

Attention Business Editors:

Westaim completes \$273,372,500 private placement of subscription receipts

/NOT FOR DISSEMINATION IN THE UNITED STATES OR FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES AND DOES NOT CONSTITUTE AN OFFER OF THE SECURITIES DESCRIBED HEREIN./

TORONTO, Feb. 9 /CNW/ - The Westaim Corporation (Westaim or the Company) (TSX: "WED") announced today that it has completed the sale of an aggregate of 546,745,000 subscription receipts (Subscription Receipts) at a purchase price of \$0.50 each for aggregate gross proceeds of \$273,372,500. An aggregate of 219 million Subscription Receipts were sold pursuant to an underwriting and agency agreement between Westaim and GMP Securities LP (GMP) dated February 9, 2010. An additional 296 million Subscription Receipts were purchased by Her Majesty the Queen in Right of the Province of Alberta (HMQ) through Alberta Investment Management Corporation (AIMCo). As well, an aggregate of 31,745,000 Subscription Receipts were purchased by directors and officers of Westaim, funds managed by Goodwood Inc., existing senior management of JEVCO and certain other designated investors (collectively the Designated Purchasers). A second closing is scheduled for February 19, 2010 in respect of the sale of the remaining 3,255,000 Subscription Receipts to certain other Designated Purchasers for gross proceeds of \$1,627,500.

The Subscription Receipts were issued under a subscription receipt indenture (the Indenture) among Westaim, GMP and Equity Transfer & Trust Company (the Receipt Agent). Each Subscription Receipt entitles, subject to adjustment and except as described below, the holder thereof to receive upon the conversion thereof one common share of Westaim (each a Common Share). The Subscription Receipts issued to HMQ are exercisable for a mix of Common Shares and Series 1 Class A non-voting preferred shares of Westaim (Non-Voting Shares). The Non-Voting Shares were created by the filing of articles of amendment (the Articles of Amendment) and are convertible into Common Shares of Westaim on a one-for-one basis. The terms of the Non-Voting Shares provide that Westaim can refuse a request to convert such shares into Common Shares if as a result of such conversion the holder thereof would own more than 40% of the then outstanding Common Shares.

Each Subscription Receipt will entitle the holder thereof to receive without further consideration or action: (i) one Common Share or, in the case of the Subscription Receipts issued to HMQ, one Common Share or one Non-Voting Share (in each case an Underlying Share) upon the satisfaction of the Escrow Release Conditions (as defined below) provided that such conditions have been satisfied at or prior to the Termination Time (as defined below); or (ii) if the Escrow Release Conditions are not satisfied at or prior to the Termination Time, an amount equal to the full purchase price of a Subscription Receipt plus the holder's pro rata entitlement to the interest earned or income generated, if any, on such amount.

The gross proceeds from the sale of the Subscription Receipts, less retail brokers' fees and an amount equal to the costs and expenses of GMP, have been deposited with the Receipt Agent to be held in escrow under the terms of the Indenture, pending the receipt of notices from (i) the Company and GMP and (ii) the Company and HMQ, confirming that all of the conditions to the release of the proceeds from escrow (the Escrow Release Conditions) have been satisfied or waived by the Company. The Escrow Release Conditions include, without limitation, the following:

<<

1. shareholders of the Company having approved the issuance of the Underlying Shares, the Underlying Shares issuable to HMQ, and the Underlying Shares issuable to the Designated Purchasers who are insiders of the Company;
2. all conditions required to complete the acquisition (the Jevco Acquisition) by Westaim of JEVCO Insurance Company (other than

payment of the purchase price therefor) having been satisfied or waived by the Company, acting reasonably; and

3. the Company having received all applicable documents, in form and substance satisfactory to HMQ and GMP, acting reasonably, evidencing the approval by the Office of the Superintendent of Financial Institutions of the Jevco Acquisition.

>>

If the Escrow Release Conditions are not satisfied on or before the earlier of: (i) 4:30 p.m. (Toronto time) on April 30, 2010; and (ii) the time and date, if any, that the purchase agreement in respect of the Jevco Acquisition is terminated pursuant to its terms (in each case, the Termination Time), the Receipt Agent and the Company will return to each holder of Subscription Receipts, commencing on the second business day following the Termination Time, an amount equal to the issue price of each holder's Subscription Receipts and their pro rata entitlement to interest actually earned or income generated on such amount.

HMQ was also issued warrants to purchase an aggregate of 10 million Non-Voting Shares at a price of \$0.50 per share at any time until 4:30 p.m. (Toronto time) on February 9, 2013 in consideration of HMQ's agreement to purchase up to 119 million Subscription Receipts in the event that such Subscription Receipts were not purchased by other investors as part of the offering.

The Toronto Stock Exchange has conditionally approved the listing of the Common Shares issuable upon the conversion of the Subscription Receipts including any Common Shares issuable upon the conversion of the Non-Voting Shares. Listing is subject to the satisfaction of certain conditions by the Company on or before June 20, 2010.

Further details regarding the terms of the Subscription Receipts and the terms of the Non-Voting Shares are contained in the Indenture and the Articles of Amendment which will be available on SEDAR (www.sedar.com).

This press release is not an offering of securities for sale in the United States. The Subscription Receipts, Common Shares and Non-Voting Shares described herein and in the summary of key terms attached to this press release have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of that Act.

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 the transactions described herein; investment strategies and 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) failure to complete the Jevco Acquisition; (ii) changes in market conditions or deterioration in underlying investments; (iii) general economic, market, financing, regulatory and industry developments and conditions; and (iv) 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.

%SEDAR: 00002793E

/For further information: J. Cameron MacDonald, President and Chief
Executive Officer, The Westaim Corporation, (416) 203-2922, info(at)westaim.com/
(WED.)

CO: Westaim Corporation

CNW 11:24e 09-FEB-10