



Corporate Update

May 2019

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Disclosures

Non-GAAP Measures

Non-GAAP Measures – Westaim

Westaim uses both international financial reporting standards (as issued by the International Accounting Standards Board) (“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 MD&A for the quarter ended March 31, 2019 for a discussion of BVPS including a reconciliation to the Corporation’s shareholders’ equity as at March 31, 2019 determined under IFRS.

HIIG

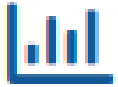
HIIG uses United States generally accepted accounting principles (“US GAAP”) and non-GAAP measures to assess performance. Please refer Westaim MD&A for the quarter ended March 31, 2019 for HIIG’s non-GAAP measures.

Arena Group

Arena Group uses both US GAAP, IFRS and non-GAAP measures to assess performance.

All amounts herein are in United States dollars unless otherwise indicated. Certain comparative figures have been reclassified to conform to the presentation of the current year, and certain totals, subtotals and percentages may not reconcile due to rounding.

Westaim Operating Principles



Opportunistic Investing

Invest in businesses with attractive fundamentals and business economics



Partnership Approach

Partner with aligned and capable management teams



Business Building

Provide oversight and capital allocation discipline



Long-Term Horizon

Execute business plan with focus on long-term performance

Westaim History: Past 10 Years

2009 - 2013

- Acquired JEVCO Insurance Company in March 2010 for ~C\$260 million
- Sold JEVCO in September 2012 for ~C\$530 million
- Special distribution of ~C\$521 million to shareholders



2014 - Present

- In July 2014, acquired a controlling interest in HIIG
- In August 2015, funded Arena Group, a global alternative asset management firm focused on fundamentals-based, asset oriented credit investments



HOUSTON INTERNATIONAL INSURANCE GROUP



ARENA

Current Corporate Structure



**Specialty Property
and Casualty
Insurance**



HOUSTON INTERNATIONAL INSURANCE GROUP

**Proprietary Capital
Invested with Arena**



ARENA

**Arena Finance
and Arena Origination**

**Alternative
Investment
Management**



ARENA

INVESTORS LP

Market Statistics

Ticker:
TSXV: WED

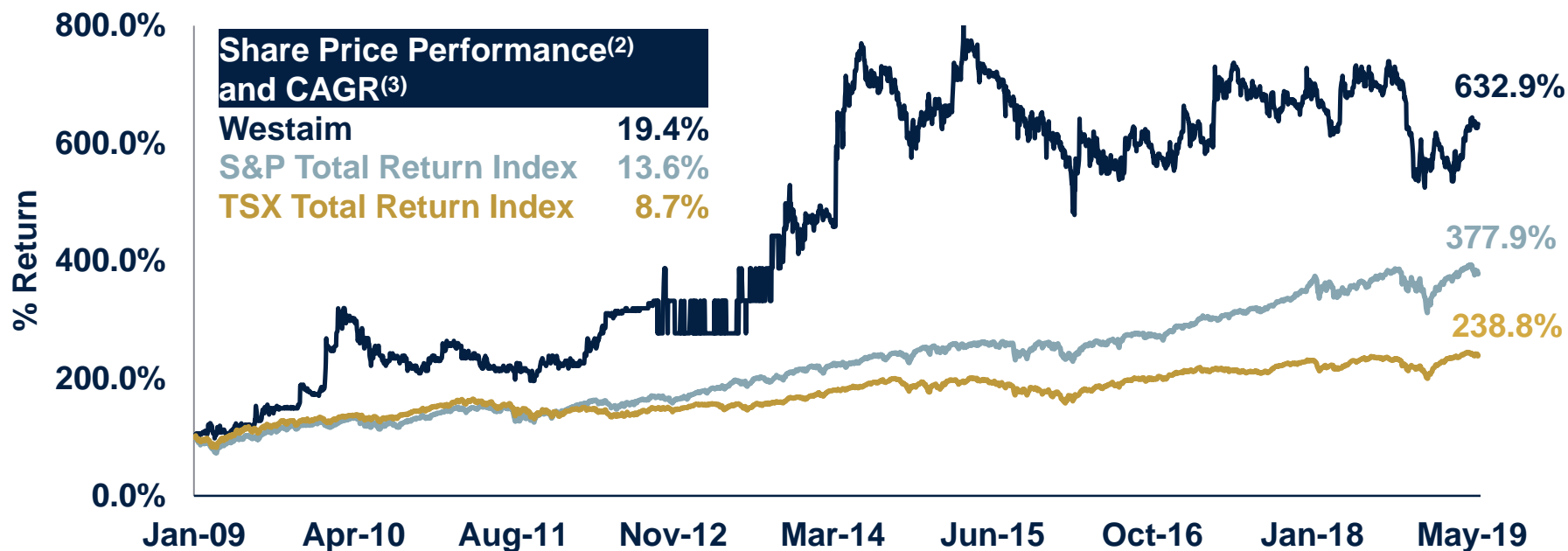
Share Price (May 24, 2019):
C\$ 2.86

BVPS (Q1 2019)⁽¹⁾:
US\$ 2.49 / C\$ 3.33

Shares Outstanding:
143.2 million

Market Capitalization
(May 24, 2019): C\$ 409.6 million

Shareholders' equity (Q1 2019)
(millions): US\$ 355.6 / C\$ 474.8



Source: Capital IQ

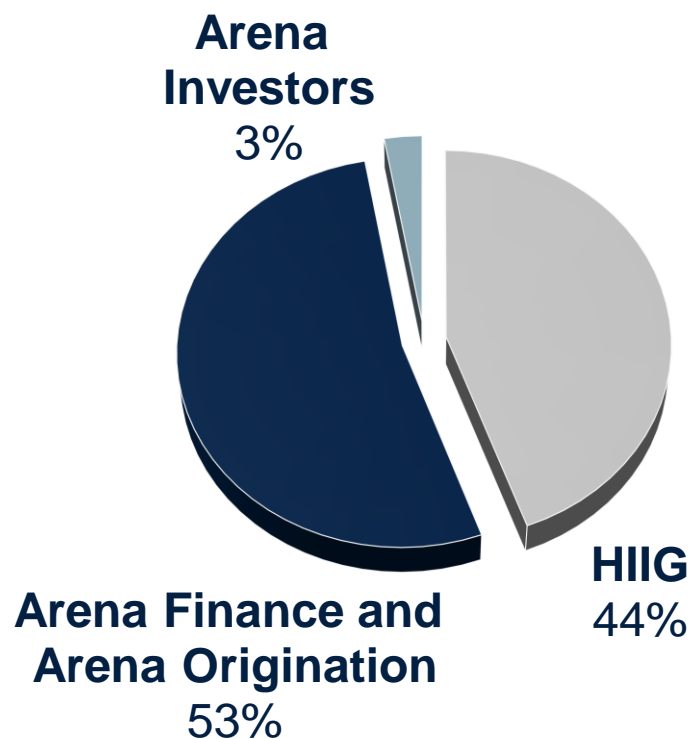
Note: Balance sheet data as at March 31, 2019; Exchange rate used is 1.3354 C\$ / US\$ (as at March 31, 2019).

(1) Book Value Per Share ("BVPS") is a non-GAAP measure as reported at March 31, 2019 – see section 15 of Westaim's MD&A for the quarter ended March 31, 2019.

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

(3) Compounded annual growth rate is from January 2, 2009 – May 24, 2019, the period current management has been involved with Westaim.

Breakdown of Investments at March 31, 2019

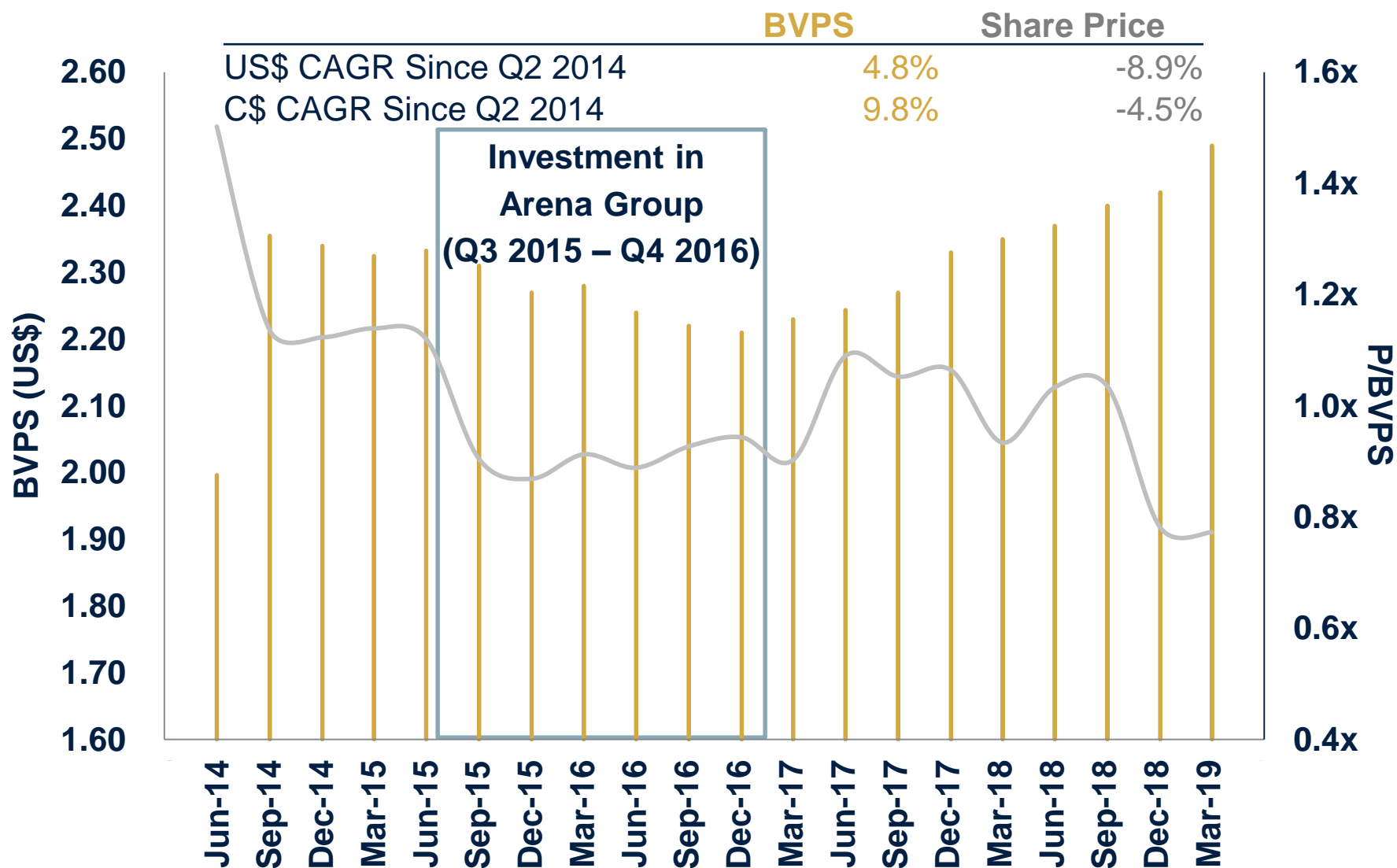


Investments	Book Value (US\$ millions)
HIIG (43.9% owned by Westaim) ⁽¹⁾	\$170.3
Arena Group	
Arena Finance and Arena Origination (100% owned by Westaim)	202.2
Arena Investors (51% owned by Westaim) ⁽²⁾	10.7
Arena Group - Total	\$212.9
Total	\$383.2

(1) At March 31, 2019, the Westaim HIIG Limited Partnership ("HIIG Partnership") owned approximately 75.1% of HIIG common shares and the Company owned, directly approximately 58.5% of the HIIG Partnership, representing an approximate 43.9% indirect ownership interest in HIIG.

(2) Legal equity ownership is 100%, and beneficial ownership denotes profit percentage subject to change over time pursuant to the earn-in rights granted to Bernard Partners, LLC described under "Investment in the Arena Group - Arena Investors" of Westaim's MD&A for the quarter ended March 31, 2019.

Book Value per Share ("BVPS") And Share Price / BVPS⁽¹⁾⁽²⁾



(1) Source: Capital IQ

(2) Book Value Per Share ("BVPS") is a non-GAAP measure as reported at March 31, 2019 – see section 15 of Westaim's MD&A for the quarter ended March 31, 2019.

Financial Results: Three Months Ended March 31, 2019

(US\$ millions except per share data)	Q1 2019	Q1 2018
Revenue	\$ 1.4	\$ 1.1
Net Results of Investments		
Unrealized gain on investments	\$ 11.6	\$ 5.0
Share of profit (loss) of Arena Investors	0.2	(0.6)
Total Net Results of Investments	\$ 11.8	\$ 4.4
Expenses	\$ 3.1	\$ (0.4)
Profit and Other Comprehensive Income	\$ 10.1	\$ 5.9
Earnings Per Share	\$ 0.07	\$ 0.04

- Westaim reported a solid start to 2019, with BVPS of C\$3.33, up 9.9% over the end of Q1 2018

■ HIIG Performance:

- Achieved underwriting profit with a combined ratio of 99.5%
- Strong investment performance driven by public equities and Arena
- Non-recurring gain on a strategic investment of \$7.3 million (after tax)
- Book value ended the quarter at \$347.0 million, up 5.2% for the quarter over December 31, 2018

■ Solid Arena Investment Performance:

- Westaim's capital invested with Arena (Arena Finance and Arena Origination) generated a Net Return⁽¹⁾ of 2.4% for Q1 2019

■ Arena Investors:

- Achieved a small profit in Q1 2019, its second consecutive quarter of profitability
- Arena Committed Assets Under Management ("AUM") of \$1.1 billion at the end of Q1 2019

(1) Non-GAAP.



HOUSTON INTERNATIONAL INSURANCE GROUP

**Business
Overview and
Growth Plan**

**Current
Environment**

**Business Results
and Outlook**

Business Description



**Diversified Specialty
Insurance Holding
Company**

**5 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:**
\$738 million⁽¹⁾

**Investments, Cash and
Cash Equivalents
(March 31, 2019):**
\$634 million⁽¹⁾



A- Excellent

**Trailing Twelve Months
Net Written Premiums:**
\$333 million⁽¹⁾

**Stockholders' Equity
(March 31, 2019):**
\$347 million⁽¹⁾

Headquarters:
Houston, TX

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Business Philosophy

Disciplined Underwriting

- Specialty business lines where HIIG can operate in a differentiated manner with experienced underwriters
- Underwriting profit driven versus top line focused with active management of expenses
- Typically partner with small single business focused MGAs on an exclusive basis

Mitigation of Risk

- Utilize proportional, facultative and excess of loss reinsurance to cover target risks and protect against severity and catastrophic exposures
- Not tied to any book of business – continuously evaluate businesses for medium to long-term attractive returns

Capital Preservation

- Maintain a conservative balance sheet and investment philosophy
- Minimize net underwriting exposure to capital

Controlled Growth

- Grow organically by increasing retention, expanding current lines of business and geographical footprint
- Make strategic investments and acquisitions that complement current books of business or provide opportunities in new industry segments

Culture

- Entrepreneurial approach
- Excellent reputation and credibility attracts talented employees and loyal reinsurers
- Management depth in all segments

Strategic Use of Reinsurance

- Utilize reinsurance to control risk, increase gross capacity and regulate growth
- Minimize exposure to capital through the use of proportional, facultative and excess of loss reinsurance
- Able to access reinsurance market to provide meaningful capacity without retaining significant net CAT or severity risks
- Partner with high quality reinsurers, most rated A/A+ (Excellent) by A.M. Best
 - Major reinsurance partners: Everest Re, RGA, Scor and Lloyd's
- Proportional reinsurance reduces exposure in certain lines, controls net premium growth and reduces acquisition expense
- Conservative approach to catastrophe exposures

Growth Plan

- **HillG's controlled growth will come both organically and through selected acquisitions**
- **Internal Growth**
 - Capitalizing on opportunities to write profitable business based on growing capital base
 - Increasing retention
 - Leverage infrastructure which is designed to support growth and maximize operating leverage
- **Focus on opportunistic acquisitions and strategic investments**
 - Minimize exposure to balance sheet issues
 - Business can be transferred without potential rate reductions
 - Specific underwriting expertise
- **Maintain strong capital position and ratings**
 - Focus on maintaining adequate A.M. Best ratings to support the business
 - Optimize capital structure as the business grows



HOUSTON INTERNATIONAL INSURANCE GROUP

**Business
Overview and
Growth Plan**

**Current
Environment**

**Business Results
and Outlook**

Current Operating Environment

■ Strong market environment

- Dislocation of competitors
- Catastrophic events putting pressure on rates
- Extended depression of casualty profits is forcing a correction

■ Platform poised for growth

- Management depth in all departments including underwriting, claims, actuarial and corporate governance
- Strong relationships with reinsurers, production sources and MGA opportunities
- Scalable systems

■ HIIG franchise at important inflexion point

- Current low market penetration allows for significant growth
- Areas of business ripe for expansion geographically and/or by sub-segment
- Opportunities exist with quality underwriting teams available due to market dislocation
- Momentum sustainable as HIIG culture viewed as opportunistic and entrepreneurial



HOUSTON INTERNATIONAL INSURANCE GROUP

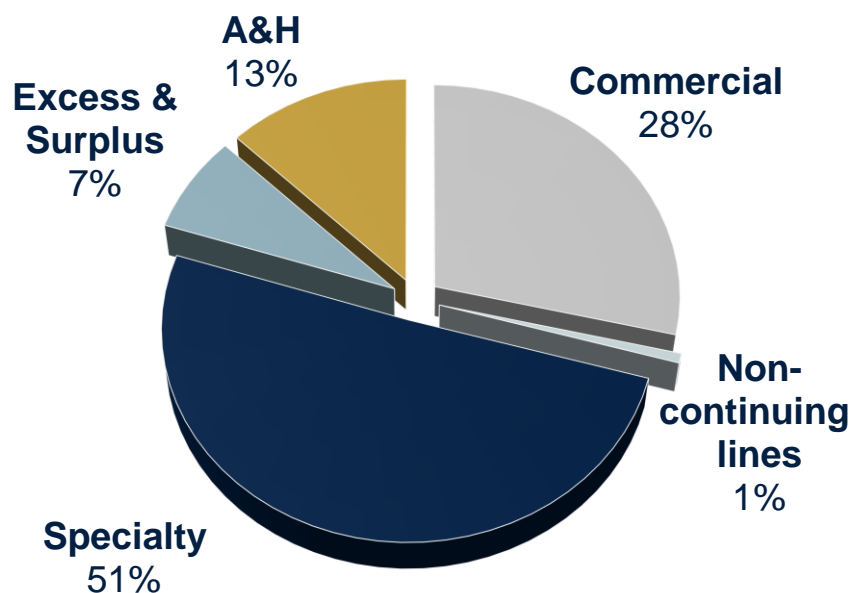
**Business
Overview and
Growth Plan**

**Current
Environment**

**Business Results
and Outlook**

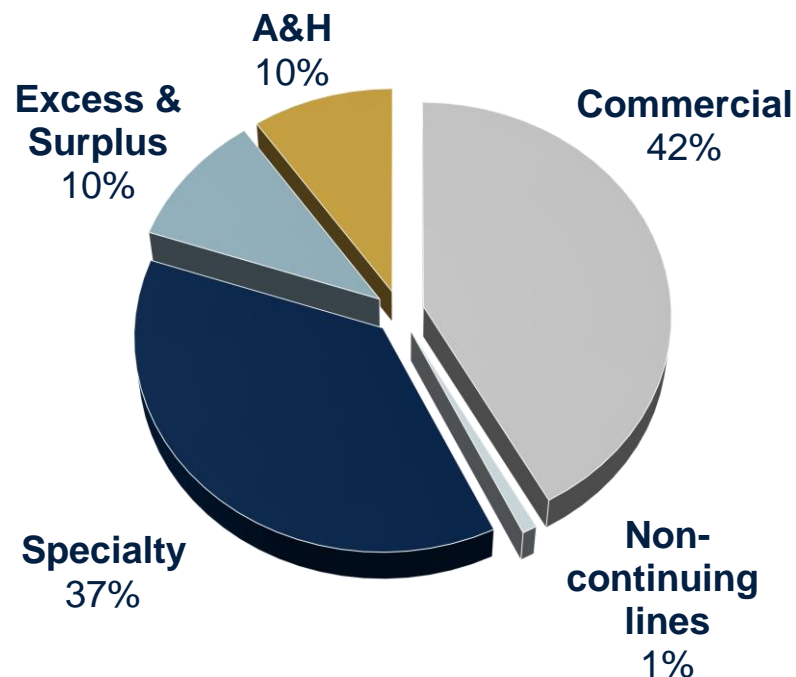
Premium Breakdown by Segment

Gross Written Premiums⁽¹⁾ For the Trailing Twelve Month Period Ended March 31, 2019



Gross Written Premiums: \$738.3 million

Net Written Premiums⁽¹⁾ For the Trailing Twelve Month Period Ended March 31, 2019



Net Written Premiums: \$332.9 million

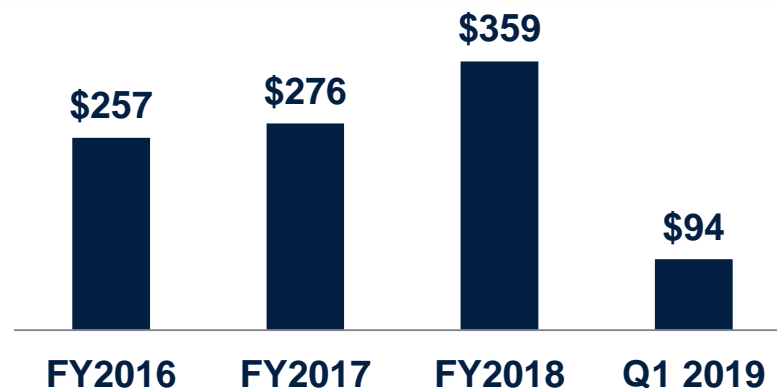
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Segment Overview

Specialty

- Business written on both admitted and non-admitted basis in niche classes of business requiring specialized underwriting expertise
- Classes of business include:
 - Energy and Mining
 - Professional Liability
 - Transactional Property
 - Automotive

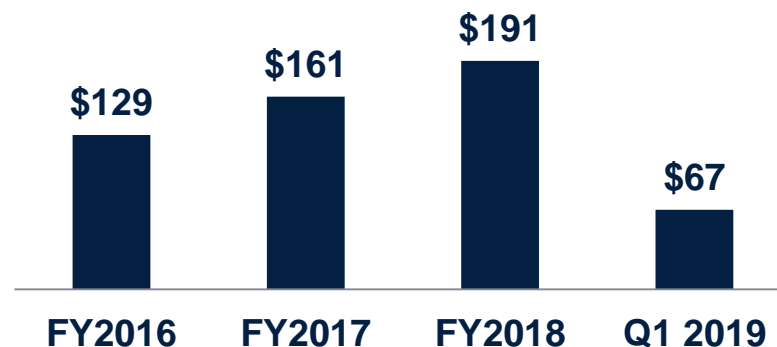
Gross Written Premiums (US\$ millions)⁽¹⁾



Commercial

- Standard lines generally written on an admitted basis – “middle market” businesses
- Class of business include:
 - Construction
 - Transportation / Commercial Auto
 - Workers' Compensation
 - Surety

Gross Written Premiums (US\$ millions)⁽¹⁾



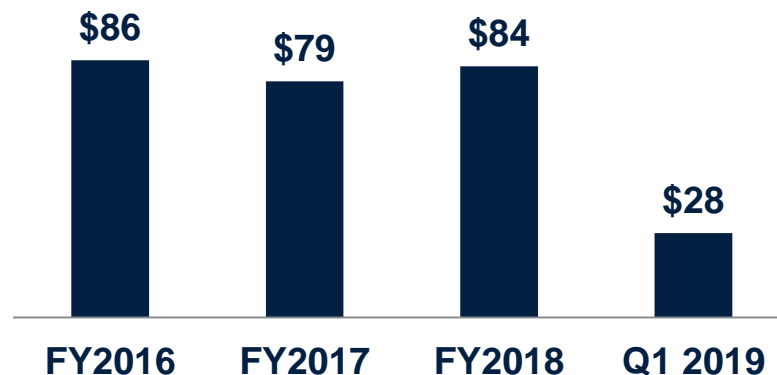
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Segment Overview (continued)

Accident & Health

- Writes group medical insurance business known as medical stop loss which medical stop loss provides self-funded employer plans excess protection against unpredictable or catastrophic losses
- Business includes both aggregate and specific coverage to small-and-medium sized employer groups
- Predictable short-tail business that can produce acceptable combined ratios even in soft markets
 - Careful expense control and best-in-class large claim management / loss control

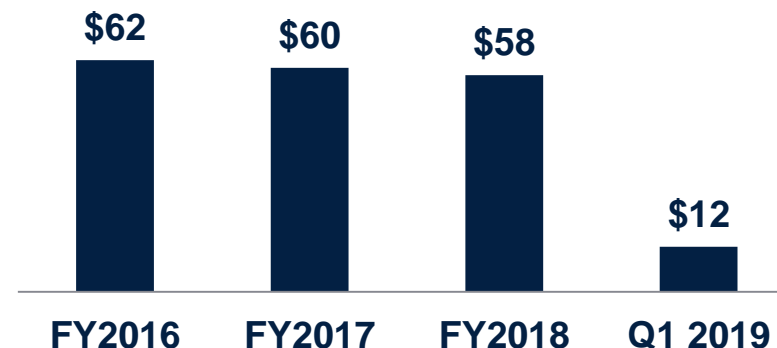
Gross Written Premiums (US\$ millions)⁽¹⁾



Excess & Surplus

- HIIG's smallest segment, generally non-admitted business produced by wholesale brokers
- Classes of business includes:
 - Hospitality
 - Artisan Contractors

Gross Written Premiums (US\$ millions)⁽¹⁾



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Financial Results: Q1 2019



Income Statement Information ⁽¹⁾			Q1 2019	Q1 2018	
Gross written premiums			\$201.4	\$160.0	
Net written premiums			\$101.8	\$69.4	
Net earned premiums			\$79.7	\$63.4	
Combined ratio			99.5%	94.7%	
Net income			\$13.7	\$6.9	
Net Written Premiums ⁽¹⁾	Q1 2019	Q1 2018	Net Loss and LAE ⁽¹⁾	Q1 2019	Q1 2018
Commercial	\$50.3	\$25.6	Commercial	71.9%	59.9%
Specialty	\$31.8	\$28.3	Specialty	64.7%	61.1%
Accident and Health	\$10.3	\$6.5	Accident and Health	77.0%	76.0%
Excess and Surplus	\$9.1	\$9.0	Excess and Surplus	65.6%	65.3%
Non-Continuing and Other Lines	\$0.3	\$0.0	Non-Continuing and Other Lines	NM ⁽²⁾	NM ⁽²⁾
Total	\$101.8	\$69.4	Total	70.5%	64.1%
Balance Sheet Information ⁽¹⁾			March 31, 2019	December 31, 2018	
Investments, cash and cash equivalents			\$634.3	\$624.3	
Stockholders' equity			\$347.0	\$329.9	

Figures in US\$ millions

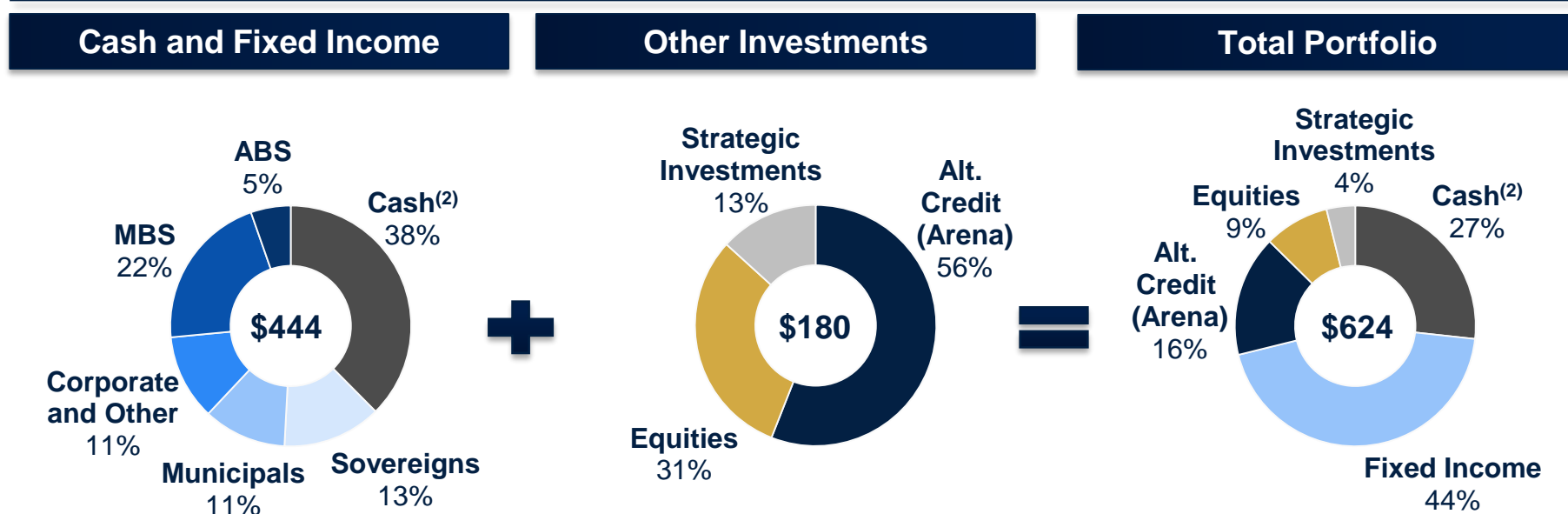
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(2) Not meaningful, but included in the aggregate ratios.

Investment Portfolio

- Conservative duration of 2.7 years⁽¹⁾
- Weighted average credit quality AA
- Barbell liquidity with significant cash and short duration positions coupled with higher returning alternative assets

Composition



Figures in US\$ millions

Note: Financials as of December 31, 2018.

(1) Duration calculation excludes equities, strategic investments and restricted cash.

(2) Cash includes cash, cash equivalents, short term investments and restricted cash.

2019: Strong Position to Continue our Growth

- Strong base of business which we believe can be scaled profitably
- Improving industry environment
- Insurance rates rising generally in all lines of business
- Organic growth opportunities – new teams
- Selected acquisitions



ARENA
INVESTORS LP

Arena is a global chaser of illiquidity.

We provide structured solutions to small-scale borrowers and assets.

- Multi-strategy, credit/asset-oriented platform, opportunistic across product, industry, and geography.
- Key aspects of our process: mandate flexibility, proprietary sourcing, asset servicing/IT systems.
- Assume “process risk” not “value risk” (e.g., out-of-favor industry/geography, bank limitations, etc.).
- Highly diversified portfolio, low correlation to macro environment and other investments/managers.

\$1.1B

Assets Under Management⁽¹⁾

47

Employees

22

Average Tenure of Senior Investment Team

Offices in New York City, San Francisco and London, UK

(1) The assets under management of Arena, including capital committed but not yet deployed, as of March 31, 2019.

Summary of Exited Holdings since Arena's launch

	# Positions	% 1 st Lien ⁽²⁾	Closing LTV	Average Loan Term ⁽³⁾
Corporate Private Credit	20	84.8%	42.8%	1.3 yrs
Real Estate Private Credit	12	100.0%	62.4%	1.1 yrs
Commercial & Industrial Assets	8	60.1%	89.0%	1.2 yrs
Structured Finance	4	100.0%	67.9%	1.1 yrs
Consumer Assets	2	95.8%	72.9%	1.2 yrs
Weighted Average/Total	46	85.1%	54.0%	1.2 yrs

Arena's investments are predominantly senior with downside protection and short duration.

(1) For each category, the characteristics provided on an aggregated basis for all of the privately negotiated illiquid investments in that category previously held in one or more accounts managed pursuant to Arena's core strategy. Not all accounts managed pursuant to Arena's core strategy held all of the applicable investments. The information presented does not include any investments currently held by any Arena accounts and does not include liquid investments, including convertible structured investments.

(2) Includes positions where a piece of the first lien has been sold to a lending institution for yield enhancement.

(3) Average loan term refers to the weighted average time between the funding date and maturity date (exit date for exited holdings) in years for holdings that have known maturity dates.



Sample Investment – Corporate Private Credit

Corporate loan investment where Arena has seniority, high compensation, short duration, and a low LTV.

- Arena offered a first lien term loan to a service provider to the semiconductor and biopharma industries. The company validates the quality of construction of semiconductor and biopharma manufacturing facilities and provides personnel to service the tools used by semiconductor manufacturers. As part of the transaction, Arena purchased at a discount \$1.9 million of equity representing 40% ownership.
- A publicly available comparable company provides technology-enabled asset protection solutions used to maximize the uptime and safety of critical energy, industrial, and public infrastructure.

	Arena Deal	Comparable Deal
Loan Amount:	\$16M	\$100M
Term:	48 months	60 months
Structure:	1 st Lien Senior Secured Term Loan	1 st Lien Senior Secured Term Loan
Leverage:	2.9x	4.0x
Use of Proceeds:	Refinance existing debt and purchase equity	Refinance existing debt

This is an example of an investment made by one or more Arena clients and is being provided for illustrative purposes only. No representation is made regarding whether such investment currently is, or will be, held by an Arena client, whether similar opportunities may be available in the future or, if available, whether they might be profitable. This information should not be considered a recommendation regarding a particular investment. It should not be assumed that this investment will prove to be profitable, or that the investment recommendations or decisions made by Arena in the future will be profitable. Past performance is not indicative of or a guarantee of future returns.



Sample Investment – Structured Finance: Small Business Cash Advance

Small business cash advance investment secured by a 1st lien on a portfolio of receivables from small businesses. Relative to a publicly available comparable investment with nearly identical collateral, Arena's investment is superior in terms of risk/reward (i.e., lower advance rate, shorter duration, greater yield, greater control over cashflow). Arena provided the borrower with a 24-month mortgage cross-collateralized by several high-end properties that resulted in a higher interest rate, with a similar LTV and also included a royalty payment.

- Arena provided a credit facility to a 6 year old company that provides small and medium sized businesses with short term funding (from \$5,000 to \$5,000,000) based on future receivables. The funding is itself secured by the future receivables held within a SPV. Arena controls the bank accounts and controls the cash flows within the SPV.
- A publicly available comparable company is 8 years old and provides similar types of loans to small and medium sized businesses based on future receivables.

	Arena Deal	Comparable Deal
Loan Amount:	\$25M	\$62M
Form:	Private Loan	144A Notes
LTV:	80%	90%
Term:	4 years	5 years

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Sample Investment – Real Estate Private Credit: Mixed Collateral

Real estate mortgage backed by commercial and residential assets (including a 7,762 square foot home, four condominium units, and a penthouse unit in the Aspen market) provided to an entrepreneur with uneven income and little liquidity, but an estimated net worth of \$300M.

- If the borrower had gone to a traditional bank and taken out a 5-10 year mortgage against the properties, the interest rate would have been approximately 5% without material origination fees.
- Arena provided the borrower with a 24-month mortgage cross-collateralized by several high-end properties that resulted in a higher interest rate, with a similar LTV and also included a royalty payment.

	Arena Deal	Indicative Traditional Bank Loan
Loan Amount:	\$12M	\$12M
Term:	24 months	60-120 months
Structure:	1 st Mortgage on 6 properties	1 st Mortgage

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- Asset Surveillance and Valuation, Special Servicing, and Loan Workout
- Asset, Site, Joint Venture, and Borrower Visitations
- Product Development
- Partner with other Arena teams to support financing, systems integration, and valuation transparency
- Includes asset management team plus certain other resources in operations and finance

Quaestor – Loan Workout Example

Real estate mortgage backed by a 42,196 sq. ft. retail property in Orlando, Florida.

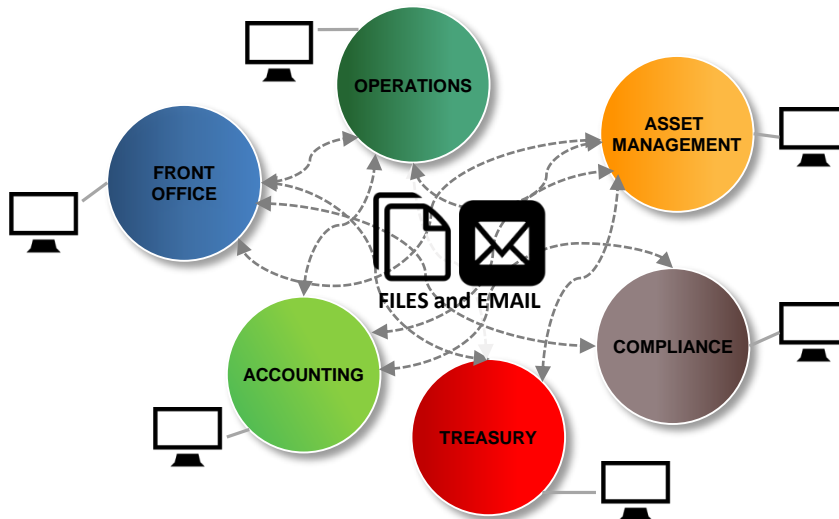
- Arena underwrites a solid asset controlled by a borrower with a checkered history in dealing with prior financing partners - thus, the opportunity
- Borrower defaulted almost immediately by failing to comply with various post-closing conditions.
- Borrower misdirected rents that were supposed to go to Arena-controlled accounts.
- Arena commenced foreclosure action for these defaults and others.
- Borrower filed bankruptcy and attempted a “Cram Down”, which would have significantly reduced the size of the Arena claim, reduced the interest rate, and extended the term.
- Arena bought out the unsecured claims, which eliminated the “Cram Down” risk.
- A settlement was arrived at through the bankruptcy court.
- Borrower defaulted on the settlement and attempted to put the property into an involuntary bankruptcy using a proxy.
- Arena prevailed in blocking this action and agreed to accept net proceeds from a market sale.
- Arena was paid in full, plus the collection of default interest.

Deal Summary	
Loan Amount:	\$5.35M
Term:	12 months
Structure:	1 st Mortgage on 1 property
LTV:	73.6%

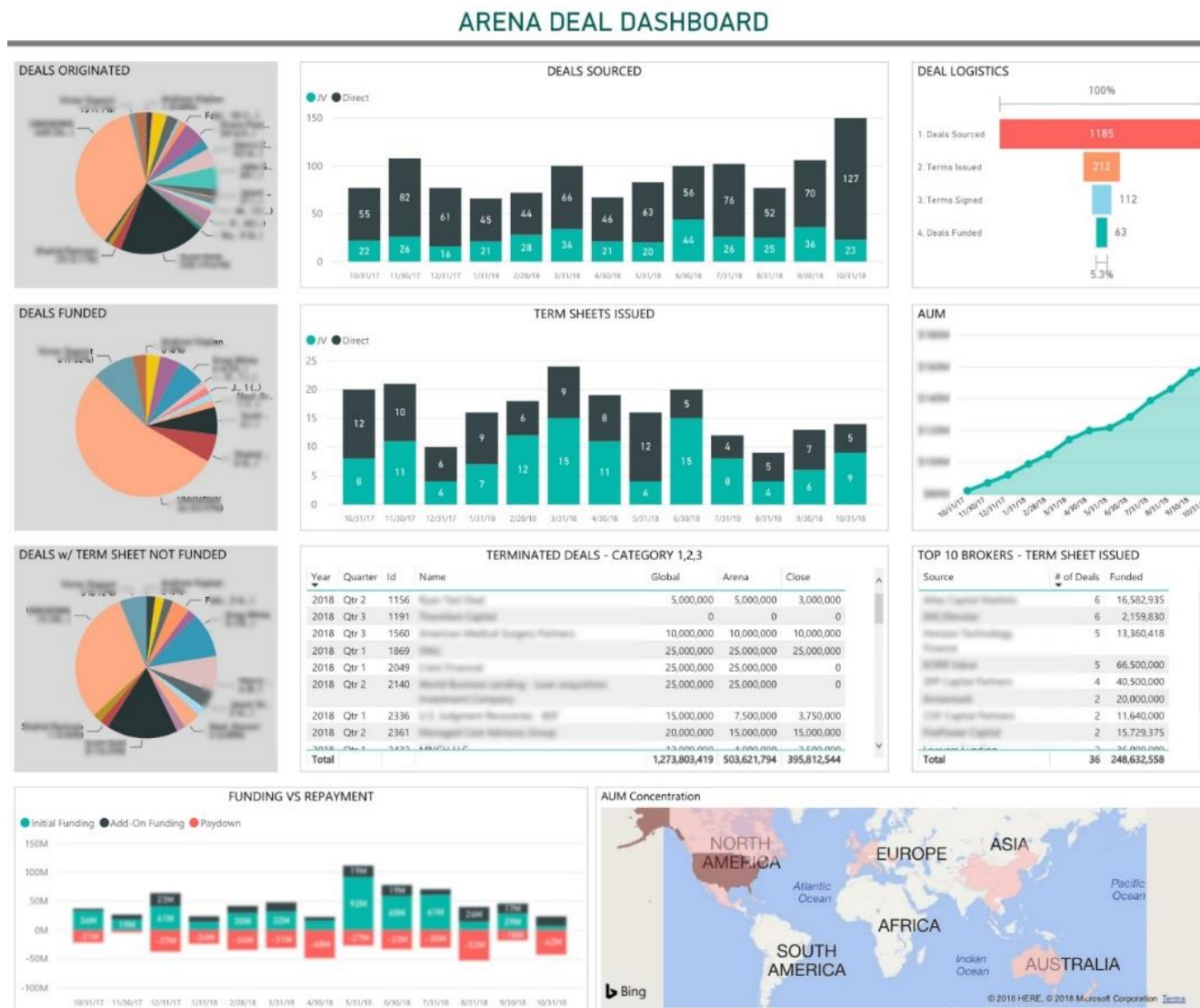
This is an example of an investment made by one or more Arena clients and is being provided for illustrative purposes only. No representation is made regarding whether such investment currently is, or will be, held by an Arena client, whether similar opportunities may be available in the future or, if available, whether they might be profitable. This information should not be considered a recommendation regarding a particular investment. It should not be assumed that this investment will prove to be profitable, or that the investment recommendations or decisions made by Arena in the future will be profitable. Past performance is not indicative of or a guarantee of future returns.



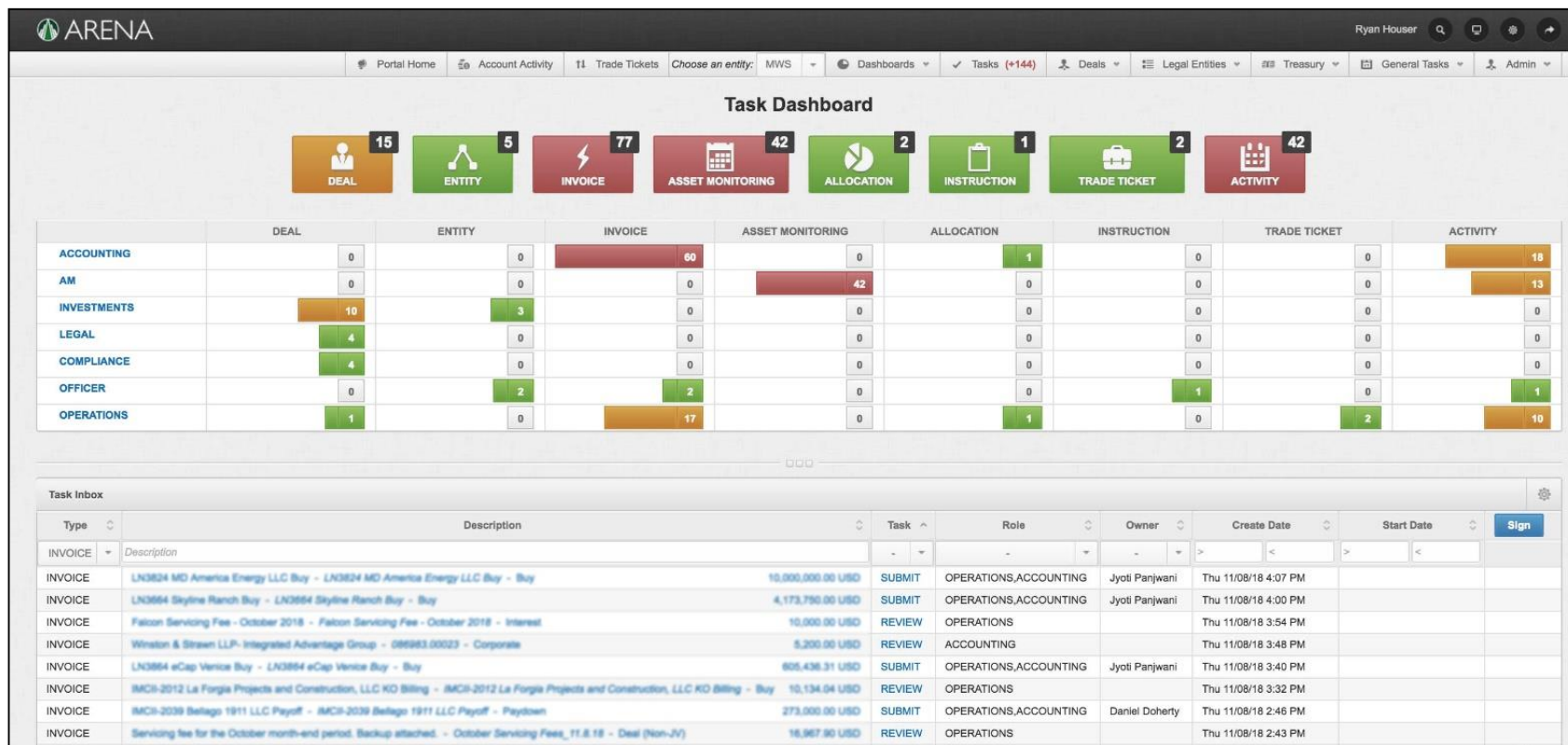
- The problem: Typically, organizations manage processes with a mix of email, shared-drive, and third-party systems.
- The solution: Arena created a proprietary software platform that codifies its process and streamlines communication between departments.



Selected screenshot: Comprehensive reporting and data visualizations



Selected screenshot: Task dashboard provides complete transparency into outstanding tasks and ownership



- Arena has crossed the first “gate” of having a 3-year track record and \$1 billion in AUM.
- The Client Servicing / Marketing team is solidly in place.
- The team is averaging over 400 one-on-one investor touchpoints (annualized) – and has recently engaged with Stonehaven to increase its level of outreach and activity.



**PARAG
SHAH**



**JAMES
KINGRY**



**LINDSAY
SHEPHERD**

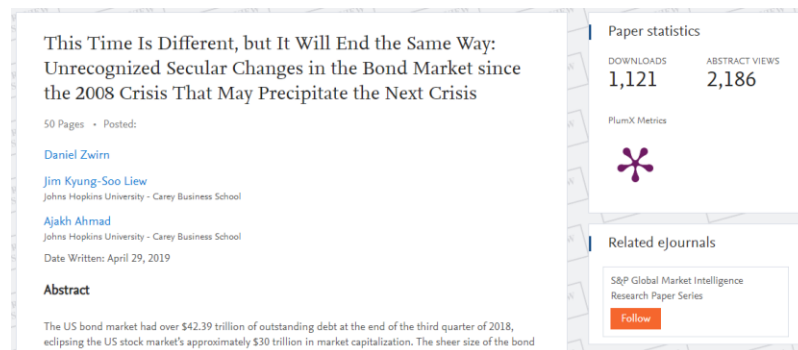


**Focused fund-raising platform,
founded in 2001, with 34 people.**

- Highly differentiated investment strategy in highly crowded/one-way market
- Working up the investor “food chain”
- Creating broader content-based outreach to increase brand awareness



Institutional Investor

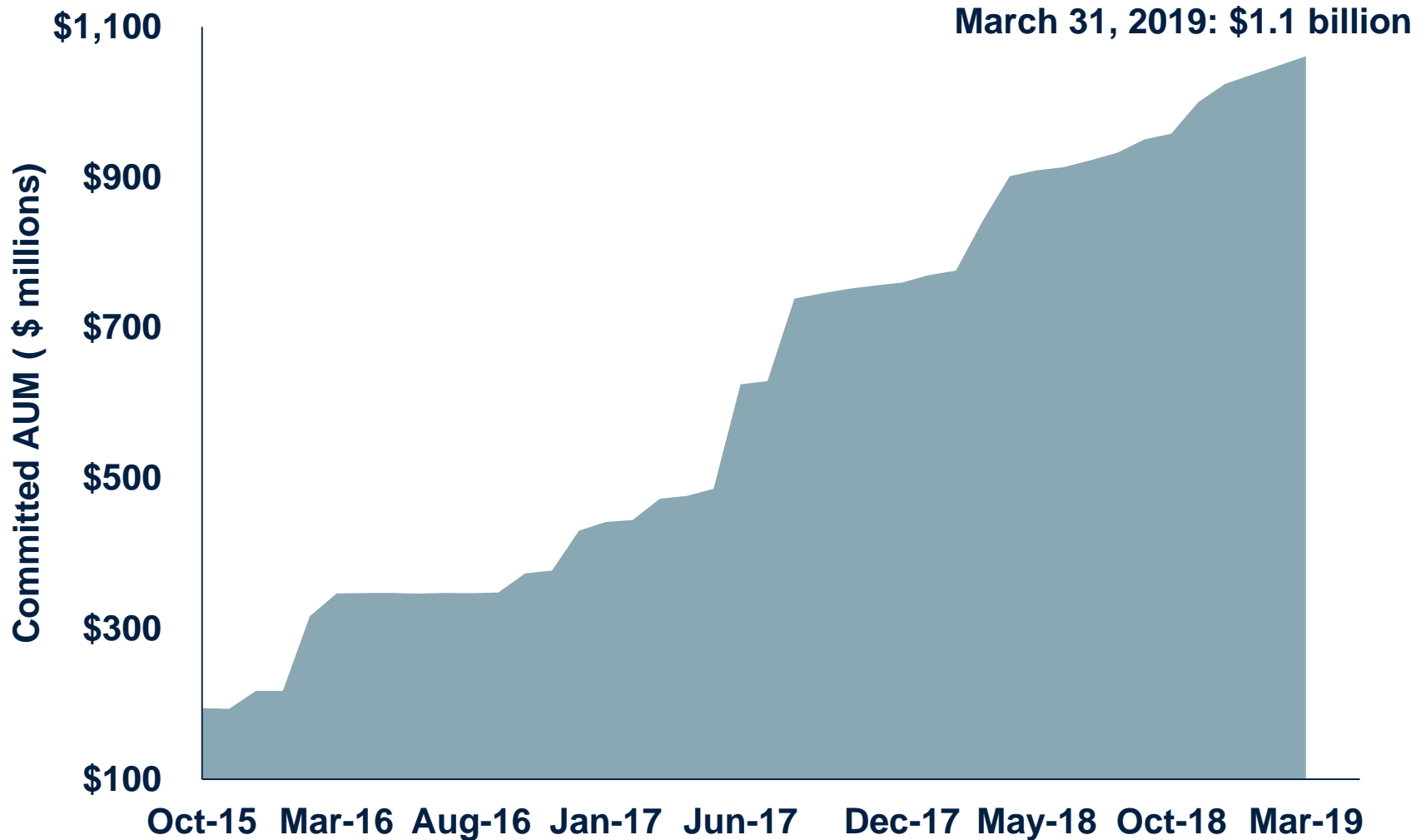


Past performance is not indicative of or a guarantee of future returns.

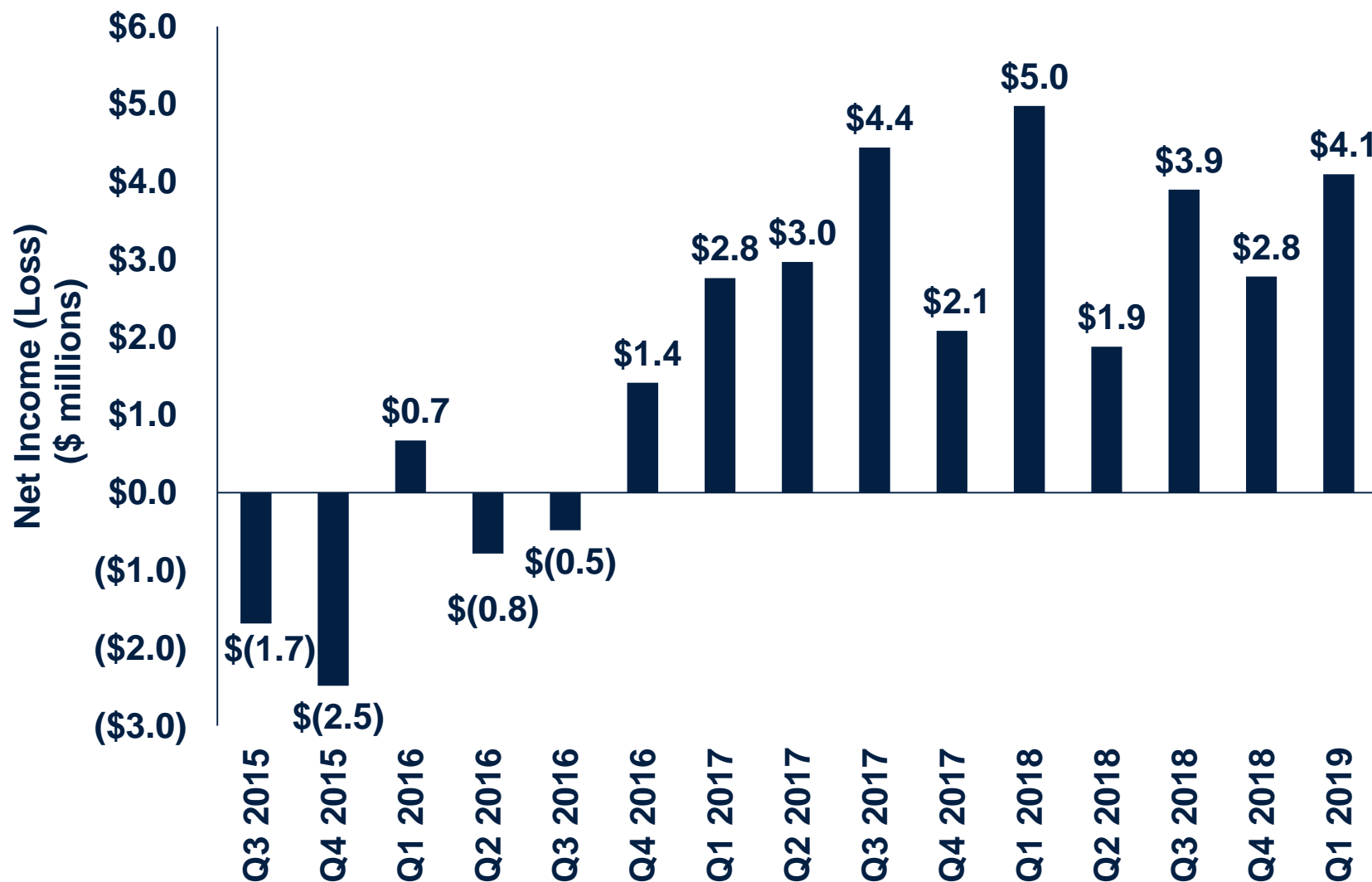


ARENA
INVESTORS LP

Arena Investors - Committed Assets Under Management

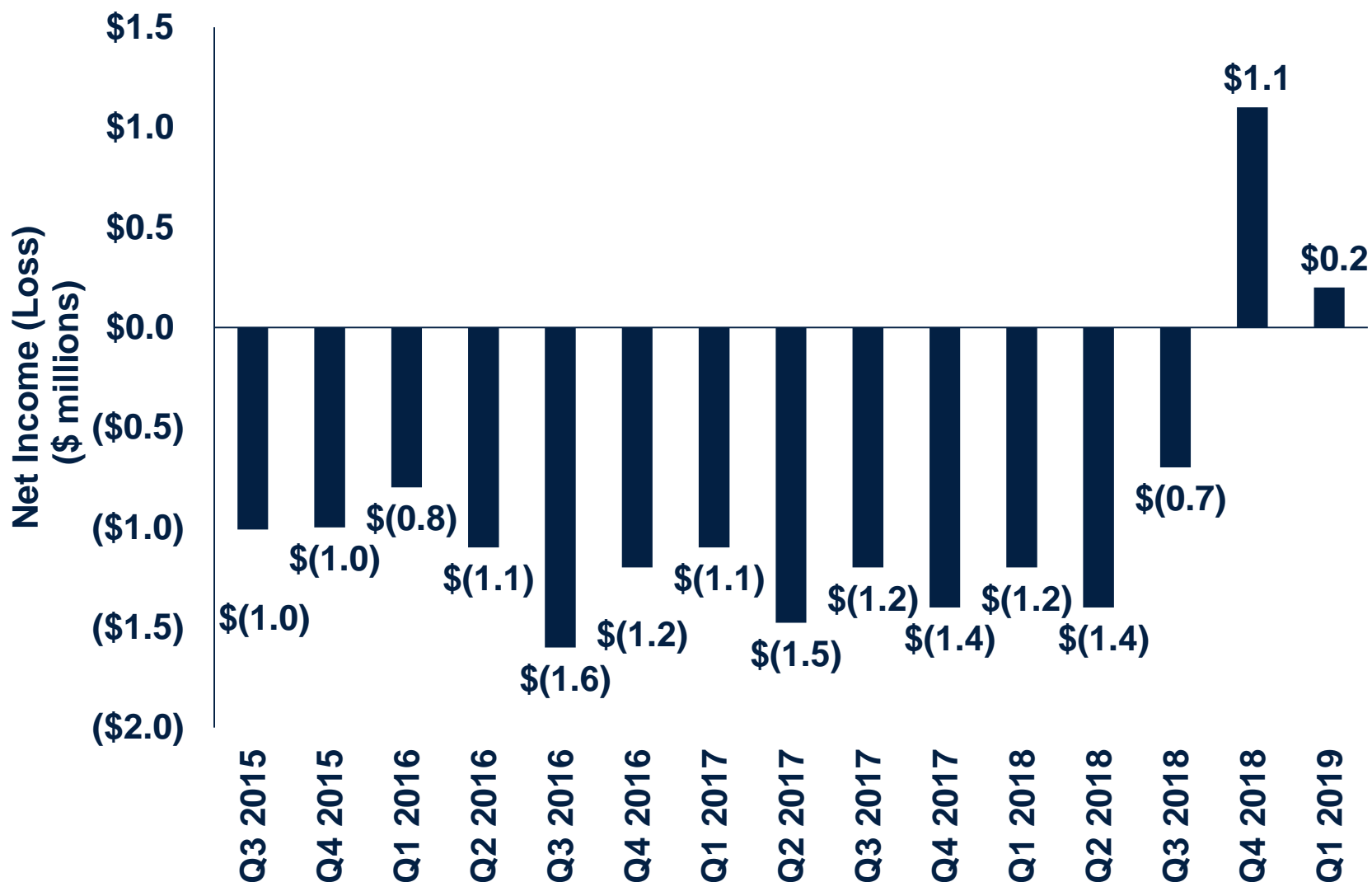


Arena Finance and Arena Origination – Financial Results⁽¹⁾



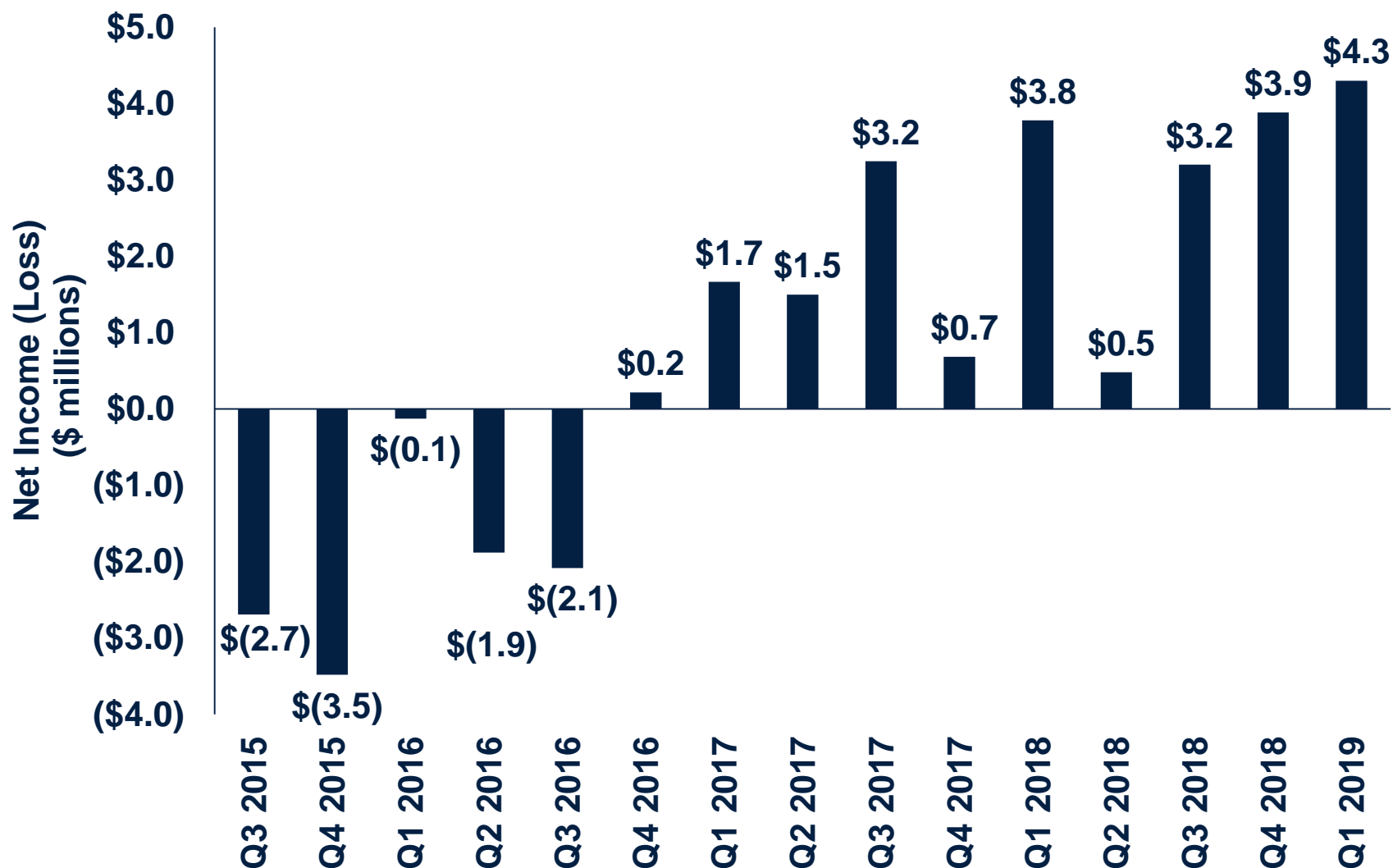
(1) Calculation of net income (loss) for Arena Finance and Arena Origination excludes intercompany interest on WOH loan and intercompany advisory fees payable to Westaim, where applicable.

Arena Investors – Financial Results at 100%⁽¹⁾



(1) Arena Investors net income (loss) adjusted for \$1.5 million non-recurring foreign exchange loss in Q2 2017.

Arena Group – Financial Results⁽¹⁾⁽²⁾⁽³⁾



(1) Arena Investors net income (loss) adjusted for \$1.5 million non-recurring foreign exchange loss in Q2 2017.

(2) Calculation of net income (loss) for Arena Finance and Arena Origination excludes intercompany interest on WOH loan and intercompany advisory fees payable to Westaim, where applicable.

(3) Arena Investors financial results are included here at 100%.

Opportunities for Building Value at Westaim



HOUSTON INTERNATIONAL INSURANCE GROUP

- Insurance industry environment improving
- Significant growth driven by increased retention and organic opportunities
- Operating leverage off expense base
- Capital to support growth



ARENA

**Arena Finance
and Arena
Origination**

- Generate solid, tax efficient investment performance
- Explore access to modest leverage to enhance returns
- Operating leverage through lower fee structure as Arena Investors grows



ARENA
INVESTORS LP

- Performance = AUM = Net Income
- At approximately breakeven, poised to deliver significant operating leverage as AUM grows



- Cash flow from Arena Investors
- Explore options – Attractive complementary investment opportunities, share buybacks, dividends



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