



The Westaim Corporation Reports 2017 Third Quarter Results

Note: All dollar amounts in this press release are expressed in U.S. dollars, except as otherwise noted.
The financial results are reported under International Financial Reporting Standards, except as otherwise noted.

Toronto, Canada – November 9, 2017 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded a profit of \$6.2 million or \$0.04 per share for the three months ended September 30, 2017, compared to a net loss of \$3.7 million or \$0.03 per share for the three months ended September 30, 2016. For the nine months ended September 30, 2017, Westaim recorded a net loss of \$1.3 million or \$0.01 per share, compared to a net loss of \$7.4 million or \$0.05 per share for the nine months ended September 30, 2016. Earnings per share for the three months ended September 30, 2017 included a gain of \$0.02 per share relating to a change in the fair value of derivative warrants, and loss per share for the nine months ended September 30, 2017 included expenses totaling \$0.04 per share relating to derivative warrants and transaction costs.

Book value per share was \$2.27 (C\$2.83) at September 30, 2017, compared to \$2.21 (C\$2.97) at December 31, 2016.

Westaim’s principal investments consist of the Arena Group and HIIG, through the HIIG Partnership. Westaim recorded unrealized gains on investments of \$4.3 million (HIIG Partnership: \$0.6 million and Arena Group: \$3.6 million, and other \$0.1 million) in the three months ended September 30, 2017 and \$10.8 million (HIIG Partnership: \$4.1 million, Arena Group: \$6.5 million, and other: \$0.2 million) in the nine months ended September 30, 2017. The Company recorded unrealized losses on investments of \$2.3 million (HIIG Partnership: \$0.6 million and Arena Group: \$1.7 million) in the three months ended September 30, 2016 and \$2.1 million (HIIG Partnership: gain of \$1.6 million and Arena Group: loss of \$3.7 million) in the nine months ended September 30, 2016.

At September 30, 2017, Westaim owned 100% of Arena Finance and Arena Origination; and an approximate 58.5% interest in the HIIG Partnership, which represented an approximate 43.9% indirect interest in HIIG. At September 30, 2017, the fair values of the Company’s investments in the HIIG Partnership, Arena Finance and Arena Origination were \$149.4 million, \$150.5 million and \$33.9 million, respectively.

At September 30, 2017, Westaim’s consolidated shareholders’ equity was \$318.6 million and the Company had 143,186,718 common shares outstanding.

“Westaim’s financial results in the third quarter continued to benefit from positive contributions from both the Arena Group and HIIG. The Arena Group manages a diversified investment portfolio with strong credit metrics and attractive risk-adjusted yields, and during the quarter, its committed assets under management grew by \$120 million to approximately \$745 million at the end of September. We expect the Arena Group AUM to increase from additional investments by third-party investors,” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim. “HIIG’s financial performance was accretive in the third quarter. HIIG’s net exposure to losses resulting from recent catastrophe losses in the United States was nominal, reflecting management’s guided utilization of reinsurance. We look forward to continued favourable results at HIIG during the balance of the year.”

Westaim will be holding an Investor Day in Toronto on Tuesday, November 14, 2017 at 10:00 A.M. EST at Vantage Venues (formerly St. Andrew’s Club and Conference Centre), 150 King Street West, S3/S4 Inverness Room, 27th Floor.

Westaim’s unaudited consolidated financial statements and management’s discussion and analysis for the three and nine months ended September 30, 2017 and 2016 were filed on SEDAR at www.sedar.com and will be posted to Westaim’s website at www.westaim.com.

Non-GAAP Financial Measures

Westaim uses both International Financial Reporting Standards (“IFRS”) and non-generally accepted accounting principles (“non-GAAP”) measures to assess performance. The Company cautions readers about non-GAAP measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. Book value per share is a non-GAAP measure. Readers are urged to review Section 15 *Non-GAAP Measures* in Westaim’s Management’s Discussion and Analysis in respect of its unaudited consolidated financial statements for the three and nine months ended September 30, 2017 and 2016 (the “MD&A”) for additional disclosure regarding these measures. The financial information relating to the Arena Group and HIIG contained in the MD&A is unaudited and has been derived from the unaudited financial statements of the related entities. Readers are cautioned that the HIIG financial information and certain Arena Group financial information, including any non-GAAP measures contained therein, has not been reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

About Westaim

Westaim is a Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company 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 over the long term. Westaim's investments include significant interests in HIIG and the Arena Group. HIIG, the HIIG Partnership, Arena, the Arena Group, Arena Finance, Arena Origination and Arena Investors are defined in the notes to Westaim's unaudited consolidated financial statements for the three and nine months ended September 30, 2017 and 2016 and the MD&A. Westaim's common shares are listed on the TSX Venture Exchange under the trading symbol WED.

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Except for statements of historical fact contained herein, information in this press release may constitute "forward-looking information" within the meaning of Canadian securities laws. Other than statements of historical fact, all statements that involve various known and unknown risks, uncertainties and other factors are "forward-looking statements". There can be no assurance that such statements will prove accurate. Results and future events could differ materially from those anticipated in such statements. Readers of this press release are cautioned not to place undue reliance on these "forward-looking statements". Except as otherwise required by applicable law, Westaim expressly disclaims any intention or obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise.

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.

The Westaim Corporation
Financial Highlights

(millions of U.S. dollars except share and per share data)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	\$ 1.1	\$ 0.6	\$ 2.5	\$ 2.0
Net results of investments	4.3	(2.3)	10.8	(2.1)
Net recovery of expenses (expenses)	0.8	(2.0)	(14.6)	(7.3)
Profit (loss) and comprehensive income (loss)	\$ 6.2	\$ (3.7)	\$ (1.3)	\$ (7.4)
Earnings (loss) per share - basic and diluted	\$ 0.04	\$ (0.03)	\$ (0.01)	\$ (0.05)
At September 30:				
Shareholders' equity	\$ 318.6	\$ 319.2	\$ 318.6	\$ 319.2
Number of common shares outstanding	143,186,718	143,186,718	143,186,718	143,186,718
Book value per share - in US\$ ¹	\$ 2.27	\$ 2.22	\$ 2.27	\$ 2.22
Book value per share - in C\$ ¹	\$ 2.83	\$ 2.91	\$ 2.83	\$ 2.91

¹ Non-GAAP measure. See Section 15, *Non-GAAP Measures* of the MD&A for a reconciliation to the most comparable IFRS figures.
Period end exchange rates: 1.2470 at September 30, 2017 and 1.3117 at September 30, 2016

	September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	\$ 2.8	\$ 3.0
Loans receivable	40.1	-
Other assets	2.7	4.4
Investments	332.4	321.8
	<u>\$ 378.0</u>	<u>\$ 329.2</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 9.8	\$ 7.3
Preferred securities	40.1	-
Derivative warrant liability	6.1	-
Site restoration provision	3.4	3.4
	<u>59.4</u>	<u>10.7</u>
Shareholders' equity	318.6	318.5
Total liabilities and shareholders' equity	<u>\$ 378.0</u>	<u>\$ 329.2</u>