



**WESTAIM ANNOUNCES \$85 MILLION "BOUGHT DEAL" PRIVATE
PLACEMENT OF SUBSCRIPTION RECEIPTS AND \$25 MILLION
CONCURRENT NON-BROKERED PRIVATE PLACEMENT**

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Toronto, Ontario – April 3, 2014 – The Westaim Corporation ("**Westaim**" or the "**Company**") (TSXV: "**WED**") today announced that it has entered into an agreement with a syndicate of underwriters co-led by GMP Securities L.P. and TD Securities Inc. (the "**Joint Bookrunners**") and including Cormark Securities Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase, on a private placement basis, 32,100,000 subscription receipts (the "**Subscription Receipts**") of the Company at a price of \$2.65 per Subscription Receipt (the "**Offering Price**") for aggregate gross proceeds to Westaim of \$85,065,000 (the "**Offering**"). In addition, the Company will grant the Underwriters an option (the "**Underwriters' Option**"), exercisable up to 48 hours prior to the Closing Date (as defined below), to arrange for the purchase of up to an additional 4,815,000 Subscription Receipts at the Offering Price. If the Underwriters' Option is exercised in full, the total gross proceeds of the Offering will be \$97,824,750.

In addition to the Offering, the Company expects to complete a concurrent non-brokered private placement of Subscription Receipts on the same terms as the Offering for an amount of up to \$25,016,000 (9,440,000 Subscription Receipts) (the "**Concurrent Private Placement**"). Investors in the Concurrent Private Placement are expected to include members of the Company's board of directors and/or management team (collectively, the "**Westaim Investors**") and certain other investors determined by the Company. Completion of the Offering is conditional on the Westaim Investors closing on a minimum amount of \$9,010,000 (3,400,000 Subscription Receipts) as part of the Concurrent Private Placement and completion of the Concurrent Private Placement is conditional on closing of the Offering.

Pursuant to Westaim's press release of March 12, 2014 (the "**Initial Press Release**") relating to the acquisition by Westaim HIIG Limited Partnership (the "**Partnership**"), an Ontario limited partnership established by Westaim, of a significant interest in Houston International Insurance Group, Ltd. ("**HIIG**"), the Company will use a portion of the proceeds from the Offering and the Concurrent Private Placement to purchase Class A Limited Partnership Units in the Partnership (the "**Partnership**") to enable the Partnership (together with funds committed by other investors in the Partnership) to satisfy the cash consideration payable by the Partnership in connection with the Initial Acquisition and the Second Acquisition, as such terms are defined in the Initial Press Release (collectively, the "**Acquisition**"). Both the Initial Acquisition and the Second Acquisition are expected to close concurrently in Q2 2014.

The remaining net proceeds of the Offering and the Concurrent Private Placement will be used by the Company for general corporate purposes and to consider and possibly fund potential future acquisitions (including possible additional equity investments in the Partnership).

Under the terms of the Offering and the Concurrent Private Placement, which are both expected to close on or about April 23, 2014 (the "**Closing Date**"), the net proceeds of the Offering will be held in escrow pending satisfaction of the escrow release conditions as described below (the "**Escrow Release Conditions**"). Each Subscription Receipt will entitle the holder thereof to receive without further consideration or action one common share of the Company (each, a "**Common Share**") upon the satisfaction of the Escrow Release Conditions provided that such conditions have been satisfied at or prior to the earlier: (i) 4:30 p.m. (Toronto time) on September 12, 2014 and (ii) the termination of the stock purchase agreement in respect of the Initial Acquisition in accordance with its terms (the "**Termination Time**"); or if the Escrow Release Conditions are not satisfied at or prior to the Termination Time, holders of the Subscription Receipts will be entitled to receive an amount equal to the full purchase price of a Subscription Receipt plus the holder's pro-rata entitlement to the interest earned or income generated, if any, on such amount.

The Escrow Release Conditions include, without limitation, the following:

1. all conditions required to complete the Acquisition (other than payment of the purchase price therefor) having been satisfied or waived by the Company, acting reasonably and such waiver being disclosed in writing to the Underwriters;
2. the TSX Venture Exchange (the "**TSXV**") having approved the listing of the Common Shares underlying the Subscription Receipts on the TSXV; and
3. the Company and the Joint Bookrunners, on behalf of the Underwriters, having delivered a joint notice to the escrow agent confirming that (i) all regulatory and other approvals required in respect of the Offering and, if applicable, the Concurrent Private Placement have been obtained; and (ii) all other escrow release conditions have been satisfied or waived.

The Subscription Receipts are being sold by way of a private placement. The Subscription Receipts and Common Shares will be subject to a hold period under applicable Canadian securities laws expiring four months and a day after the Closing Date.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

About Westaim

Westaim is a publicly traded Canadian-based investment 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 with a focus towards the financial services industry and grow shareholder value (as measured by book value per share) at above average rates over the long-term.

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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 the investment strategies and expected rates of return; and strategic alternatives to maximize value for shareholders. 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 our control, including but not limited to: (i) our ability to complete the Acquisition or any portion thereof on the terms described herein or at all, (ii) our ability to complete the Offering and/or the Concurrent Private Placement, (iii) changes in market conditions or deterioration in underlying investments; (iv) general economic, market, financing, regulatory and industry developments and conditions; (v) other risk factors set forth in Westaim's 2013 Audited Annual Financial Statements and Management's Discussion and Analysis, 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.