforts, or has taken or will take any action that would cause the exclusion afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Securities pursuant to this Agreement.

5. None of the Company, any of its affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates and any person acting on their behalf, as to whom no representation, warranty, covenant or agreement is made) have (i) engaged or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Securities in the United States, or (ii) undertaken any activity in a

manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.

6. Since the date that is six months prior to start of the offering of the Securities: (i) it has not sold, offered for sale or solicited any offer to buy, and it will not sell, offer for sale or solicit any offer to buy, any of its securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities; and (ii) neither it nor any person acting on its behalf has engaged or will engage in any General Solicitation or General Advertising in connection with any offer or sale of its securities in reliance upon Rule 506(c) of Regulation D or otherwise in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities.

7. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable blue sky laws in connection with the offer and sale of the Securities.

8. With respect to Regulation D Securities, none of the Company, any of its predecessors, any affiliated issuer of the Company, any director or executive officer of the Company, any other officer of the Company participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, or any promoter connected with the Company in any capacity at the time of sale of the Regulation D Securities is subject to any Disqualification Event. The Company has not paid and will not pay, nor is it aware of any other person that has paid or will pay, directly or indirectly, any remuneration to any person (other than the Underwriters and their respective U.S. Affiliates) for solicitation of purchasers of Regulation D Securities.

9. For so long as any of the Securities which have been sold in the United States in reliance upon Rule 144A are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, if the Company is not or ceases to be exempt, pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, from the reporting requirements of the U.S. Securities Act, and is not otherwise subject to such requirements, the Company will provide to any holder of Securities and any prospective purchaser of Securities designated by such holder, upon the request of such holder or prospective purchaser, the information required to be provided to such holder or prospective purchaser by paragraph (d)(4) of Rule 144A, for so long as the provision of such information is required to permit resales of the Securities pursuant to Rule 144A.

10. The Securities are not, and as of the Closing Date will not be, and no securities of the same class as the Securities are or will be: (i) listed on a national securities exchange in the United States registered under Section 6 of the U.S. Exchange Act, (ii) quoted in a "U.S. automated inter-dealer quotation system", as such term is used for purposes of Rule 144A, or (iii) convertible or exchangeable into, or exercisable for, securities so listed or quoted at an effective conversion or exercise premium (calculated as specified in paragraph (a)(6) and (a)(7) of Rule 144A) of less than 10% for securities so listed or quoted.

11. None of the Company, any of its affiliates or any person acting on any of their behalf (other than the Underwriters, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation, warranty, covenant or agreement is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Securities.

EXHIBIT "A"
TO SCHEDULE "A"

UNDERWRITER'S CERTIFICATE

In connection with the private placement in the United States of Special Warrants (the "**Securities**") of The Westaim Corporation (the "**Company**") pursuant to the Underwriting Agreement dated May 28, 2015 among the Company and the underwriters named therein (the "**Underwriters**"), each of the undersigned does hereby certify as follows with respect to its activities:

(i) the undersigned U.S. affiliate of the undersigned Underwriter (the "**U.S. Affiliate**") who offered Securities in the United States is on the date hereof and was on the date of each offer and subsequent sale by the Company of Securities in the United States duly registered as a broker or dealer under the U.S. Exchange Act and the securities laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc.;

(ii) all offers of Securities in the United States were made only through the U.S. Affiliate and have been effected in accordance with all applicable U.S. federal and state broker-dealer requirements;

(iii) no written material was used in connection with the offer and sale of the Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person, other than in respect of offers and sales of the Securities in the United States to Qualified Institutional Buyers;

(iv) immediately prior to offering the Securities to offerees in the United States or for the account or benefit of a person in the United States or a U.S. Person, we had reasonable grounds to believe and did believe that each offeree was an "accredited investor" under the U.S. Securities Act or a "qualified institutional buyer" as defined in Rule 144A promulgated under the U.S. Securities Act, and, on the date hereof, we continue to believe that each such offeree purchasing Securities from the Company, is an Accredited Investor or a "qualified institutional buyer";

(v) we obtained from each Purchaser in the United States an executed United States Subscribers Representation Letter in the form of Schedule D to the Subscription Agreements, and we have delivered copies of the same to the Company;

(vi) no form of "general solicitation" or "general advertising" was used by us, including, without limitation advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio or television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Securities in the United States or for the account or benefit of a person in the United States or a U.S. Person; and

(vii) the offering of the Securities in the United States has been conducted by us through the U.S. Affiliate in accordance with the terms of the Underwriting Agreement, including Schedule "A" thereto.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement unless otherwise defined herein.

Dated this ___ day of _____, 2015.

UNDERWRITER

By: _____
Name:
Title:

U.S. AFFILIATE

By: _____
Name:
Title:

SCHEDULE "B"
ESCROW RELEASE CONDITIONS

The following shall constitute the "Escrow Release Conditions":

(i) 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;

(ii) the TSXV having approved the listing of the Underlying Shares on the TSXV and the Arena Transactions;

(iii) the SEC having approved the registration of Arena Investors and, if required, AFC and the respective personnel of Arena Investors and AFC;

(iv) the legal and economic terms of the Arena Transactions being no less favourable in the aggregate to the Company as compared to the terms as described in the Proposal and the press release dated May 5, 2015 announcing the Offering in the opinion of the Joint Bookrunners, acting reasonably;

(v) the Joint Bookrunners having received a certificate of the Chief Executive Officer of the Company confirming that the legal and economic terms of the Arena Transactions are no less favourable in the aggregate to the Company as compared to the terms as described in the Proposal and the press release dated May 5, 2015 announcing the Offering; and

(vi) the Company having delivered a notice to the Escrow Agent confirming that (i) all regulatory, corporate and other approvals required in respect of the Offering and the Non-Brokered Offering 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.