



The Westaim Corporation Reports 2014 Fourth Quarter Results

Toronto, Canada – March 31, 2015 – The Westaim Corporation (“Westaim” or the “Company”) today announced it recorded net income of \$8.1 million or \$0.11 per share for the three months ended December 31, 2014, compared to a net loss of \$2.0 million or \$0.15 per share for the three months ended December 31, 2013. For the year ended December 31, 2014, Westaim recorded net income of \$20.0 million or \$0.53 per share, compared to a net loss of \$3.7 million or \$0.27 per share for the year ended December 31, 2013.

As an investment entity, the Company accounts for its investments at fair value and recorded an unrealized gain on its investment in Houston International Insurance Group, Ltd. (“HIIG”), through Westaim HIIG Limited Partnership (the “Partnership”), of \$13.2 million in the fourth quarter and \$26.2 million from acquisition on July 31, 2014 through December 31, 2014. The unrealized gain recorded in the fourth quarter reflects an increase in the fair value of HIIG of \$9.8 million as well as a strengthening of the U.S. dollar against the Canadian dollar of \$3.4 million (USD to CAD exchange rate at December 31, 2014 was 1.1601). At December 31, 2014, Westaim owned approximately 53.3% of the limited partnership interests in the Partnership representing an approximate 36.8% indirect interest in HIIG. At March 31, 2015, Westaim owned approximately 58.5% of the limited partnership interests in the Partnership representing an approximate 44.3% indirect interest in HIIG.

HIIG's audited consolidated stockholders' equity as at December 31, 2014, determined in accordance with United States generally accepted accounting principles (“US GAAP”), was US\$248.1 million, and the Partnership owned 69.0% of HIIG's common shares.

At December 31, 2014, Westaim's consolidated shareholders' equity was \$194.0 million, compared to \$30.9 million at December 31, 2013. At December 31, 2014, the Company had 70,297,342 common shares outstanding, no debt, and a cash balance of \$92.9 million.

Book value per share was \$2.71 at December 31, 2014, compared to \$2.22 at December 31, 2013, an increase of 22.1% for the year ended December 31, 2014.

“The Company's initial investment in HIIG which closed in the third quarter of 2014 and the additional investment which closed in the first quarter of 2015 were major steps in executing our business plan” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim. “We are pleased to have invested alongside global insurers/reinsurers Everest Re Group, Ltd. and Catlin Group Limited and other investors, including Stephen L. Way, Chairman and CEO of HIIG, and his experienced and seasoned management team. Westaim continues to actively pursue additional investment opportunities aligned with its strategy and objectives of creating shareholder value over the long term.”

Westaim's consolidated financial statements and management's discussion and analysis for the three months and year ended December 31, 2014 and 2013 were filed on SEDAR at www.sedar.com, and have been posted to Westaim's website at www.westaim.com. Westaim uses both International Financial Reporting Standards (“IFRS”) and non-generally accepted accounting principles (“non-GAAP”) measures to assess performance. The Company cautions readers about non-GAAP measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. Book value per share is a non-GAAP measure, and represents shareholders' equity at the end of the period determined on an IFRS basis and adjusted upwards by the Company's liability with respect to RSUs, divided by the aggregate of the total number of common shares outstanding at that date and the number of common shares that would have been issued if all outstanding RSUs were exercised. Readers are urged to review Westaim's management's discussion and analysis in respect of its consolidated financial statements as at and for the three months and year ended December 31, 2014 for additional disclosure regarding these measures. The financial information relating to HIIG contained herein and in Westaim's Management's Discussion and Analysis in respect of its consolidated financial statements for the three months and year ended December 31, 2014 and 2013 is unaudited and has been derived from the annual consolidated financial statements of HIIG, prepared in accordance with US GAAP and presented in United States dollars. Readers are cautioned that the HIIG financial information has not been reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

About Westaim

Westaim is a Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company 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 over the long-term. Westaim's common shares are listed on the TSX Venture Exchange under the trading symbol WED.

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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: strategies, alternatives and objectives to maximize value for shareholders; expectations and assumptions relating to the Company's business plan; expectations and assumptions relating to HIIG's business and operations; expectations regarding the Company's assets and liabilities; the Company's ability to retain key employees; management's belief that its estimates for determining the valuation of the Company's assets and liabilities are appropriate; the Company's views regarding potential future remediation costs; the effect of changes to interpretations of tax legislation on income tax provisions in future periods; and the Company's determination that the adoption of new accounting standards will not have a material impact on its consolidated financial statements. 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. The Company's actual results or financial position could differ materially from those anticipated by these forward-looking statements for various reasons generally beyond the Company's control, including, without limitation, the following factors: the Company's ability to implement its strategy or operate its business as management currently expects; the Company and/or HIIG may have undisclosed liabilities; the Company's ability to obtain additional funding to pursue additional acquisitions or other investments; HIIG's ability to accurately assess the risks associated with the insurance policies that it writes and to adequately reserve against past and future claims; unfavourable capital market developments or other factors which may affect the investments of the Company and/or HIIG; the cyclical nature of the P&C insurance industry; HIIG's ability to accurately predict future claims frequency; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition and/or industry consolidation; HIIG's reliance on brokers and third parties to sell its products to clients; HIIG's ability to successfully pursue its acquisition strategy; HIIG's ability to execute its business strategy; HIIG's ability to achieve synergies arising from successful integration plans relating to acquisitions, as well as management's estimates and expectations in relation to resulting accretion, internal rate of return and debt-to-capital ratio; terrorist attacks and ensuing events; the occurrence of catastrophic events including weather related natural disasters; HIIG's ability to maintain its financial strength and issuer credit ratings; access to debt financing and HIIG's ability to compete for large commercial business; HIIG's ability to alleviate risk through reinsurance; HIIG's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); HIIG's reliance on information technology and telecommunications systems; dependence by the Company and HIIG on key employees and certain third party service providers; changes in laws or regulations; general economic, financial and political conditions; HIIG's dependence on the results of operations of its subsidiaries; the volatility of the stock market and other factors affecting the Company's share price; United States dollar to Canadian dollar exchange rate fluctuations; future sales of a substantial number of the Company's common shares; and other risk factors set forth herein or in the Company's annual report or other public filings. 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.

The Westaim Corporation

Financial Highlights

(millions of Canadian dollars except share and per share data)

	Three months ended December 31		Year ended December 31	
	2014	2013 ⁽¹⁾	2014	2013 ⁽¹⁾
Revenue	\$ 0.6	\$ 0.1	\$ 1.2	\$ 0.4
Net results of investments	13.2	-	26.2	-
Expenses				
Salaries and benefits	1.7	0.2	2.3	1.1
Office expenses	0.4	0.1	1.2	0.7
Professional fee expense (recovery)	0.4	2.2	(0.2)	2.7
Site restoration provision expense (recovery)	0.8	(0.4)	1.8	(0.4)
Share-based compensation	2.9	-	3.0	0.1
Foreign exchange gain	(0.5)	-	(0.7)	-
Total expenses	5.7	2.1	7.4	4.2
Income tax recovery	-	-	-	0.1
Profit (loss) and other comprehensive income (loss)	\$ 8.1	\$ (2.0)	\$ 20.0	\$ (3.7)
Earnings per share				
Profit (loss) and other comprehensive income (loss) – basic and diluted	\$ 0.11	\$ (0.15)	\$ 0.53	\$ (0.27)
Shareholders' equity - at December 31	\$ 194.0	\$ 30.9	\$ 194.0	\$ 30.9
Number of common shares outstanding - at December 31	70,297,342	13,902,937	70,297,342	13,902,937
Book value per share - at December 31 ⁽²⁾	\$ 2.71	\$ 2.22	\$ 2.71	\$ 2.22

⁽¹⁾ Adjusted to reflect a 50:1 share consolidation completed on October 1, 2013.

⁽²⁾ Book value per share represents shareholders' equity at the end of the period determined on an IFRS basis and adjusted upwards by the Company's liability with respect to RSUs (December 31, 2014 - \$2.9 million, December 31, 2013 - \$nil), divided by the aggregate of the total number of common shares outstanding at that date and the number of common shares that would have been issued if all outstanding RSUs (December 31, 2014 - 2,375,000 units, December 31, 2013 - nil) were exercised.

Financial Position	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 92.9	\$ 35.4
Accounts receivable and other assets	0.6	0.2
Investments in private entities	108.7	-
	\$ 202.2	\$ 35.6
Liabilities		
Accounts payable and accrued liabilities	\$ 4.2	\$ 2.5
Site restoration provision	4.0	2.2
	8.2	4.7
Shareholders' equity	194.0	30.9
Total liabilities and shareholders' equity	\$ 202.2	\$ 35.6