



| Corporate Update

May 2018

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Non-GAAP Measures

Non-GAAP Measures – Westaim

Westaim uses both international financial reporting standards ("IFRS") and non-GAAP measures to assess performance. Westaim 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 ("BVPS") is a non-GAAP measure – see section 15 of Westaim's Q1 2018 MD&A for a discussion of BVPS including a reconciliation to the Corporation's shareholders' equity as at March 31, 2018 determined under IFRS.

HIIG

HIIG uses United States generally accepted accounting principles ("US GAAP") measures to assess performance.

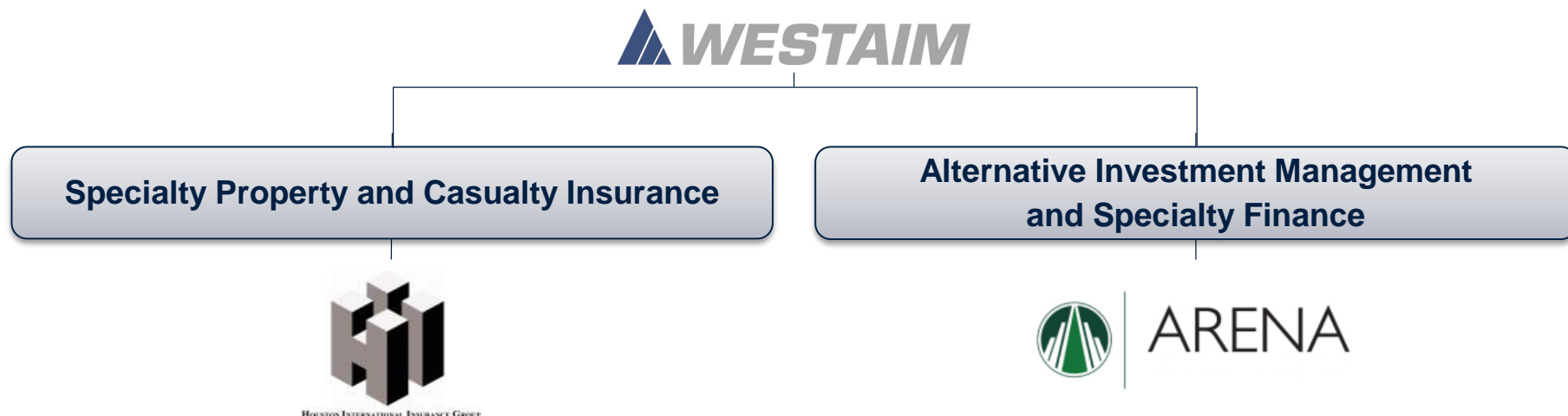
Arena Group

Arena Group uses both U.S. GAAP and International Financial Reporting Standards (as issued by the International Accounting Standards Board) measures to assess performance.

All amounts herein are in United States dollars unless otherwise indicated.

The Westaim Corporation

The Westaim Corporation Structure



Market Statistics

Ticker	TSXV:WED
Share price (May 14, 2018)	C\$ 3.10
Shares outstanding (millions)	143.2
Market capitalization (millions)	C\$ 443.9
Shareholders' equity - Q1 2018 (millions)	US\$ 332.5 / C\$ 428.7
BVPS - Q1 2018 ⁽²⁾	US\$ 2.35 / C\$ 3.03
Corporate Headquarters	Toronto, Ontario

Note: Balance sheet data as at March 31, 2018; Exchange rate used 1.2893 C\$ / US\$ (as at March 31, 2018).

(1) The terms "Arena" or the "Arena Group" refer collectively to Arena Investors, Arena Finance and Arena Origination and their respective affiliated entities (as defined in Westaim's Q1 2018 MD&A).

(2) Book Value Per Share ("BVPS") is a non-GAAP measure as reported at March 31, 2018 – see section 15 of Westaim's Q1 2018 MD&A.

The Westaim Corporation

Westaim Q1 2018 Results - Highlights

HIIG

- Delivered improved underwriting results and higher investment income including net realized gains

Three Months Ended	March 31, 2018
Gross Written Premium	\$160.0
Net Premiums Earned	\$63.4
Combined Ratio	94.7%
Net Income	\$6.9
Net Results of Investments to Westaim	\$0.3

Arena Group

- Arena Group continues deploying capital and delivering investment performance

Three Months Ended	March 31, 2018
Fair Value - Arena Finance	\$155.2
Fair Value - Arena Origination	\$35.7
AUM - Arena Investors	~\$842
Net Results of Investments to Westaim	\$4.1

Westaim

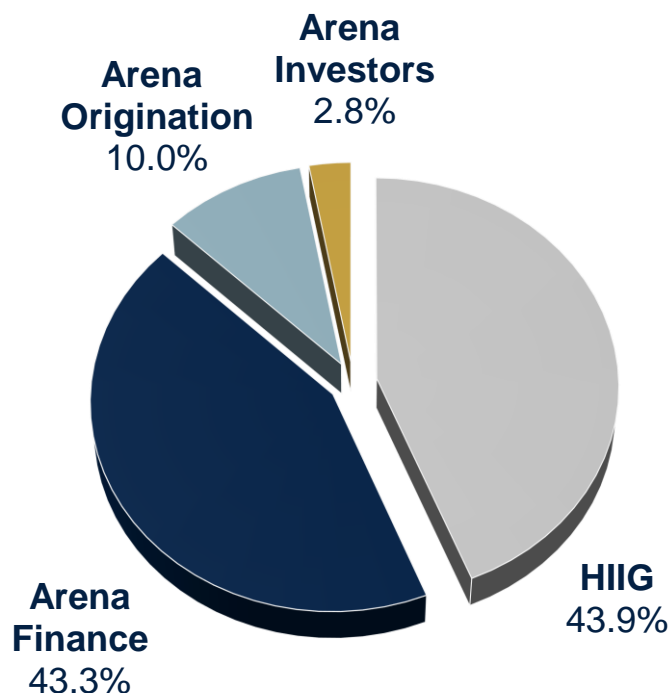
- Westaim continues to evaluate investment opportunities in the financial services industry

Three Months Ended	March 31, 2018
Revenue	\$1.1
Net Results of Investments	4.4
Net Recovery of Expenses (Expenses)	0.4
Profit and Comprehensive Income	\$5.9
Earnings per Share – Basic and Diluted	\$0.04

Figures in millions except per share data.

The Westaim Corporation

Breakdown of BVPS at March 31, 2018 – Significant Embedded Value



Entity	BVPS (US\$)	BVPS (C\$)
HIIG (44.0% owned by Westaim) ⁽¹⁾	\$1.08	\$1.39
Arena Group		
Arena Finance (100% owned by Westaim) ⁽²⁾	1.06	1.37
Arena Origination (100% owned by Westaim) ⁽³⁾	0.24	0.31
Arena Investors (51% owned by Westaim) ⁽⁴⁾	0.07	0.09
Arena Group - Total	\$1.37	\$1.77
Cash and net working capital	(0.10)	(0.13)
Total	\$2.35	\$3.03
YTD Change in BVPS (US\$)		0.8%
YTD Change in BVPS (C\$)		3.7%

Note: Above graph excludes cash and net working capital; Exchange rate used 1.2893 C\$ / US\$ (as at March 31, 2018).

- (1) At March 31, 2018, the HIIG Partnership owned approximately 75.2% of the HIIG Shares and the Company owned, directly and indirectly, approximately 58.5% of the HIIG Partnership, representing an approximate 44.0% indirect ownership interest in HIIG.
- (2) Recorded as investments in private entities in interim consolidated financial statements of The Westaim Corporation for the three months ended March 31, 2018. Ownership subject to the vesting and conversion of Class M Units held by Bernard Partners, LLC ("BP LLC") described under "Investment in the Arena Group - Arena Finance" in the interim consolidated financial statements of The Westaim Corporation for the three months ended March 31, 2018.
- (3) Recorded as investments in associates in the interim consolidated financial statements of The Westaim Corporation for the three months ended March 31, 2018. Ownership subject to the vesting and conversion of Class M Units held by BP LLC described under "Investment in the Arena Group - Arena Origination" in the interim consolidated financial statements of The Westaim Corporation for the three months ended March 31, 2018.
- (4) Legal equity ownership is 100%, and beneficial ownership denotes profit percentage subject to change over time pursuant to the earn-in rights granted to BP LLC described under "Investment in the Arena Group - Arena Investors" of Westaim's MD&A for the three months ended March 31, 2018.



Houston International Insurance Group, Ltd.

Business Description

**Diversified specialty
Insurance Holding
Company**

**4 subsidiary P&C
insurance companies
and an underwriting agency**

**Executive management with
significant industry experience**
(Chairman and CEO:
Stephen L. Way)

**Trailing Twelve Months
Gross Written Premium:**
\$605.0 million⁽¹⁾

**Investments, Cash and
Cash Equivalents
(March 31, 2018):**
\$610.8 million⁽¹⁾



A- Excellent or Better

**Trailing Twelve Months
Net Premiums Written:**
\$258.5 million⁽¹⁾

**Stockholders' Equity
(March 31, 2018):**
\$319.0 million⁽¹⁾

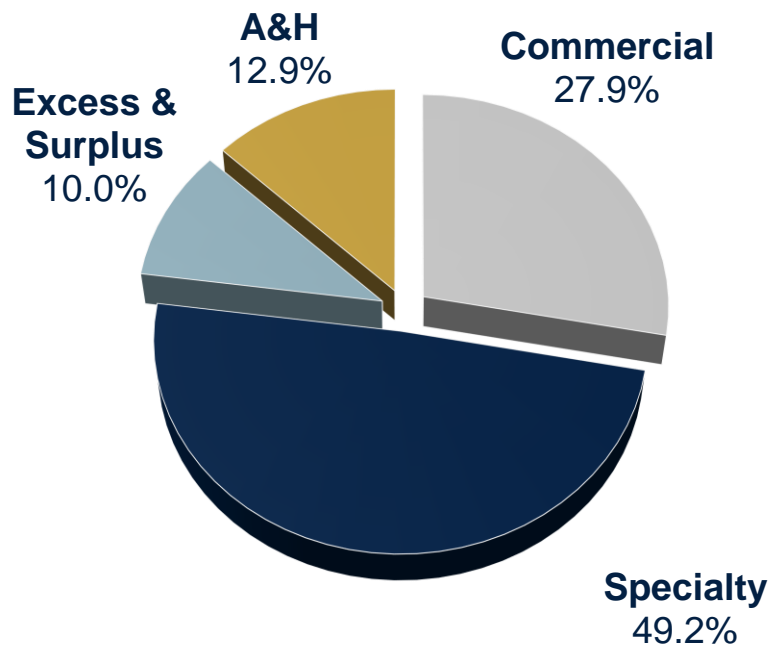
Headquarters:
Houston, TX

(1) Derived from the financial statements of HIIG. The information herein is presented in accordance with US GAAP. Such statements are the responsibility of the management of HIIG and have been provided solely by HIIG. Although Westaim has no knowledge that would indicate that any of the information is untrue or misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by HIIG to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim. Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the HIIG financial information, its accuracy, completeness or by reason of reliance by any person on any of it.

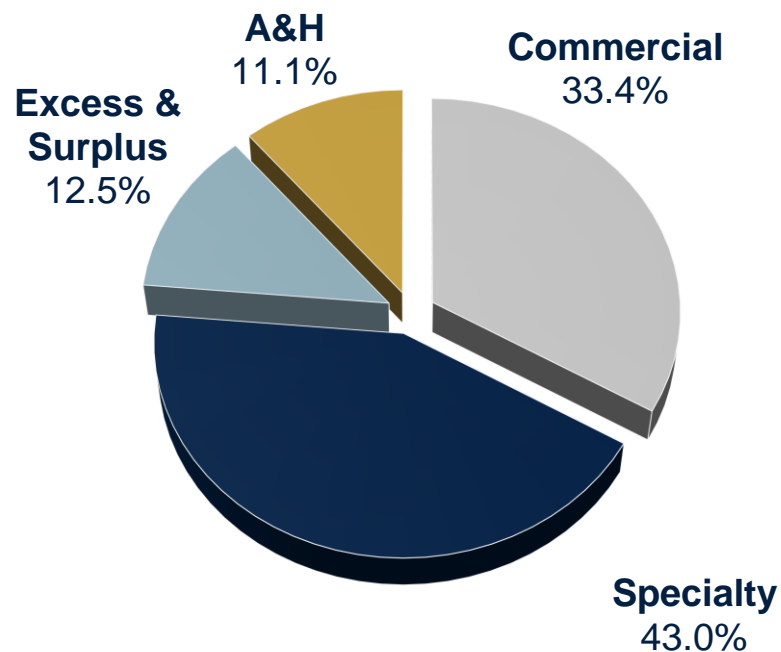


Houston International Insurance Group, Ltd.

Gross Written Premium⁽¹⁾⁽²⁾
For the Trailing Twelve Month Period Ended
March 31, 2018



Net Premiums Written⁽¹⁾⁽²⁾
For the Trailing Twelve Month Period Ended
March 31, 2018



Gross Premium Written: \$605.0 Million⁽²⁾

Net Premium Written: \$258.5 Million⁽²⁾

- (1) Derived from the financial statements of HIIG. The information herein is presented in accordance with US GAAP. Such statements are the responsibility of the management of HIIG and have been provided solely by HIIG. Although Westaim has no knowledge that would indicate that any of the information is untrue or misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by HIIG to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim. Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the HIIG financial information, its accuracy, completeness or by reason of reliance by any person on any of it.
- (2) Excludes premium from non-continuing lines.

Arena Group

Overview

Arena Group

- Founded in 2015 and capitalized with \$180 million of permanent capital
- Focus on private credit / specialty finance
- Headquartered in New York; 40+ employees

Strategy

- Loan Origination, collateral-focused investment discipline
- Highly diversified, global markets mandate
- Niche focus on underserved markets (\$5 - \$100 million)

Objectives

- Target gross investment returns - mid-teens; uncorrelated and risk-adjusted
- Strive to keep individual position weights within 2% of NAV
- Maintain conservative loan-to-value ratios with tight covenants

Investment Strategies

- Corporate Private Credit
- Real Estate Credit
- Structured Finance

Arena Group

The Arena Advantage

Mandate Flexibility

Asset class, industry, and geography agnostic

**Diversified Portfolio
Maximized Returns**

Proprietary Sourcing

Direct relationships yield exclusive origination arrangements

**Increased Deal Flow
Selective Funding**

Robust Platform

Internally developed platform manages all aspects of front-to-back office processes

**Transparency
Scalability**

Arena Group

Market Opportunity



Niche Market Focus

- Arena Investors originates (vs. syndicates) collateral-backed credits with a highly diversified, global multi-strategy mandate
- Relative to our largest peers, Arena attempts to capture the vacuum of opportunities between \$5-100 million where the larger competitors do not focus

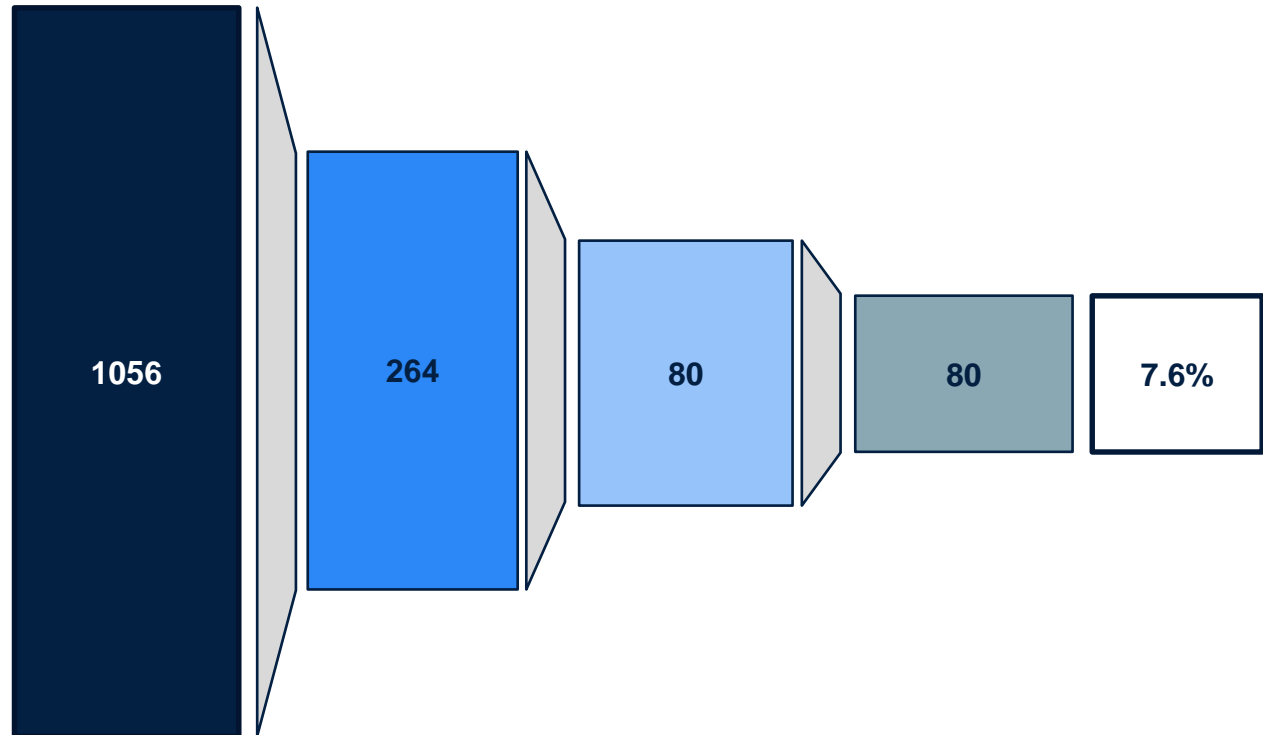
Source: Company websites, augmented with Arena's own internal benchmarking, which may be subjective.

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Arena Group

Deal Sourcing

Deals Accepted For Appraisal **Terms Issued** **Terms Signed** **Deals Funded**



Selective Sourcing and Origination

Arena’s team of seasoned investment professionals possess unique sourcing, underwriting, and servicing capabilities, enriched by leveraging 50+ joint venture relationships to continuously access a growing pipeline of co-investment opportunities

Note: For last twelve months ending March 31, 2018.

Arena Group

Actual Underwritten Characteristics of Private Loans and Credit Investments (March 31, 2018)⁽¹⁾

	Corporate Private Credit	Real Estate Credit ⁽²⁾	Commercial & Industrial	Structured Finance	Consumer Assets	Overall
Total Coupon (incl. PIK)	12.3%	11.9%	14.5%	17.0%	14.6%	13.0%
Underwritten IRR⁽³⁾	16.0%	15.4%	18.3%	16.0%	17.9%	16.8%
Remaining Years to Maturity	1.9	0.6	2.0	2.9	2.7	1.5
Percentage First Lien⁽⁴⁾	90.9%	100.0%	91.3%	100.0%	99.2%	94.9%
Current LTV	41.5%	53.5%	67.9%	73.1%	63.8%	55.6%

(1) Includes only privately negotiated investments currently held which the Arena Group has made since October 2015. In addition, the Arena Group has invested in liquid investments summarized as “Corporate Securities” which are not listed herein. Arena Group is willing to discuss any liquid investments recommended or executed upon request.

(2) Real estate and real estate-related credit assets.

(3) Investment-level gross underwritten IRR represents the internal rate of return prior to or at the time of making the initial investment as reflected by loan agreements, including, but not limited to, note purchase agreements and origination agreements. The underwritten IRR is one of many metrics considered by Arena prior to investment and is not typically updated after the initial funding date unless there have been material changes in the investment. The underwritten IRR may be presented as a single percentage or a range. Such gross IRRs are estimated and do not take into account any entity level management fees, incentive allocation and/or any other associated fees, all of which may significantly reduce the net return received upon any realization. These underwritten IRRs are not a proxy for investment performance for any strategy or fund. The underwritten IRRs disclosed herein are being presented for the purpose of providing insight into the investment objectives of Arena, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of Arena’s performance. The IRRs are also being presented to financially sophisticated investors who may find this information useful in determining where Arena’s strategies may fit within their investment portfolios. The IRRs included in this presentation are not intended, and must not be regarded, as a representation, warranty or prediction that any Arena vehicles will achieve any particular return with respect to any particular investment opportunity or over any particular time period, or that Arena and its clients will not incur losses. In evaluating these IRRs, it should be noted that (a) there can be no assurance that Arena will be able to source and consummate investments of the type it is seeking to make and (b) the assumptions underlying the IRRs may prove not to be accurate or may not materialize.

(4) Includes real property and hard assets.

Arena Group

Net Unlevered Returns to Investors (Unaudited)

Arena Special Opportunities Fund, LP

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.35%	0.65%	1.13%										2.53%
2017	0.35%	0.69%	0.78%	0.81%	0.66%	0.59%	1.32%	1.34%	2.85%	4.43%	0.37%	0.57%	15.70%
2016	0.12%	0.09%	0.29%	0.21%	0.12%	(0.23%)	0.38%	0.05%	0.33%	0.19%	0.29%	0.74%	2.60%
2015										(0.04%)	0.09%	0.0%	0.05%

Note: Fund performance returns presented herein are unaudited. The returns are calculated net of management fees of 2% and an incentive fee of 20%, which represent the highest fees that may be charged to investors in the Fund. All returns shown herein reflect the reinvestment of dividends and interest and the deduction of all fees and expenses.

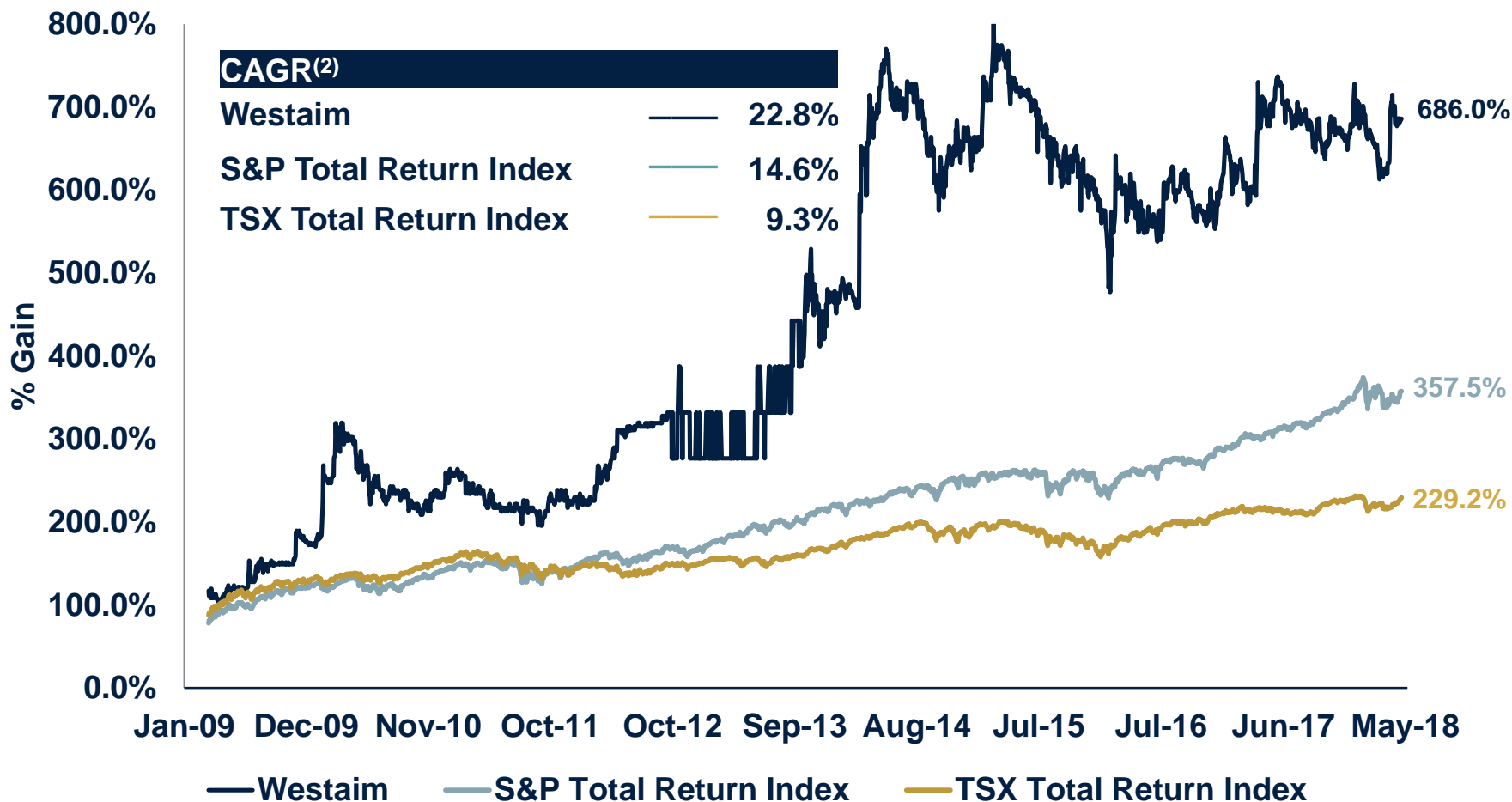
Affiliates of Arena charge a fee of 50bps (.50%) per annum of the assets of the illiquid loans in connection with the management and servicing of those assets. This fee is in addition to applicable management fees borne by the clients and is used to defray the expenses of engaging personnel and incurring other overhead costs to manage those loans in lieu of hiring an unaffiliated loan servicer.

The information set forth herein does not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Unless otherwise stated, the information contained herein is current as of the date of this presentation. In addition, any reference to dollars is US dollars. This document is not advice, a recommendation or an offer to enter into any transaction with Arena or any of its affiliates or to engage in any trading strategy. Past performance is not necessarily indicative of or a guarantee of future returns.

For more information on all of Arena Group's products and strategies, please contact IR@arenaco.com.

The Westaim Corporation

Share Price Performance⁽¹⁾



Source: Capital IQ

(1) Assumes the reinvestment of the cash distribution of C\$37.50 per common share paid by Westaim on September 28, 2012.

(2) Compounded annual growth rate is from January 2, 2009 – May 14, 2018, the period current management has been involved with Westaim.



The Westaim Corporation

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