



The Westaim Corporation Reports 2015 First Quarter Results

Toronto, Canada – May 14, 2015 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced it recorded net income of \$12.6 million or \$0.18 per share for the three months ended March 31, 2015, compared to a net loss of \$1.6 million or \$0.12 per share for the three months ended March 31, 2014.

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 \$15.1 million in the first quarter of 2015. The unrealized gain in the three months ended March 31, 2015 reflects an increase in the fair value of the Partnership of \$1.3 million as well as a strengthening of the U.S. dollar against the Canadian dollar of \$13.8 million (USD to CAD exchange rate at March 31, 2015 was 1.2683). 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 unaudited consolidated stockholders' equity as at March 31, 2015, determined in accordance with United States generally accepted accounting principles, was US\$321.8 million, and the Partnership owned approximately 75.7% of HIIG's common shares.

At March 31, 2015, Westaim's unaudited consolidated shareholders' equity was \$209.7 million, compared to \$194.0 million at December 31, 2014. At March 31, 2015, the Company had 70,297,342 common shares outstanding, no debt, and a cash balance of \$36.8 million.

Book value per share was \$2.95 at March 31, 2015, compared to \$2.71 at December 31, 2014, an increase of 8.9% for the first quarter of 2015.

“The Company continues to build on its investment in HIIG, including the additional investment which closed in the first quarter of 2015. HIIG successfully integrated its Elite Underwriting Services acquisition and Elite had strong first quarter results. We are pleased with the support from investors with the recently announced Arena Transactions and related equity financings. Westaim believes that both the HIIG and Arena investments will enhance shareholder value over the long term,” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim.

Westaim's unaudited consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2015 and 2014 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 unaudited consolidated financial statements as at and for the three months ended March 31, 2015 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 unaudited consolidated financial statements for the three months ended March 31, 2015 and 2014 is unaudited and has been derived from the unaudited interim consolidated financial statements of HIIG, prepared in accordance with United States generally accepted accounting principles 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; completion of the Arena Transactions; 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.

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 Canadian dollars except share and per share data)

Highlights	Three months ended March 31	
	2015	2014
Revenue	\$ 0.4	\$ 0.1
Net results of investments	15.1	-
Share-based compensation expense	(2.4)	(0.1)
Other expenses	(0.5)	(1.6)
Profit (loss) and other comprehensive income (loss)	\$ 12.6	\$ (1.6)
Earnings (loss) per share - basic and diluted	\$ 0.18	\$ (0.12)
At March 31:		
Shareholders' equity	\$ 209.7	\$ 29.3
Number of common shares outstanding	70,297,342	13,902,937
Book value per share	\$ 2.95 ⁽¹⁾	\$ 2.30 ⁽²⁾

⁽¹⁾ Book value per share represents shareholders' equity at the end of March 31, 2015 determined on an IFRS basis and adjusted upwards by the Company's liability with respect to RSUs (March 31, 2015 - \$4.8 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 (March 31, 2015 - 2,375,000 units) were exercised.

⁽²⁾ Book value per share represents shareholders' equity at the end of March 31, 2014 after giving effect to the reimbursement of approximately US\$2.5 million in professional fees incurred by the Company in connection with the investment in HIIG.

Financial Position	March 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 36.8	\$ 92.9
Accounts receivable and other assets	0.5	0.6
Investments in private entities	184.3	108.7
	\$ 221.6	\$ 202.2
Liabilities		
Accounts payable and accrued liabilities	\$ 6.9	\$ 4.2
Site restoration provision	5.0	4.0
	11.9	8.2
Shareholders' equity	209.7	194.0
Total liabilities and shareholders' equity	\$ 221.6	\$ 202.2