



The Westaim Corporation Reports 2015 Fourth Quarter Results

(Note: All dollar amounts in this press release are expressed in U.S. dollars, except as otherwise noted. The financial results are reported under International Financial Reporting Standards, except as otherwise noted.)

Toronto, Canada – March 31, 2016 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded a net loss of \$5.7 million or \$0.04 per share for the three months ended December 31, 2015, compared to net income of \$6.9 million or \$0.10 per share for the three months ended December 31, 2014. For the year ended December 31, 2015, Westaim recorded net income of \$7.7 million or \$0.08 per share, compared to net income of \$17.7 million or \$0.47 per share for the year ended December 31, 2014.

Book value per share was \$2.27 (C\$3.14) at December 31, 2015, compared to \$2.34 (C\$2.71) at December 31, 2014.

The Company recorded a net unrealized loss on its investments of \$3.2 million in the three months ended December 31, 2015 and a net unrealized gain of \$12.7 million in the year ended December 31, 2015. The net unrealized loss of \$3.2 million in the fourth quarter of 2015 consisted of an unrealized loss related to the Arena Group of \$3.4 million, offset in part by an unrealized gain of \$0.2 million related to Westaim HIIG Limited Partnership (the “HIIG Partnership”). The net unrealized gain of \$12.7 million in the year ended December 31, 2015 consisted of an unrealized gain related to the HIIG Partnership of \$18.4 million, partially offset by an unrealized loss of \$5.7 million related to the Arena Group. The unrealized loss of the Arena Group resulted from costs incurred for operational start-up and other ongoing operating expenses as we build these businesses. The unrealized gain on the Company’s investments of \$11.4 million in the fourth quarter of 2014 and \$23.2 million in the year ended December 31, 2014 related solely to the HIIG Partnership.

At December 31, 2015, Westaim owned 100% of Arena Finance and Arena Origination and approximately 58.5% of the interests in the HIIG Partnership representing an approximate 44.1% indirect interest in Houston International Insurance Group, Ltd. (“HIIG”). At December 31, 2015, the fair values of the Company’s investments in the HIIG Partnership, Arena Finance and Arena Origination were \$146.0 million, \$143.1 million and \$33.0 million, respectively. Westaim’s investment in Arena Investors had a carrying value of \$3.0 million at December 31, 2015.

At December 31, 2015, Westaim’s audited consolidated shareholders’ equity was \$326.1 million, compared to \$167.2 million at December 31, 2014. At December 31, 2015, the Company had 143,186,718 common shares outstanding, no debt, and a cash balance of approximately \$7.8 million.

“2015 was a significant year for Westaim. We raised approximately \$170 million, net of share issue costs, and established the Arena Group which is currently executing its strategic plan. In particular, it has assembled an accomplished and experienced management team who share our vision for Arena. Our specialty insurance business, HIIG, within the headwinds of a soft property and casualty insurance market, grew its existing business and acquired new business lines. HIIG utilized reinsurance to provide capital protection from both severity and catastrophic loss. While these initiatives have a cost and short term negative impact on earnings, they both meaningfully strengthen our balance sheet and earnings potential in the longer term. We are excited about the progress at HIIG and is well capitalized to execute its go forward business plan,” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim.

Westaim will be holding its annual general meeting on May 12, 2016 at 10:00 A.M. EDT at St. Andrew’s Club and Conference Centre, 150 King Street West, S7 Caledonia Room, 27th Floor.

Westaim’s audited consolidated financial statements for the years ended December 31, 2015 and 2014 and management’s discussion and analysis for the three months and years ended December 31, 2015 and 2014 were filed on SEDAR at www.sedar.com, and have been posted to Westaim’s website at www.westaim.com.

Non-GAAP Financial Measures

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. 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, 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 audited consolidated financial statements for the years ended December 31, 2015 and 2014 for additional disclosure regarding these

measures. The financial information relating to the Arena Group and HIIG contained in Westaim's Management's Discussion and Analysis in respect of its audited consolidated financial statements for the years ended December 31, 2015 and 2014 is unaudited and has been derived from the financial statements of the related entities. Readers are cautioned that the HIIG financial information and certain Arena Group financial information, including any non-GAAP measures contained therein, 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.

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 investments include significant interests in Houston International Insurance Group, Ltd. and the Arena Investors group of companies. Westaim's common shares are listed on the TSX Venture Exchange under the trading symbol WED.

For more information, contact:
J. Cameron MacDonald, President and Chief Executive Officer or
Robert T. Kittel, Chief Operating Officer
The Westaim Corporation
info@westaim.com
(416)969-3333

Except for statements of historical fact contained herein, information in this press release may constitute "forward-looking information" within the meaning of Canadian securities laws. Other than statements of historical fact, all statements that involve various known and unknown risks, uncertainties and other factors are "forward-looking statements". There can be no assurance that such statements will prove accurate. Results and future events could differ materially from those anticipated in such statements. Readers of this press release are cautioned not to place undue reliance on these "forward-looking statements". Except as otherwise required by applicable law, Westaim expressly disclaims any intention or obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The Westaim Corporation

Financial Highlights

(millions of U.S. dollars except share and per share data)

Highlights	Three months ended December 31		Year ended December 31	
	2015	2014 (restated ¹)	2015	2014 (restated ¹)
Revenue	\$ 0.5	\$ 0.5	\$ 1.6	\$ 1.1
Net results of investments	(3.2)	11.4	12.7	23.2
Share-based compensation expense	(0.2)	(2.6)	(2.7)	(2.7)
Other expenses	(2.8)	(2.4)	(3.9)	(3.9)
(Loss) profit	\$ (5.7)	\$ 6.9	\$ 7.7	\$ 17.7
(Loss) earnings per share - basic and diluted	\$ (0.04)	\$ 0.10	\$ 0.08	\$ 0.47
(Loss) profit	\$ (5.7)	\$ 6.9	\$ 7.7	\$ 17.7
Other comprehensive loss	-	(5.6)	(20.6)	(11.4)
Comprehensive (loss) income	\$ (5.7)	\$ 1.3	\$ (12.9)	\$ 6.3
At December 31:				
Shareholders' equity	\$ 326.1	\$ 167.2	\$ 326.1	\$ 167.2
Number of common shares outstanding	143,186,718	70,297,342	143,186,718	70,297,342
Book value per share - in US\$ ²	\$ 2.27	\$ 2.34	\$ 2.27	\$ 2.34
Book value per share - in C\$ ³	\$ 3.14	\$ 2.71	\$ 3.14	\$ 2.71

¹ Comparative information restated due to a change in presentation currency from the Canadian dollar to U.S. dollar.

² Book value per share at the end of the period 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, 2015 - \$3.8 million; December 31, 2014 - \$2.5 million), 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, 2015 - 2,209,563 units, December 31, 2014 - 2,375,000 units) were exercised.

³ Book value per share at December 31, 2015 and December 31, 2014 converted from US\$ to C\$ at period end rates of 1.3840 and 1.1601, respectively.

Financial Position	December 31, 2015	December 31, 2014 (restated ¹)
Assets		
Cash and cash equivalents	\$ 7.8	\$ 80.0
Accounts receivable and other assets	2.6	0.6
Investments in private entities	322.1	93.7
Investments in associates	3.0	-
	\$ 335.5	\$ 174.3
Liabilities		
Accounts payable and accrued liabilities	\$ 5.5	\$ 3.6
Site restoration provision	3.9	3.5
	9.4	7.1
Shareholders' equity	326.1	167.2
Total liabilities and shareholders' equity	\$ 335.5	\$ 174.3

¹ Comparative information restated due to a change in presentation currency from the Canadian dollar to U.S. dollar.