

Attention Business Editors:

Westaim announces completion of amalgamation with NUCRYST Pharmaceuticals Corp.

TORONTO, Feb. 8 /CNW/ - The Westaim Corporation (Westaim or the Company) (TSX: "WED") announced today that, following the approval of the transaction by the shareholders of NUCRYST Pharmaceuticals Corp. (Nucryst), Westaim's wholly-owned subsidiary, 1499642 Alberta Ltd. (1499642), amalgamated (the Amalgamation) with Nucryst to form a new company under the name "Westaim Holdings Limited" (Westaim Holdings).

Under the terms of the Amalgamation, Nucryst shareholders (other than Westaim) received for each issued and outstanding share in Nucryst one redeemable preferred share in the capital of Westaim Holdings, which preferred share was immediately redeemed for US\$1.77 in cash (the Redemption Consideration) upon the completion of the Amalgamation. A total of 4,633,665 redeemable preferred shares of Westaim Holdings were issued in connection with the Amalgamation and have been redeemed for an aggregate redemption price of US\$8,201,587.05.

In order to receive the Redemption Consideration, Nucryst shareholders should follow the instructions set forth under "Information Regarding the Amalgamation-Redemption Procedure" in the Notice and Information Circular of Nucryst dated November 25, 2009 previously delivered to shareholders and filed with securities authorities in Canada on SEDAR at www.sedar.com and with the United States Securities and Exchange Commission on December 1, 2009 as Exhibit (a)(1) to the Schedule 13E-3 Transaction Statement filed by Nucryst, Westaim and 1499642.

The Amalgamation follows the sale (the Sale Transaction) by Nucryst of substantially all of its assets pursuant to an asset purchase agreement dated November 10, 2009, as amended (the Purchase Agreement), among Nucryst, NUCRYST Pharmaceuticals Inc., Smith & Nephew Inc. and Smith & Nephew (Overseas) Limited (collectively, S&N). In connection with the Sale Transaction, Westaim entered into a keep well agreement (the Keep Well Agreement) and an environmental indemnification agreement (the Indemnification Agreement) with S&N. Under the Keep Well Agreement, Westaim agreed not to take any action which would cause Nucryst to breach its covenant in the Purchase Agreement to maintain a minimum net worth of at least US\$4 million provided that Westaim's liability for any breach of the Keep Well Agreement cannot exceed US\$4 million less any indemnity claims already satisfied by Nucryst. Under the Indemnification Agreement, Westaim agreed to indemnify S&N and its directors, officers and employees from certain environmental liabilities and related costs relating to the premises formerly leased by Nucryst in Fort Saskatchewan, Alberta.

About Westaim

Westaim invests, directly and indirectly, through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's common shares are listed on The Toronto Stock Exchange under the trading symbol WED.

Certain portions of this press release as well as other public statements by Westaim, contain forward-looking statements. Such forward-looking statements include but are not limited to statements concerning investment strategies, expected rates of return and strategic alternatives to maximize value for shareholder. These statements are based on current expectations that are subject to risks, uncertainties and assumptions and Westaim can give no assurance that these expectations are correct. Westaim's actual results could differ materially from those anticipated by forward-looking statements for various reasons generally beyond our control, including but not limited to:

- (i) changes in market conditions or deterioration in underlying investments;
- (ii) general economic, market, financing, regulatory and industry developments

and conditions; and (iii) other risk factors set forth in Westaim's Annual Report or Annual Information Form. Westaim disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise except as required by law. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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