



WESTAIM HIIG LIMITED PARTNERSHIP RECEIVES REMAINING REGULATORY APPROVALS FOR PROPOSED ACQUISITION

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Toronto, Ontario – July 28, 2014 – Further to its press releases of March 12, 2014 and May 14, 2014 relating to the proposed acquisition (the “**Acquisition**”) by Westaim HIIG Limited Partnership (the “**Partnership**”) of a significant interest in Houston International Insurance Group, Ltd. (“**HIIG**”), an international specialty insurance company headquartered in Houston, The Westaim Corporation (“**Westaim**” or the “**Company**”) (TSXV: “WED”) is pleased to announce that the Partnership has received approval for the Acquisition from the Texas Department of Insurance and the Oklahoma Insurance Department. This follows receipt by the Partnership of certain other requisite regulatory approvals for the Acquisition, including notice of early termination of the waiting period under the United States Hart-Scott-Rodino Act and conditional approval from the TSX Venture Exchange.

With all applicable regulatory approvals for the Acquisition having now been obtained, the closing of the Acquisition is currently expected to take place on or about July 31, 2014.

Update Regarding Proposed HIIG Directors and Officers

Westaim also wishes to provide an update with respect to the proposed directors and officers of HIIG following completion of the Acquisition.

The board of directors of HIIG (the “**HIIG Board**”) is expected to be comprised of six directors who shall be elected by a majority vote of all stockholders of HIIG (with the Partnership expected to own approximately 70.8% of the issued and outstanding shares of common stock of HIIG).

It is anticipated that upon completion of the Acquisition, the HIIG Board will be comprised of the following individuals: Stephen L. Way (Chairman), William R. Andrus, Robert E. Creager, Ian W. Delaney, Robert T. Kittel and J. Cameron MacDonald.

The senior management team of HIIG is expected to be comprised of the following individuals upon the completion of the Acquisition: Stephen L. Way (Chairman and Chief Executive Officer), Peter W. Presperin (Executive Vice President, Chief Financial Officer and Secretary), Edward H. Ellis (Executive Vice President), Rhonda N. Kemp (Assistant Secretary), Ahmad O. Mian (Senior Vice President, Operations and Chief Information Officer) and Cynthia L. Casale (Vice President and Treasurer).

Biographical information related to the expected directors and officers of HIIG (assuming completion of the Acquisition) is set out below.

Stephen L. Way, Chairman and Chief Executive Officer

Stephen Way is the current Chairman and Chief Executive Officer of HIIG. Mr. Way has served as Chief Executive Officer and a director of HIIG since February 2007.

Mr. Way is now in his 50th year in the insurance industry, beginning his career as an apprentice at Lloyds. In 1974, he founded HCC Insurance Holdings, Inc. ("**HCC**"), serving as its Chairman and Chief Executive Officer. Mr. Way was responsible for building HCC into one of the leading specialty insurance groups in the United States and internationally. In 2006, Mr. Way left HCC, and in 2007 founded Southwest Insurance Partners, Inc. which merged with another insurance group, in 2010, to form HIIG. Mr. Way also oversees underwriting at HIIG and is the head underwriter for the transactional property business.

William R. Andrus, Director

William R. Andrus is a proposed director of HIIG, expected to be appointed as a nominee of the Partnership.

Mr. Andrus is the President of Hartford Consultants, Inc., an insurance consulting firm. He has an actuarial background and has served in a variety of positions with several companies including Canadian General Insurance Co., the Wyatt Company, Fairfax Financial Holdings Limited and Connor Clark, Ltd. Mr. Andrus has previously served as a director of Jevco Insurance Company (2010-2012) and GCAN Insurance Company (2003-2005). Mr. Andrus earned his undergraduate degree in mathematics from the University of Waterloo and is an Associate of the Casualty Actuarial Society.

Robert E. Creager, Director

Robert E. Creager is an existing director of HIIG. He has served as a director of HIIG since November 2012.

Mr. Creager has 40 years of public accounting and industry experience. From 1982 until his retirement in 2009, Mr. Creager was an assurance partner with PricewaterhouseCoopers LLP. He served multi-national and domestic public and private clients in a variety of industries including energy, manufacturing and distribution, transportation and logistics, financial services, and others. He was the leader of the Houston audit practice from 2001 to 2007. From 1971 to 1981, Mr. Creager served in various positions of increasing responsibility with KPMG LLP, Security Savings Bank, and Coopers & Lybrand.

In addition to serving on the HIIG board of directors, Mr. Creager also serves as a director of USA Truck, Inc., a dry van truckload carrier transporting general commodities, and the Texas Tri-Cities Chapter of the National Association of Corporate Directors.

Mr. Creager has a Bachelor of Arts degree in accounting from the University of Maryland.

Ian W. Delaney, Director

Ian W. Delaney is a proposed director of HIIG, expected to be appointed as a nominee of the Partnership.

Mr. Delaney is the Chairman of Westaim. He is the former Chairman of Sherritt International Corporation ("**Sherritt**"), and also served as Sherritt's President and Chief Executive Officer (2009-2011), Executive Chairman (2004-2013) and Chairman (1995-

2004). Prior to joining Sherritt, he served as Chairman and Chief Executive Officer of Viridian Inc., President and Chief Executive Officer of The Horsham Corporation, and President and Chief Operating Officer at Merrill Lynch Canada Inc. Mr. Delaney is currently a director of Cenovus Energy Inc. and Chairman of Dacha Strategic Metals Inc. Mr. Delaney has also served as a director of a number of other companies including Urthecast Corp., OPTI Canada Inc., and MacMillan Bloedel Limited and as a trustee of Royal Utilities Income Fund.

Robert T. Kittel, Director

Robert T. Kittel is a proposed director of HIIG, expected to be appointed as a nominee of the Partnership.

Mr. Kittel has been Chief Operating Officer of Westaim since January 2013 and Interim Chief Financial Officer of Westaim since June 2014. Previously, he was a Partner and Portfolio Manager at Goodwood Inc. from 2002 to 2012. From 2000-2002, he was Vice President and analyst of a Canadian-based hedge fund investment firm. From 1997-2000, Mr. Kittel was employed by the Cadillac Fairview Corporation, a commercial real estate development company in the investments area. From 1994-1997, Mr. Kittel was a senior staff accountant at KPMG LLP. Mr. Kittel has also served on several boards including Cenveo, Inc. (2005-2007), Pet Valu, Inc. (2008-2009), Jevco Insurance Company (2010-2012), Webtech Wireless Inc. (2011-Present), and Constellation Software, Inc. (2013-Present). Mr. Kittel holds a BBA Honours (Gold Medalist) from Wilfrid Laurier University, is a Chartered Professional Accountant and a CFA Charterholder.

J. Cameron MacDonald, Director

J. Cameron MacDonald is a proposed director of HIIG, expected to be appointed as a nominee of the Partnership.

Mr. MacDonald has been President and Chief Executive Officer of Westaim since April 2009 and a director of Westaim since December 2008. He was formerly President and Chief Executive Officer of Goodwood Inc. (2000-2012), an investment management firm ("**Goodwood**"), and is currently the Chairman of Goodwood's Advisory Committee. From 1990 through 1999, he was a director and a member of the Research and Executive Committees of Connor, Clark Private Trust. From 1983 through 1990 he held various positions at CIBC Wood Gundy Inc. in Credit, Operations, and thereafter as an Account Executive (Vice President). Mr. MacDonald has served on several outside boards, most recently as a director of Jevco Insurance Company (2010-2012). Mr. MacDonald holds a Bachelor of Arts (Economics) from Wilfrid Laurier University and is a CFA Charterholder.

Mr. Peter W. Presperin – Executive Vice President, Chief Financial Officer and Secretary

Peter W. Presperin is the current Chief Financial Officer of HIIG. Mr. Presperin joined HIIG in May of 2014. Mr. Presperin has 30 years of experience as a financial officer in the insurance industry. Most recently, prior to joining HIIG, Mr. Presperin was the CFO and Director of Catlin, Inc. He has also worked for Zurich Insurance, Fireman's Fund Insurance Company and GE Capital subsidiary 1st Colony Life and has served on the Board of the Atlanta Audubon Society before moving to Texas.

Mr. Presperin received his bachelor's degree from the University of Illinois and is a Certified Public Accountant.

Edward H. Ellis, Jr., Executive Vice President

Edward H. Ellis, Jr. is Executive Vice President of HIIG. Mr. Ellis joined HIIG in 2012 and has previously served as Chief Financial Officer until June 2014. Prior to joining HIIG, Mr. Ellis spent 12 years at HCC, serving as its Chief Financial Officer and ultimately as an Executive Vice President and director. Prior to HCC, Mr. Ellis had a thirty-two year career in public accounting, including as a partner in Coopers & Lybrand from 1988 to 1997.

Mr. Ellis also serves on the boards of several local charities.

Mr. Ellis received his undergraduate degree from Southwestern University in Georgetown, Texas and his M.P.A. from the McCombs School of Business at the University of Texas and is a Certified Public Accountant.

Rhonda N. Kemp, Assistant Secretary

Rhonda N. Kemp is Assistant Secretary of HIIG. Ms. Kemp joined HIIG in 2008. Prior to joining the Company, Ms. Kemp spent four years at Alliant Insurance Services Houston (formerly JLT LLC), ultimately serving as its Chief Financial Officer. Prior to Alliant Insurance Services, Ms. Kemp spent four years at HCC Employee Benefits, a subsidiary of HCC. Ms. Kemp began her career in public accounting with Coopers & Lybrand.

Ms. Kemp received her undergraduate degree from Duquesne University. Ms. Kemp is a Certified Public Accountant and a Chartered Global Management Accountant.

Ahmad O. Mian, Chief Information Officer and Senior Vice President Operations

Ahmad O. Mian is Chief Information Officer and Senior Vice President of HIIG. Mr. Mian joined HIIG in 2011. Prior to joining HIIG, Mr. Mian spent 12 years servicing a global client base including Fortune 1000 companies at FileControl Partners, Ltd., as the President and Chief Executive Officer. Prior to FileControl Partners, Ltd., Mr. Mian spent 5 years at Underwriters Indemnity, ultimately holding the position of Senior Vice President & Chief Technology Officer.

Mr. Mian serves on the boards of Microsoft SQL Server Technical Advisory Board, Texas Tech College of Business Advisory Board Member Entrepreneur, as well as the Organization of Pakistani Entrepreneurs in North America.

Mr. Mian received his undergraduate degree from The University of Engineering & Technology, Lahore and his M.B.A. from Texas Tech University. Additionally, Mr. Mian earned his advanced executive education program in Technology Management from the Massachusetts Institute of Technology - Sloan School of Management.

Cynthia L. Casale – Vice President and Treasurer

Cynthia L. Casale is the Vice President and Treasurer of HIIG having joined HIIG in 2011. Prior to joining HIIG, Mrs. Casale spent eight years at Utica Mutual Insurance Company, starting as its Chief Investment Officer and ultimately serving as its Senior Vice President, Chief Financial Officer and Treasurer. Prior to Utica Mutual Insurance Company, Mrs. Casale had a twenty-two year career in various financial roles, including Treasurer of a venture capital company with \$2.5 billion in assets and Director of Cash Management and Investments for a publicly-traded Fortune 500 company.

Mrs. Casale received her undergraduate degree from the University of Colorado and her M.B.A. from Rockhurst University.

Mrs. Casale is a Chartered Financial Analyst, Certified Public Accountant, Chartered Global Management Accountant and Certified Treasury Professional.

Release of Escrowed Funds and Conversion of Subscription Receipts

As previously announced on April 23, 2014 (the "**April 23 Release**"), Westaim completed a private placement offering 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**"). Each Subscription Receipt entitles the holder thereof to receive one common share of Westaim (each, a "**Common Share**") for no additional consideration upon satisfaction of certain escrow release conditions (the "**Escrow Release Conditions**") described in the April 23 Release.

The net proceeds of the Offering are currently being held in escrow pending satisfaction of the Escrow Release Conditions. With the receipt of all applicable regulatory approvals for the Acquisition, all Escrow Release Conditions have now been satisfied. Accordingly, it is expected that the net proceeds of the Offering will be released from escrow on or about July 29, 2014. Each Subscription Receipt will automatically convert into one Common Share effective such date.

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.

For more information, contact:

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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), (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 2013 Annual Report, 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.