



For Immediate Release

Westaim announces 2000 year-end results

CALGARY, ALBERTA – February 13, 2001 – The Westaim Corporation announced today that for the year ended December 31, 2000, it recorded a net loss of \$14.6 million, or 19 cents per share, compared to a net loss of \$23.9 million, or 32 cents per share in the prior year. The loss from continuing operations was \$28.2 million, or 37 cents per share, for the year ended December 31, 2000 compared to \$28.8 million, or 38 cents per share in 1999. Revenues from continuing operations were \$127.8 million in 2000 and \$97.1 million in 1999.

For the three months ended December 31, 2000, the company posted a net loss from continuing operations of \$10.8 million, or 14 cents per share, on revenues from continuing operations of \$34.8 million. For the same period last year, Westaim had a net loss from continuing operations of \$9.2 million, or 12 cents per share, on revenues from continuing operations of \$29.6 million.

The results in 2000 include one-time gains of \$10.5 million as a result of an equity investment in iFire Technology Inc. by TDK Corporation of Japan and \$9.2 million from the sale of the company's Chemicals Division. In addition, a non-cash charge of \$8.0 million is included in the year to reflect equity accounting treatment for Westaim's investment in Savvion, Inc.

At December 31, 2000, Westaim had \$124.5 million in cash and short-term investments, and no debt.

“Meaningful progress in each of our technology businesses resulted in a significant increase in shareholder value in 2000,” said Kevin Jenkins, President and CEO of Westaim. “We expect to accomplish many important commercialization milestones in 2001 and are on track for another year of solid achievement.”

iFire Technology Inc.

iFire Technology continued to make important technical and commercial steps in 2000 towards its goal of producing consumer-priced hang-on-the-wall televisions. iFire's goal is to be producing iFire-brand display modules in 2003, when the global market for large size consumer televisions is estimated to reach US\$66 billion.

In February 2000, the company signed a \$US25-million non-exclusive licensing agreement with TDK Corporation of Japan to produce iFire™ displays less than 12 inches in size. The company made excellent technical progress in 2000 and demonstrated the ease with which iFire™ displays can be scaled to larger sizes. In only five months, the company demonstrated that a full-color video display could be scaled from 8.5 inches to 17 inches.

In January 2001, iFire significantly improved its materials system by achieving TV-quality color, a significant step in meeting the specifications for commercial television. In 2001, in addition to producing TV-quality color 8.5-inch and 17-inch prototypes, iFire expects to conclude a partnership agreement for the future development and commercialization of its iFire™ screens for flat panel televisions.

Westaim Biomedical Corp.

Westaim Biomedical's infection-control technology continues to receive strong clinician acceptance. Sales of its first product, Acticoat® antimicrobial barrier dressings, which are currently being sold for use in the

life-threatening infection control environment of hospital burn units, continue to grow. Sales of burn dressings in this concentrated market grew year over year by 60 per cent and Acticoat® burn dressings are now being used in more than 100 of the 120 leading burn centers in North America. During 2000, the company also signed a distribution agreement for its burn dressings in Japan.

Building on two years of success from its Acticoat® burn dressings, Westaim Biomedical received clearance for Acticoat® 7 dressings, which are specifically designed for the treatment of chronic wounds, such as venous insufficiency ulcers, diabetic foot ulcers and pressure sores. Early evidence shows Acticoat® 7 dressings to be extremely beneficial in the treatment of chronic wounds, a growing market estimated to be US\$1 billion annually. Westaim Biomedical expects to sign a worldwide wound care distribution agreement in the first half of 2001. In addition, the company is also examining scientific evidence that suggests the potent “healing” or therapeutic properties of Acticoat® products. A decision to pursue a therapeutic claim for the treatment of chronic wounds will also be made in the first half of the year.

Savvion, Inc.

In the first quarter of 2000, Westaim purchased an equity stake in Savvion, a privately held Silicon Valley-based e-business software developer, for approximately US\$16 million. Savvion’s business process management software allows new and existing businesses to quickly and efficiently put their business processes on the web. This provides real-time management and unprecedented control of operations, resulting in dramatic cost savings and increased efficiencies. Savvion had an impressive first year of sales for its BusinessManager™ software, attracting numerous Fortune 500 companies and signing technology partnership agreements with industry leaders such as BEA, BV Solutions and WebMethods. In 2001, Savvion will release new versions of its business process management software and will continue to increase sales.

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 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 CORPORATIONConsolidated Balance Sheet
(unaudited)

(thousands)	December 31 2000	December 31 1999
ASSETS		
Current		
Cash and cash equivalents	\$ 124,519	\$ 56,564
Short-term investments	-	90,126
Accounts receivable	44,894	32,150
Inventories	27,614	30,777
Future income taxes	9,345	-
Other	778	1,632
	<u>207,150</u>	<u>211,249</u>
Capital assets	77,023	76,016
Deferred charges	2,575	1,958
Future income taxes	7,249	-
Investments	15,485	-
	<u>\$ 309,482</u>	<u>\$ 289,223</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 21,658	\$ 29,846
Provision for site restoration	3,885	-
Deferred income taxes	-	362
Deferred licensing revenue	8,325	-
	<u>33,868</u>	<u>30,208</u>
Shareholders' equity		
Capital stock	372,131	361,682
Deficit	(96,517)	(102,667)
	<u>275,614</u>	<u>259,015</u>
	<u>\$ 309,482</u>	<u>\$ 289,223</u>

THE WESTAIM CORPORATION

Consolidated Statement of Loss and Consolidated Statement of Deficit
(unaudited)

(thousands)	Quarter Ended December 31 2000	Quarter Ended December 31 1999	Year Ended December 31 2000	Year Ended December 31 1999
Revenue	\$ 34,840	\$ 29,556	\$ 127,754	\$ 97,078
Costs				
Manufacturing	24,595	24,173	97,914	77,999
Selling, general and administrative	5,997	4,175	21,040	17,785
Research and development	7,934	7,143	30,103	23,938
Depreciation and amortization	2,519	2,729	9,466	7,367
Divisional loss	(6,205)	(8,664)	(30,769)	(30,011)
Corporate costs	(2,292)	(1,524)	(7,916)	(6,833)
Interest income	1,303	1,002	7,694	8,488
Gain on issuance of shares by subsidiary	-	-	10,509	-
Equity loss	(8,024)	-	(8,024)	-
Loss from continuing operations before income taxes	(15,218)	(9,186)	(28,506)	(28,356)
Income tax recovery (expense)				
Current	(172)	(48)	(698)	(431)
Future	4,603	-	994	-
	4,431	(48)	296	(431)
Loss from continuing operations	(10,787)	(9,234)	(28,210)	(28,787)
Earnings from discontinued operations net of income taxes	1,540	1,545	4,323	4,926
Gain on disposal of discontinued assets net of income taxes	9,239	-	9,239	-
Net loss for the period	\$ (8)	\$ (7,689)	\$ (14,648)	\$ (23,861)

Loss per common share

Continuing operations	\$ (0.14)	\$ (0.12)	\$ (0.37)	\$ (0.38)
Net loss	(0.00)	(0.10)	(0.19)	(0.32)

Weighted average number of shares outstanding (thousands)	77,719	75,562	76,940	75,405
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Deficit at beginning of period	\$ (96,509)	\$ (102,667)
Change in accounting policy	-	20,798
As restated	(96,509)	(81,869)
Net loss	(8)	(14,648)
Deficit at end of year	\$ (96,517)	\$ (96,517)

THE WESTAIM CORPORATION
Consolidated Cash Flow Statement
(unaudited)

(thousands)	Year Ended December 31 2000	Year Ended December 31 1999
Operating Activities		
Loss from continuing operations	\$ (28,210)	\$ (28,787)
Items not affecting cash		
Depreciation and amortization	9,466	7,367
Provision for site restoration	5,463	-
Future income taxes	(994)	-
Gain on issuance of shares by subsidiary	(10,509)	-
Deferred licensing revenue	(3,467)	-
Equity loss	8,024	-
Other items	(200)	-
Cash used in continuing operations before non-cash working capital changes	(20,427)	(21,420)
Changes in continuing operations non-cash working capital		
Accounts receivable	(15,354)	(8,051)
Inventories	2,675	(5,127)
Other	854	(929)
Accounts payable and accrued liabilities	(7,579)	3,786
Site restoration expenditures	(1,578)	-
Deferred licensing revenue	11,792	-
Cash used in continuing operations	(29,617)	(31,741)
Cash provided from discontinued operations	6,635	4,425
Total cash used in operating activities	(22,982)	(27,316)
Investing activities		
Capital expenditures - continuing operations	(12,896)	(20,174)
Capital expenditures - discontinued operations	(836)	(362)
Sale of discontinued assets	18,000	-
Short-term investments	90,126	(90,126)
Deferred charges	(906)	(330)
Investments	(23,509)	-
Cash provided from (used in) investing activities	69,979	(110,992)
Financing activities		
Issue of common shares	10,449	1,282
Proceeds on sale of subsidiary shares	10,509	-
Cash provided from financing activities	20,958	1,282
Net increase (decrease) in cash and cash equivalents	67,955	(137,026)
Cash and cash equivalents at beginning of year	56,564	193,590
Cash and cash equivalents at end of year	\$ 124,519	\$ 56,564

THE WESTAIM CORPORATION

Segmented Information

(unaudited)

(thousands)	Quarter Ended December 31, 2000	Quarter Ended December 31, 1999	Year Ended December 31, 2000	Year Ended December 31, 1999
Revenue				
Westaim Ambeon	\$ 13,022	\$ 7,223	\$ 40,162	\$ 32,376
Coinage Products	16,214	19,773	72,834	54,336
Surface Engineered Products	2,285	1,370	3,596	5,680
Westaim Biomedical	2,260	1,190	7,695	4,686
iFire Technology	1,059	-	3,467	-
	<u>\$ 34,840</u>	<u>\$ 29,556</u>	<u>\$ 127,754</u>	<u>\$ 97,078</u>
Divisional Earnings (Loss)				
Westaim Ambeon	\$ 3,690	\$ 1,162	\$ 9,377	\$ 8,990
Coinage Products	2,419	2,449	6,486	7,877
Surface Engineered Products	(3,176)	(3,709)	(15,893)	(14,578)
Westaim Biomedical	(2,946)	(2,372)	(8,146)	(12,398)
iFire Technology	(6,011)	(6,039)	(22,045)	(19,375)
Other	(181)	(155)	(548)	(527)
	<u>\$ (6,205)</u>	<u>\$ (8,664)</u>	<u>\$ (30,769)</u>	<u>\$ (30,011)</u>