

The Westaim Corporation Reports 2012 Fourth Quarter Results

Toronto, Canada – February 28, 2013 – The Westaim Corporation (“Westaim”) today announced it has recorded a net loss of \$1.0 million or \$0.00 per share for the quarter ended December 31, 2012, compared to a net income of \$11.6 million or \$0.02 per share for the quarter ended December 31, 2011. For the year ended December 31, 2012, Westaim recorded net income of \$103.0 million or \$0.15 per share compared to net income of \$39.8 million or \$0.06 per share for the year ended December 31, 2011. On September 28, 2012, Westaim paid \$521.4 million or \$0.75 per share to Westaim’s common shareholders as a return of capital. At December 31, 2012, Westaim’s consolidated shareholders’ equity was \$34.6 million or \$0.05 per share compared to \$417.3 million or \$0.65 per share at December 31, 2011.

On May 2, 2012 Westaim announced that it had entered into an agreement to sell all the issued and outstanding shares in the capital of Jevco for \$530.0 million in cash. Shareholder approval of the sale and related matters was received at a special meeting held on June 28, 2012. All regulatory approvals were received and other conditions for the sale were met during the third quarter and the sale of Jevco closed on September 4, 2012. The profit on the sale of Jevco is reflected in Westaim’s statements of financial position, comprehensive income, equity and cash flow for the year ended December 31, 2012. For the year ended December 31, 2012, a post-tax gain on sale of Jevco of \$106.7 million was realized.

“Westaim’s book value per share appreciated by 23% during the first nine months of 2012 from \$0.65 at December 31, 2011 to \$0.80 at September 28, 2012 prior to the payment of the \$0.75 per share return of capital. Subsequent to the return of capital on September 28, 2012 and as at December 31, 2012, Westaim’s book value per share was \$0.05. Management is continuing to pursue Westaim’s business strategy, by searching for and investigating potential investments to grow shareholder value over the long term.” said Cameron MacDonald, President and Chief Executive Officer of Westaim.

Westaim is a publicly traded Canadian-based financial services company that 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 to grow shareholder value (as measured by book value per share) 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 Westaim’s business plan; the effect of adverse changes in equity markets or Westaim’s operations; expectations regarding Westaim’s assets and liabilities; Westaim’s ability to retain key employees, management’s belief that its estimates for determining the valuation of Westaim’s assets and liabilities are appropriate; Westaim’s views regarding potential future remediation costs; the effect of changes to interpretations of tax legislation on income tax provisions in future periods; and Westaim’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. Westaim’s actual results could differ materially from those anticipated by forward-looking statements for various reasons generally beyond Westaim’s control, including but not limited to: (i) difficult economic conditions or a prolonged economic downturn may adversely affect Westaim’s business; (ii) Westaim may not be able to realize its investment objectives or its liquid assets may prove to be insufficient to meet future obligations; (iii) Westaim may have undisclosed liabilities; (iv) Westaim may require significant additional funding; and (v) other risk factors set forth in Westaim’s Annual Report, Quarterly Reports or Annual Information Form. 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.

The Westaim Corporation

Financial Highlights

(thousands of Canadian dollars except share and per share data)
(unaudited)

	Three Months Ended December 31		Year Ended December 31	
	2012	2011	2012	2011
Loss from continuing operations				
Revenue of continuing operations	\$ 114	\$ 35	\$ 305	\$ 2,881
Expenses of continuing operations	1,093	4,276	33,644	12,402
Loss from continuing operations	(979)	(4,241)	(33,339)	(9,521)
Profit on sale of discontinued operations				
Proceeds on sale of subsidiary	-	-	530,000	-
Carrying value of subsidiary	-	-	(414,289)	-
Transaction costs	-	-	(7,498)	-
Income tax expense	-	-	(1,530)	-
Post-tax gain on sale of discontinued operations	-	-	106,683	-
Post-tax profit of discontinued operations	-	15,796	29,667	49,337
Profit from discontinued operations	-	15,796	136,350	49,337
Profit or loss and other comprehensive income	\$ (979)	\$ 11,555	\$ 103,011	\$ 39,816
Earnings per share				
Loss from continuing operations - basic and diluted	\$ (0.001)	\$ (0.006)	\$ (0.050)	\$ (0.014)
Profit or loss and other comprehensive income - basic and diluted	\$ (0.001)	\$ 0.017	\$ 0.154	\$ 0.061

Weighted average number of common and
Series 1 Class A preferred shares outstanding (in thousands)

Basic	658,016	650,412	660,500	646,774
Diluted	679,664	661,679	670,374	656,893

Financial position	December 31	
	2012	2011
Cash and cash equivalents	\$ 39,164	\$ 24,347
Other	202	1,271,786
Total assets	\$ 39,366	\$ 1,296,133
Total liabilities	\$ 4,754	\$ 878,870
Shareholders' equity	34,612	417,263
Total liabilities and shareholders' equity	\$ 39,366	\$ 1,296,133

	2012	2011
Book value per share at December 31	\$ 0.050	\$ 0.648
Return of capital per share to shareholders on September 28, 2012	\$ 0.750	

"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."