



For Immediate Release

Westaim announces 2000 second quarter results

Calgary, Alberta, July 27, 2000 – The Westaim Corporation announced today that for the second quarter ended June 30, 2000, it recorded a net loss of \$7.8 million, or 10 cents per share, on revenues of \$35.2 million. In the same quarter last year, the company recorded a net loss of \$5.5 million, or seven cents per share, on revenues of \$27.5 million. The company's higher net loss reflects the planned increased investment in its technology businesses as part of their commercialization strategies.

For the six months ended June 30, 2000, the company posted revenues of \$73.0 million and a net loss of \$5.4 million, or seven cents per share. For the same period last year, Westaim had revenues of \$50.4 million and a net loss of \$10.9 million, or 14 cents per share. The company's reduced loss in the first six months compared to the prior year is due to a \$10.5 million gain on sale of a minority interest of its subsidiary iFire Technology Inc.

At June 30, 2000, Westaim had \$141.5 million in cash and short-term investments, and no debt.

“Our technology investments continued to meet all commercial and technological milestones during the second quarter,” said Kevin Jenkins, President and CEO of Westaim. “In the second half of the year, we expect our iFire Technology subsidiary to continue improving its flat panel display technology toward TV quality.”

The Westaim Corporation is a technology accelerator 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 Savvion, 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.

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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

Consolidated Balance Sheet

(unaudited)

	June 30	December 31
(thousands of dollars)	2000	1999
ASSETS		
Current		
Cash and short-term investments	\$ 141,518	\$ 146,690
Accounts receivable	26,466	32,150
Inventories	34,466	30,777
Future income taxes	8,613	-
Other	1,418	1,632
	212,481	211,249
Capital assets	78,513	76,016
Deferred charges	2,018	1,958
Future income taxes	8,275	-
Investment (note 2)	23,093	-
	\$ 324,380	\$ 289,223
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 29,706	\$ 29,846
Deferred income taxes	-	362
Deferred licensing revenue (note 4)	10,444	-
	40,150	30,208
Shareholders' equity		
Capital stock (note 5)	371,471	361,682
Deficit (note 1)	(87,241)	(102,667)
	284,230	259,015
	\$ 324,380	\$ 289,223

THE WESTAIM CORPORATION

Consolidated Statement of Loss and Deficit

(unaudited)

(thousands of dollars)	Quarter Ended June 30, 2000	Quarter Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Revenue	\$ 35,157	\$ 27,549	\$ 73,030	\$ 50,421
Costs				
Manufacturing	26,831	20,384	55,540	37,475
Selling, general and administrative	4,513	5,107	9,717	9,667
Research and development	7,731	6,014	15,475	11,583
Depreciation and amortization	2,336	1,712	4,602	3,076
Divisional loss	(6,254)	(5,668)	(12,304)	(11,380)
Corporate	(1,993)	(2,286)	(3,803)	(4,129)
Interest income	2,591	2,912	4,760	5,441
Gain on sale of minority interest (note 3)	-	-	10,509	-
Loss before income taxes	(5,656)	(5,042)	(838)	(10,068)
Income taxes				
Current	(560)	(431)	(986)	(788)
Future	(1,601)	-	(3,548)	-
	(2,161)	(431)	(4,534)	(788)
Net loss	\$ (7,817)	\$ (5,473)	\$ (5,372)	\$ (10,856)
Loss per common share	\$ (0.10)	\$ (0.07)	\$ (0.07)	\$ (0.14)
Weighted average number of shares outstanding (thousands)	76,772	75,293	76,172	75,291
Deficit at beginning of period	\$ (79,424)		\$ (102,667)	
Change in accounting policy (note 1)	-		20,798	
As restated	(79,424)		(81,869)	
Net loss	(7,817)		(5,372)	
Deficit at end of period	\$ (87,241)		\$ (87,241)	

THE WESTAIM CORPORATIONConsolidated Cash Flow Statement
(unaudited)

(thousands of dollars)	Quarter Ended June 30, 2000	Quarter Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Operating Activities				
Net loss	\$ (7,817)	\$ (5,473)	\$ (5,372)	\$ (10,856)
Items not affecting cash				
Depreciation and amortization	2,336	1,712	4,602	3,076
Future income taxes	1,601	-	3,548	-
Deferred licensing revenue	(963)	-	(1,349)	-
Other items	-	77	-	166
Cash (used in) provided from operations	(4,843)	(3,684)	1,429	(7,614)
Changes in non-cash working capital				
Accounts receivable	3,111	(2,408)	5,684	(4,241)
Inventories	(3,196)	2,323	(3,689)	(2,489)
Other	(869)	(289)	214	(369)
Accounts payable and accrued liabilities	1,736	(5,805)	(140)	(2,531)
Deferred licensing revenue	3,268	-	11,792	-
Cash (used in) provided from operating activities	(793)	(9,863)	15,290	(17,244)
Investing activities				
Capital expenditures	(2,981)	(6,563)	(6,977)	(11,916)
Short-term investments	(26,975)	(20,369)	63,151	(60,820)
Deferred charges	220	47	(181)	153
Investment	(3,984)	-	(23,093)	-
Cash (used in) provided from investing activities	(33,720)	(26,885)	32,900	(72,583)
Financing activities				
Issuance of common shares	9,534	-	9,789	65
Net (decrease) increase in cash and cash equivalents	(24,979)	(36,748)	57,979	(89,762)
Cash and cash equivalents at beginning of period	139,522	140,576	56,564	193,590
Cash and cash equivalents at end of period	\$ 114,543	\$ 103,828	\$ 114,543	\$ 103,828

	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Cash and short-term investments is comprised of:		
Cash and cash equivalents	\$ 114,543	\$ 103,828
Other short-term investments with original maturities greater than three months	26,975	60,820
	<u>\$ 141,518</u>	<u>\$ 164,648</u>

THE WESTAIM CORPORATION
Notes to Consolidated Financial Statements
(thousands of dollars)

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 June 30, 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 purchased \$3,984 of convertible preferred shares in Savvion, Inc. (formerly Technology Deployment International, Inc.), bringing the Company's total investment in common and convertible preferred shares to \$23,093. This portfolio 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 – Capital Stock

As at June 30, 2000 the Company had outstanding 77,616,940 common shares and 4,816,500 options convertible into common shares.

Note 6 - Segmented Information

(thousands of dollars)	Quarter Ended June 30, 2000	Quarter Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Revenue				
Aerospace Products	\$ 8,101	\$ 8,735	\$ 19,072	\$ 16,805
Chemicals	4,915	4,364	9,381	8,375
Coinage	18,741	11,752	39,043	21,184
Surface Engineered Products	651	1,514	907	1,996
Biomedical	1,786	1,184	3,278	2,061
iFire Technology Inc.	963	-	1,349	-
	\$ 35,157	\$ 27,549	\$ 73,030	\$ 50,421
Divisional Earnings (Loss)				
Aerospace Products	\$ 2,458	\$ 2,781	\$ 5,270	\$ 5,527
Chemicals	1,793	1,411	3,147	2,700
Coinage	987	1,913	2,900	3,894
Surface Engineered Products	(4,305)	(3,717)	(8,812)	(7,168)
Biomedical	(1,294)	(3,162)	(3,578)	(6,902)
iFire Technology Inc.	(5,746)	(4,809)	(10,970)	(9,213)
Other	(147)	(85)	(261)	(218)
	\$ (6,254)	\$ (5,668)	\$ (12,304)	\$ (11,380)