



## **The Westaim Corporation Reports 2017 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, 2017 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded net income of \$2.0 million or \$0.01 per share for the three months ended March 31, 2017, compared to net income of \$1.4 million or \$0.01 per share for the three months ended March 31, 2016.

Book value per share was \$2.23 (C\$2.97) at March 31, 2017, compared to \$2.21 (C\$2.97) at December 31, 2016.

“Following the operational initiatives undertaken in 2016, HIIG has returned to profitability in the first quarter of 2017, and we look forward to continuing improvement in its financial performance. HIIG has continued to use reinsurance to better control net premium growth in soft market conditions thereby reducing exposure to catastrophic and severity losses,” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim. “Investments managed by the Arena Group continue to perform at or above our expectations. Further to our corporate announcement on April 3, 2017, we are working with Fairfax to close its investment in Preferred Securities of Westaim, which is expected to occur in the second quarter of 2017. Arena now has committed assets under management of over \$445 million and AUM is expected to grow significantly with the planned investments to be made by Fairfax, as previously announced. At Westaim, we are excited to partner with Fairfax as we build upon the growth potential of HIIG and the Arena Group, and seek additional opportunities.”

Westaim’s principal investments consist of HIIG, through the HIIG Partnership, and the Arena Group. The Company recorded unrealized gains on investments of \$3.2 million (HIIG Partnership - \$1.3 million, Arena Group - \$1.8 million, and other - \$0.1 million) in the three months ended March 31, 2017 and \$3.0 million (HIIG Partnership - \$3.2 million and Arena Group - loss of \$0.2 million) in the three months ended March 31, 2016.

At March 31, 2017, Westaim owned 100% of Arena Finance and Arena Origination; and directly and indirectly approximately 58.5% of the interests in the HIIG Partnership, which represented an approximate 43.7% indirect interest in HIIG. At March 31, 2017, the fair values of the Company’s investments in the HIIG Partnership, Arena Finance and Arena Origination were \$146.6 million, \$145.2 million and \$32.4 million, respectively. Westaim’s investment in Arena Investors had a carrying value of \$0.7 million at March 31, 2017.

At March 31, 2017, Westaim’s consolidated shareholders’ equity was \$320.7 million, compared to \$318.5 million at December 31, 2016. At March 31, 2017, the Company had 143,186,718 common shares outstanding and no debt.

Westaim will be holding its annual general meeting in Toronto on Thursday, May 18, 2017 at 10:00 A.M. EDT at St. Andrew’s Club and Conference Centre, 150 King Street West, S3/S4 Inverness Room, 27th Floor.

Westaim’s unaudited consolidated financial statements and management’s discussion and analysis for the three months ended March 31, 2017 and 2016 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 unaudited consolidated financial statements for the three months ended March 31, 2017 and 2016 (the “MD&A”) for additional disclosure regarding these measures. The financial information relating to the Arena Group and HIIG contained in the MD&A 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 HIIG and the Arena Group. HIIG, the HIIG Partnership, Arena, the Arena Group, Arena Finance, Arena Origination and Arena Investors are defined in the notes to Westaim's unaudited consolidated financial statements for the three months ended March 31, 2017 and 2016 and the MD&A. 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**

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

	Three months ended March 31	
	2017	2016
Revenue	\$ 0.7	\$ 0.7
Net results of investments	3.2	3.0
Expenses	(1.9)	(2.3)
Profit and comprehensive income	\$ 2.0	\$ 1.4
Earnings per share - basic and diluted	\$ 0.01	\$ 0.01
At March 31:		
Shareholders' equity	\$ 320.7	\$ 327.5
Number of common shares outstanding	143,186,718	143,186,718
Book value per share - in US\$ <sup>1</sup>	\$ 2.23	\$ 2.28
Book value per share - in C\$ <sup>2</sup>	\$ 2.97	\$ 2.96

<sup>1</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, 2017 - \$5.5 million; March 31, 2016 - \$4.2 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, 2017 - 3,082,073 units, March 31, 2016 - 2,209,563 units) were exercised.

<sup>2</sup> Book value per share at March 31, 2017 and 2016 converted from US\$ to C\$ at period end rates of 1.3310 and 1.2971, respectively.

	March 31, 2017	December 31, 2016
<b>Assets</b>		
Cash and cash equivalents	\$ 2.2	\$ 3.0
Other assets	4.8	4.4
Investments in private entities	324.2	320.5
Investments in associates	0.7	1.3
	\$ 331.9	\$ 329.2
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 7.7	\$ 7.3
Site restoration provision	3.5	3.4
	11.2	10.7
Shareholders' equity	320.7	318.5
Total liabilities and shareholders' equity	\$ 331.9	\$ 329.2