



## **The Westaim Corporation Reports 2016 First 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 – May 11, 2016 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded net income of \$1.4 million or \$0.01 per share for the three months ended March 31, 2016, compared to net income of \$9.9 million or \$0.14 per share for the three months ended March 31, 2015.

Book value per share was \$2.28 (C\$2.96) at March 31, 2016, compared to \$2.27 (C\$3.14) at December 31, 2015.

The Company recorded a net unrealized gain on its investments of \$3.0 million in the three months ended March 31, 2016, consisting of an unrealized gain on its investment in Westaim HIIG Limited Partnership (the “HIIG Partnership”) of \$3.2 million and an unrealized loss on its investment in the Arena Group of \$0.2 million. In the three months ended March 31, 2015, the Company recorded an unrealized gain on its investment in the HIIG Partnership of \$11.9 million, which included an unrealized foreign exchange gain of \$10.9 million resulting from a strengthening of the US\$ against the C\$ during the period, prior to the adoption of the US\$ as the Company’s functional currency on August 31, 2015.

At March 31, 2016, 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 March 31, 2016, the fair values of the Company’s investments in the HIIG Partnership, Arena Finance and Arena Origination were \$149.2 million, \$143.4 million and \$32.9 million, respectively. Westaim’s investment in Arena Investors had a carrying value of \$2.4 million at March 31, 2016.

At March 31, 2016, Westaim’s unaudited consolidated shareholders’ equity was \$327.5 million, compared to \$326.1 million at December 31, 2015. At March 31, 2016, the Company had 143,186,718 common shares outstanding, no debt, and a cash balance of approximately \$7.5 million.

“The Arena Group is well underway and including Arena Finance and Arena Origination, has committed assets under management of approximately \$300 million. Specifically, as of March 31, 2016, Arena Finance and Arena Origination had invested approximately 50% and 70% of their respective capital and we expect all remaining capital to be fully deployed within six months. We look forward to growing the Arena businesses as management executes their investment strategies. HIIG’s shareholders’ equity continued to grow in the first quarter of 2016, resulting primarily from unrealized gains on its investment portfolio. We believe HIIG is well positioned to expand its profitable business organically and through strategic acquisitions,” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim.

Westaim will be holding its annual general meeting in Toronto on Thursday, 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. In addition, Westaim is planning an Investor Day to be held in Toronto on Tuesday, November 15, 2016. Further details will follow at a later date.

Westaim’s unaudited consolidated financial statements and management’s discussion and analysis for the three months ended March 31, 2016 and 2015 were filed on SEDAR at [www.sedar.com](http://www.sedar.com) and will be posted to Westaim’s website at [www.westaim.com](http://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 unaudited consolidated financial statements for the three months ended March 31, 2016 and 2015 is unaudited and has been derived from the unaudited 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.

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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**

(unaudited)

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

Highlights	Three months ended March 31	
	2016	2015 (restated <sup>1</sup> )
Revenue	\$ 0.7	\$ 0.3
Net results of investments	3.0	11.9
Expenses	(2.3)	(2.3)
Profit	\$ 1.4	\$ 9.9
Earnings per share - basic and diluted	\$ 0.01	\$ 0.14
Profit	\$ 1.4	\$ 9.9
Other comprehensive loss	-	(14.3)
Comprehensive income (loss)	\$ 1.4	\$ (4.4)
At March 31:		
Shareholders' equity	\$ 327.5	\$ 165.3
Number of common shares outstanding	143,186,718	70,297,342
Book value per share - in US\$ <sup>2</sup>	\$ 2.28	\$ 2.33
Book value per share - in C\$ <sup>3</sup>	\$ 2.96	\$ 2.95

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

<sup>2</sup> 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 (March 31, 2016 - \$4.2 million; March 31, 2015 - \$3.8 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, 2016 - 2,209,563 units, March 31, 2015 - 2,375,000 units) were exercised.

<sup>3</sup> Book value per share at March 31, 2016 and 2015 converted from US\$ to C\$ at period end rates of 1.2971 and 1.2683, respectively.

Financial Position	March 31, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 7.5	\$ 7.8
Other assets	3.1	2.6
Investments in private entities	325.5	322.1
Investments in associates	2.4	3.0
	\$ 338.5	\$ 335.5
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 6.5	\$ 5.5
Site restoration provision	4.5	3.9
	11.0	9.4
Shareholders' equity	327.5	326.1
Total liabilities and shareholders' equity	\$ 338.5	\$ 335.5