



**WESTAIM COMPLETES PRIVATE PLACEMENT OF SUBSCRIPTION RECEIPTS  
AND ENTERS INTO SUBSCRIPTION AGREEMENT FOR COMMON SHARES  
FOR AGGREGATE GROSS PROCEEDS OF APPROXIMATELY \$150 MILLION**

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

Toronto, Ontario – April 23, 2014 – The Westaim Corporation ("**Westaim**" or the "**Company**") (TSXV: "**WED**") today announced that it has completed the sale of an aggregate of 50,995,385 subscription receipts (the "**Subscription Receipts**") at a purchase price of \$2.65 per Subscription Receipt for aggregate gross proceeds of \$135,137,770 (the "**Offering**"). An aggregate of 47,180,380 Subscription Receipts (\$125,028,007) were sold pursuant to an underwriting agreement between the Company, Westaim HIIG Limited Partnership (the "**Partnership**"), GMP Securities L.P. and TD Securities Inc. (together, the "**Joint Bookrunners**") and Cormark Securities Inc. (collectively with the Joint Bookrunners, the "**Underwriters**"). The Subscription Receipts sold pursuant to the Underwriting Agreement include the exercise in full of the Underwriters' option. An additional 3,815,005 Subscription Receipts (\$10,109,763) were sold pursuant to a concurrent non-brokered private placement of Subscription Receipts (the "**Concurrent Private Placement**"). The Concurrent Private Placement included subscriptions by members of the Company's board of directors and management team (collectively, the "**Insiders**") for an aggregate of 3,400,000 Subscription Receipts. The net proceeds of the Offering and the Concurrent Private Placement will be held in escrow pending satisfaction of the escrow release conditions as described below (the "**Escrow Release Conditions**").

The Subscription Receipts were issued under a subscription receipt indenture (the "**Indenture**") among Westaim, the Joint Bookrunners and Equity Financial Trust Company (the "**Receipt Agent**"). Each Subscription Receipt entitles the holder thereof to receive without further consideration or action one common share of the Company (each, a "**Common Share**") upon the satisfaction of the Escrow Release Conditions provided that such conditions have been satisfied at or prior to the earlier of: (i) 4:30 p.m. (Toronto time) on September 12, 2014, and (ii) the termination of the stock purchase agreement in respect of the Acquisition (as defined below) in accordance with its terms (the "**Termination Time**"); or if the Escrow Release Conditions are not satisfied at or prior to the Termination Time, holders of the Subscription Receipts will be entitled to receive 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 Escrow Release Conditions include, without limitation, the following:

1. the TSX Venture Exchange (the "**TSXV**") having approved the listing of the Common Shares underlying the Subscription Receipts on the TSXV;
2. receipt, as applicable, of certain regulatory approvals;

3. the acquisition agreement in respect of the Acquisition shall not have been withdrawn, terminated or cancelled and the Company, the Partnership and/or the vendors shall not have indicated that they otherwise are not prepared to proceed with the Acquisition; and
4. all conditions required to complete the Acquisition, other than payment of the purchase price therefor and such other procedural conditions that are customarily fulfilled immediately prior to the closing of a transaction in the nature of the Acquisition, shall have been satisfied and fulfilled in all material respects, and a certificate of a senior officer of the Company and the general partner of the Partnership confirming the same shall have been delivered to the Underwriters.

Pursuant to Westaim's press release of March 12, 2014 (the "**Initial Press Release**") relating to the acquisition by the Partnership, an Ontario limited partnership established by Westaim, of a significant interest in HIIG, the Company will use a portion of the proceeds from the Offering to purchase Class A Limited Partnership Units in the Partnership to enable the Partnership (together with funds committed by other investors in the Partnership) to satisfy the cash consideration payable by the Partnership in connection with the Initial Acquisition and the Second Acquisition, as such terms are defined in the Initial Press Release (collectively, the "**Acquisition**"). Both the Initial Acquisition and the Second Acquisition are expected to close concurrently in Q2 2014.

Concurrent with closing of the Offering and the Concurrent Private Placement, Westaim also entered into subscription agreements with certain funds and co-investors (collectively, the "**Trilantic Funds**") managed by Trilantic Capital Partners pursuant to which the Trilantic Funds have agreed to irrevocably subscribe for approximately 5,523,430 Common Shares at a price per share of \$2.65 for aggregate gross proceeds of approximately \$14,637,090 (the "**Trilantic Subscription**"). The Trilantic Funds currently own approximately 13.2% of the outstanding shares of common stock of Houston International Insurance Group, Ltd. ("**HIIG**"), which shares will be acquired by the Company pursuant to the Acquisition in consideration of approximately US\$13,306,450. On closing of the Acquisition, Trilantic will use the proceeds from the Acquisition to fund the Trilantic Subscription. The conditions to the closing of the Trilantic Subscription are the same as the Escrow Release Conditions. The precise number of Common Shares to be purchased by the Trilantic Funds will be determined prior to closing the Trilantic Subscription based on the actual proceeds to be received by the Trilantic Funds in respect of the Acquisition and the United States dollar to Canadian dollar noon exchange rate on the second business day immediately preceding the closing date of the Acquisition.

The aggregate gross proceeds of the Offering, the Concurrent Private Placement and the Trilantic Subscription are expected to be approximately \$150 million.

The net proceeds of the Offering, the Concurrent Private Placement and the Trilantic Subscription remaining after completion of the Acquisition will be used by the Company for general corporate purposes and to consider and possibly fund potential future acquisitions (including possible additional equity investments in the Partnership).

The TSXV has conditionally approved the listing of the Common Shares issuable upon the conversion of the Subscription Receipts. Listing is subject to the satisfaction of certain conditions by the Company on or before June 2, 2014. The Subscription Receipts and Common Shares issuable thereunder will be subject to a hold period under applicable Canadian securities laws expiring on August 24, 2014. The Common Shares issuable pursuant to the Trilantic Subscription will be subject to a hold period under applicable Canadian securities laws expiring four months and a day after the closing of the Acquisition.

Further details regarding the terms of the Subscription Receipts are contained in the Indenture which will be available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **MI 61-101 Disclosure**

The purchase of Subscription Receipts by the Insiders constitutes a "related party transaction" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company has relied on the exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in section 5.5(a) and section 5.7(1)(a) of MI 61-101 in respect of the related party transactions based on the fact that the fair market value of the related party participation in the Offering does not exceed 25% of the Company's market capitalization prior to the closing of the Offering. The purchase of Subscription Receipts by the Insiders was approved by the Board of Directors of the Company, with the applicable Insiders declaring their interest and abstaining from voting.

*The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.*

### **About Westaim**

Westaim is a publicly traded Canadian-based investment company that invests directly and indirectly through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's strategy is to pursue investment opportunities with a focus towards the financial services industry and grow shareholder value (as measured by book value per share) at above average rates over the long-term.

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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 investment strategies and expected rates of return; and strategic alternatives to maximize value for shareholders. 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) our ability to complete the Acquisition or any portion thereof on the terms described herein or at all, (ii) our ability to satisfy the Escrow Release Conditions, (iii) changes in market conditions or deterioration in underlying investments; (iv) general economic, market, financing, regulatory and industry developments and conditions; (v) other risk factors set forth in Westaim's 2013 Audited Annual Financial Statements and Management's Discussion and Analysis, quarterly reports 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.