



For Immediate Release

Westaim announces 2000 first quarter results

Calgary, Alberta, April 27, 2000 – The Westaim Corporation announced today that for the first quarter ended March 31, 2000, it recorded net income of \$2.4 million, or three cents per share, on revenues of \$37.9 million. In the same quarter last year, the company recorded a net loss of \$5.4 million, or seven cents per share, on revenues of \$22.9 million. The company's increased earnings are due to a \$10.5 million gain on sale of a minority interest of its subsidiary iFire Technology Inc. to Japan-based TDK Corporation. The company's loss prior to the one-time gain reflects planned increased investment in its technology businesses as part of their commercialization strategies.

At March 31, 2000, Westaim had \$139.5 million in cash and short-term investments, and no debt.

“We made significant progress in the first quarter of 2000, highlighted by iFire Technology Inc. entering into a small graphics licensing deal with TDK Corporation of Japan,” said Kevin Jenkins, President and CEO of Westaim. “In addition, we purchased 22 per cent of TDI, a very promising e-business management software company. We now have technology investments in three of the most important and fastest growing sectors of the economy – biotechnology, semi conductor/electronics and e-business management software.”

The Westaim Corporation is a technology incubator that launches exceptional technologies into the marketplace. Its technology investments include Westaim Biomedical Corp., which has developed an infection control technology for use in the treatment of wounds, iFire Technology Inc., which has developed a revolutionary low-cost flat panel display, and Technology Deployment International, Inc., a leader in e-business management software. Westaim's common shares are listed on Nasdaq under the symbol WEDX and on The Toronto Stock Exchange under the trading symbol WED.

-30-

For more information contact:
Tony Johnston, Senior Vice President, Corporate Affairs
The Westaim Corporation
(403) 234-3103
info@westaim.com
www.westaim.com

This news release may contain forward-looking statements. These statements are based on current expectations that are subject to risks and uncertainties, and the Company can give no assurance that these expectations are correct. Various factors could cause actual results to differ materially from those projected in such statements, including financial considerations and those predicting the timing and market acceptance of future products. The Company disclaims any intention or obligations to revise forward-looking statements whether as a result of new information, future developments or otherwise. All forward-looking statements are expressly qualified in their entirety by this Cautionary Statement.

THE WESTAIM CORPORATION**Financial Highlights**

(unaudited)

(thousands of dollars)

Statement of Earnings	Quarter Ended March 31, 2000	Quarter Ended March 31, 1999
Revenue	\$ 37,873	\$ 22,872
Net earnings (loss)	2,445	(5,383)
Earnings (loss) per share	0.03	(0.07)
Weighted average number of outstanding common shares (thousands)	75,572	75,289

Balance Sheet	March 31, 2000	March 31, 1999
Cash and short-term investments	\$ 139,522	\$ 181,027
Current assets	209,981	237,661
Other assets	108,641	68,497
Current liabilities	27,970	29,846
Shareholders' equity	282,513	276,276

THE WESTAIM CORPORATIONConsolidated Statement of Earnings and Consolidated Statement of Deficit
(unaudited)

(thousands of dollars)	Quarter Ended March 31, 2000	Quarter Ended March 31, 1999
Revenue	\$ 37,873	\$ 22,872
Costs		
Manufacturing	28,709	17,091
Selling, general and administrative	5,204	4,560
Research and development	7,744	5,569
Depreciation and amortization	2,266	1,364
Divisional loss	(6,050)	(5,712)
Corporate	(1,810)	(1,843)
Interest income	2,169	2,529
Gain on sale of minority interest (note 3)	10,509	-
Earnings (loss) before income taxes	4,818	(5,026)
Income taxes		
Current	(426)	(357)
Future	(1,947)	-
	(2,373)	(357)
Net earnings (loss) for the period	\$ 2,445	\$ (5,383)
Earnings (loss) per common share	\$ 0.03	\$ (0.07)
Weighted average number of shares outstanding (thousands)	75,572	75,289
Deficit at beginning of period	\$ (102,667)	\$ (78,806)
Change in accounting policy (note 1)	20,798	-
As restated	(81,869)	(78,806)
Net earnings (loss)	2,445	(5,383)
Deficit at end of period	\$ (79,424)	\$ (84,189)

THE WESTAIM CORPORATION

Consolidated Balance Sheet

(unaudited)

	March 31	December 31
(thousands of dollars)	2000	1999
ASSETS		
Current		
Cash and short-term investments	\$ 139,522	\$ 146,690
Accounts receivable	29,577	32,150
Inventories	31,270	30,777
Future income taxes	9,063	-
Prepaid expenses	549	1,632
	<u>209,981</u>	<u>211,249</u>
Capital assets	77,807	76,016
Deferred charges	2,299	1,958
Future income taxes	9,426	-
Investment (note 2)	19,109	-
	<u>\$ 318,622</u>	<u>\$ 289,223</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 27,970	\$ 29,846
Deferred income taxes	-	362
Deferred licensing revenue (note 4)	8,139	-
	<u>36,109</u>	<u>30,208</u>
Shareholders' equity		
Capital stock	361,937	361,682
Deficit	(79,424)	(102,667)
	<u>282,513</u>	<u>259,015</u>
	<u>\$ 318,622</u>	<u>\$ 289,223</u>

THE WESTAIM CORPORATION

Consolidated Cash Flow Statement

(unaudited)

(thousands of dollars)	Quarter Ended March 31, 2000	Quarter Ended March 31, 1999
Operating Activities		
Earnings (loss) from operations	\$ 2,445	\$ (5,383)
Items not affecting cash		
Depreciation and amortization	2,266	1,364
Future income taxes	1,947	-
Deferred license revenue	(386)	-
Other items	-	89
Cash provided from (used in) operations	6,272	(3,930)
Changes in non-cash working capital		
Accounts receivable	2,573	(1,833)
Inventories	(493)	(4,812)
Prepaid expenses	1,083	(80)
Accounts payable and accrued liabilities	(1,876)	3,274
Deferred licensing revenue	8,525	-
Cash provided from (used in) operating activities	16,084	(7,381)
Investing activities		
Capital expenditures	(3,996)	(5,353)
Short-term investments	90,126	-
Deferred charges	(402)	106
Investment	(19,109)	-
Cash provided from (used in) investing activities	66,619	(5,247)
Financing activities		
Issuance of common shares	255	65
Net increase (decrease) in cash and cash equivalents	82,958	(12,563)
Cash and cash equivalents at beginning of period	56,564	193,590
Cash and cash equivalents at end of period	\$ 139,522	\$ 181,027

Note 1 - Change in Accounting Policy – Income Taxes

Commencing January 1, 2000, the Company and its subsidiaries adopted the liability method of accounting for income taxes in accordance with the provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

The provisions were applied retroactively without restatement of prior period financial statements. At January 1, 2000, future income tax assets of \$20,798 were recorded and this amount has been credited to Deficit at January 1, 2000. Prior to January 1, 2000, the Company and its subsidiaries used the deferral method of accounting for income taxes.

The balance of future income taxes at March 31, 2000 represents the future benefits of temporary differences between the tax and accounting bases of assets and liabilities, consisting mainly of losses available to be carried forward for tax purposes to the extent that they are likely to be realized.

Note 2 - Investment

During the quarter the Company acquired an equity interest in Technology Deployment International, Inc. for \$19,109 through the purchase of a combination of convertible preferred shares and outstanding common shares. This investment is accounted for using the cost method.

Note 3 - Gain on Sale of Minority Interest

The gain on sale of minority interest represents the Company's sale of a 2.5% interest in its subsidiary iFire Technology Inc.

Note 4 – Deferred Licensing Revenue

Deferred licensing revenue represents licensing fees paid to iFire Technology Inc. and will be recognized in revenue over three years, the term that services are rendered.

Note 5 - Segmented Information

(thousands of dollars)	Quarter Ended March 31, 2000	Quarter Ended March 31, 1999
Revenue		
Aerospace Products	\$ 10,971	\$ 8,070
Chemicals	4,467	4,011
Coinage	20,302	9,432
Surface Engineered Products	256	482
Biomedical	1,492	877
iFire Technology Inc.	385	-
	<u>\$ 37,873</u>	<u>\$ 22,872</u>
Divisional Earnings (Loss)		
Aerospace Products	\$ 2,812	\$ 2,746
Chemicals	1,353	1,289
Coinage	1,913	1,981
Surface Engineered Products	(4,507)	(3,451)
Biomedical	(2,284)	(3,740)
iFire Technology Inc.	(5,224)	(4,404)
Other	(113)	(133)
	<u>\$ (6,050)</u>	<u>\$ (5,712)</u>