

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 Name and Address of Company

The Westaim Corporation (“**Westaim**” or the “**Corporation**”)
70 York Street, Suite 1700
Toronto, Ontario M5J 1S9

ITEM 2 Date of Material Change

August 31, 2015.

ITEM 3 News Release

A news release disclosing the material change was issued on August 31, 2015 through the facilities of CNW Group and filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

ITEM 4 Summary of Material Change

On August 31, 2015, the Corporation announced that it had: (i) received from escrow approximately \$222.8 million representing the net proceeds from the Offering (as hereinafter defined); and (ii) completed the Arena Transactions (as hereinafter defined).

ITEM 5 Full Description of Material Change

On May 28, 2015, Westaim completed the sale of an aggregate of 72,120,145 special warrants (the “**Special Warrants**”) at a purchase price of \$3.25 per Special Warrant for gross proceeds of \$234,390,471 (the “**Offering**”). In respect of the Offering, 65,296,993 Special Warrants (\$212,215,227) were sold pursuant to an underwriting agreement between the Company, GMP Securities L.P., TD Securities Inc., Cormark Securities Inc. and Scotia Capital Inc. An additional 6,823,152 Special Warrants (\$22,175,244) were sold pursuant to a concurrent non-brokered private placement of Special Warrants. Concurrent with the closing of the Offering, the Corporation entered into a subscription agreement with Daniel B. Zwirn (“**Zwirn**”) pursuant to which Zwirn agreed to irrevocably subscribe for 769,231 common shares of Westaim (the “**Common Shares**”) at an effective price per share of \$3.25 for aggregate gross proceeds of \$2,500,000 (the “**Zwirn Subscription**”).

The Corporation used the net proceeds from the Offering, together with its other available cash resources, to complete the “**Arena Transactions**”, which included: (i) capitalizing the operations of Arena Investors, LP (“**Arena Investors**”) as an investment manager; (ii) capitalizing Arena Finance Company Inc. (“**AFC**”) in the amount of approximately US\$146 million to facilitate the acquisition, holding and possible future sale by AFC, through Arena Finance Holdings Co., LLC (“**AFHC**”), of fundamentals-based, asset-oriented credit investments; and (iii) capitalizing Arena Origination Co., LLC (“**AOC**”) in the amount of approximately US\$34 million to facilitate the origination of fundamentals-based, asset-oriented credit investments for its own account and/or for possible future sale to AFC, clients of Arena Investors and/or other third parties.

In connection with the closing of the Arena Transactions:

- an aggregate of 72,120,145 Common Shares were issued upon the deemed conversion of an equal number of subscription receipts issued on the deemed exercise of the Special Warrants;
- an aggregate of 769,231 Common Shares were issued pursuant to the Zwirn Subscription; and
- Bernard Partners, LLC (“**BPL**”), a limited liability company (“**LLC**”) controlled by certain members of the management team of Arena Investors, was provided with the opportunity to receive an equity ownership position in Westaim Arena Holdings II, LLC (“**WAHII**”), an LLC that controls Arena Investors, and to acquire an equity ownership position in each of AFHC and AOC. The rights provided to BPL consist of “earn-in” rights (in relation to WAHII) and “option-type” rights (in relation to each of AFHC and AOC). Further details of the LLC agreements governing each of WAHII, AFHC and AOC are set out, respectively, in Schedules “A”, “B” and “C” hereto.

ITEM 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7 Omitted Information

Not applicable.

ITEM 8 Executive Officer

For additional information with respect to the material change referred to herein, the following person may be contacted:

J. Cameron MacDonald, President and Chief Executive Officer
Telephone number: (416) 969-3333

ITEM 9 Date of Report

This material change report is dated as of the 9th day of September, 2015.

Schedule “A”

Summary of the WAHII LLC Agreement

In connection with the completion of the Arena Transactions, Westaim Arena Holdings, Inc. (“WAH”), a wholly-owned Delaware subsidiary of Westaim, and BPL entered into a Limited Liability Company Agreement in respect of WAHII (the “**WAHII LLC Agreement**”) setting forth each of WAH’s and BPL’s respective rights and obligations as members of WAHII. The following is a summary of the material terms of the WAHII LLC Agreement. The summary below is qualified in its entirety by reference to the text of the WAHII LLC Agreement. A copy of the WAHII LLC Agreement is available on SEDAR under Westaim’s issuer profile at www.sedar.com.

Management

WAHII is managed by a five member board of directors (the “**WAHII Board**”). The initial directors are Ian W. Delaney, J. Cameron MacDonald, Robert T. Kittel, Zwirn, and Lawrence Cutler. WAH is entitled to appoint, remove and replace three members of the WAHII Board and BPL is entitled to appoint, remove and replace two members of the WAHII Board. At such time that the Equity Percentage (as hereinafter defined) of BPL exceeds 50%, WAH shall be entitled to appoint, remove and replace two members of the WAHII Board and BPL shall be entitled to appoint, remove and replace three members of the WAHII Board.

The WAHII Board may appoint officers of WAHII and delegate such authority to such officers as the WAHII Board may determine. The officers manage the day to day affairs of WAHII and its subsidiaries under the direction of the WAHII Board. No officer may take any actions outside of the authorities granted by the WAHII Board or the WAHII LLC Agreement without the unanimous approval of the WAHII Board. The initial officers of WAHII are Zwirn, Chief Executive Officer and Chief Investment Officer, Paul Sealy, Chief Financial Officer, and Lawrence Cutler, Chief Operating Officer.

Under the WAHII LLC Agreement, certain actions in respect of WAHII require the unanimous consent of the WAHII Board, including: (i) issuing any equity interests in or rights to acquire equity interests; (ii) redeeming or repurchasing any membership interests, or other equity interests; (iii) admitting any member of WAHII; (iv) forming any subsidiary or establishing or sponsoring any pooled investment vehicle; (v) incurring, assuming or amending any indebtedness, credit, guarantee, or debt instrument or other liability, in each case in excess of \$500,000; (vi) liquidating or dissolving WAHII or any of its subsidiaries; (vii) acquiring or disposing of assets of WAHII or any subsidiary other than in the ordinary course or business; (viii) initiating any merger or consolidation, or sale of all or substantially all of the assets of WAHII or any of its subsidiaries; (ix) replacing the existing independent auditors of WAHII or any of its subsidiaries; (x) increasing or reducing the authorized number of members of the WAHII Board; (xi) amending the governing documents of WAHII or any of its subsidiaries, including the WAHII LLC Agreement; (xii) entering into any joint venture or strategic alliance; (xiii) entering into, or making a material change to, any agreement or transaction with any related party; (xiv) entering into any employment agreement, consulting agreement, advisory agreement, board services agreement or similar agreement providing for consideration of (A) greater than \$500,000 per annum, (B) severance payments greater than \$500,000, (C) any equity interest in WAHII or any subsidiary, (D) any payments conditioned upon or calculated with respect to the profits or returns or any interest in the profits of WAHII, any subsidiary or any client of WAHII or any of its subsidiaries or (E) any bonus or other profit sharing agreement; (xv) paying, awarding or authorizing the payment or awarding of any bonus, incentive payment or similar arrangement to employees of, or consultants to, WAHII or any subsidiary except to the extent that such bonus, incentive payment or similar arrangement is reasonable in the circumstances and consistent with market practice; (xvi) entering a new line of business or modifying the primary line of business of WAHII; (xvii) voluntarily taking any action

that would cause WAHII to become insolvent; (xviii) initiating or settling any suit or proceeding on behalf of WAHII or confessing to a judgment relating thereto; (xix) approving any matter on behalf of WAHII in its capacity as a limited partner of Arena Investors; (xx) terminating without cause any employment agreement between any of WAHII, AFC, AFHC, Arena Investors, Arena Investors GP, LLC, AOC and their respective affiliates and subsidiaries (the “**Group**”) and Zwirn; (xxi) terminating Zwirn as Chief Executive Officer and Chief Investment Officer, other than in connection with the termination of his employment with a member of the Group by the employer with cause or by Zwirn other than with good reason, in each case as determined in accordance with his employment agreement; or (xxii) taking any other action that is explicitly reserved for another party by the WAHII LLC Agreement.

Non Competition

Each of BPL and WAH agreed not to engage in competitive businesses with WAHII and to bring any investment or business opportunities that are directly related to the business of WAHII to WAHII’s attention. WAH’s non-competition and corporate opportunity obligations terminate after two years while BPL’s obligations continue for so long as it remains a member of WAHII.

Membership Interests

The membership interests in WAHII include both an Equity Percentage, which represents a right to participate in distributions of the capital of WAHII (“**Equity Percentage**”) and a Profit Percentage, which represents a right to participate in distributions of the profits of WAHII (“**Profit Percentage**”). Initially, 100% of the Equity Percentage in WAHII is held by WAH with 51% of the Profit Percentage held by WAH and 49% of the Profit Percentage held by BPL. The WAHII LLC Agreement provides BPL with a right to “earn-in” up to a 75% Equity Percentage and Profit Percentage in WAHII based on meeting thresholds of assets under management (“**AUM**”) managed by WAHII and its subsidiaries and cashflow measured by the margin of trailing twelve months earnings before income taxes, depreciation and amortization of WAHII and its subsidiaries to trailing twelve month revenues of WAHII and its subsidiaries (“**TTM EBITDA Margin**”). The TTM EBITDA Margin will be measured as of the end of each fiscal quarter. The Equity Percentage and Profit Percentage of WAH and BPL will be adjusted as of the end each fiscal quarter as follows:

If AUM and TTM EBITDA Equal the following thresholds		The Equity Percentages and Profit Percentages will be adjusted as follows	
AUM	TTM EBITDA Margin	WAHII	BPL
<US\$1 billion	<35.0%	51.0%	49.0%
US\$2 billion	50.0%	45.5%	54.5%
US\$3 billion	55.0%	40.0%	60.0%
US\$4 billion	60.0%	32.5%	67.5%
US\$5 billion	60.0%	25.0%	75.0%

Once the Equity Percentage and Profit Percentage has been adjusted, it shall not be reduced except (i) if it is later determined that the applicable threshold was not met as of the applicable fiscal quarter end, in which case the Equity Percentage and Profit Percentage shall be re-adjusted to the correct percentages based on the actual AUM and TTM EBITDA Margin, or (b) in the event that BPL fails to comply with its obligation to purchase Common Shares under the acquisition and funding agreement between Westaim, Arena Investors, LLC, BPL and Arena Investors, the Equity Percentage of BPL shall be reduced by 1% and WAH’s Equity

Percentage shall be increased by 1% for each 12 month period such obligation is not met. Furthermore, the threshold percentages set forth above shall also be reduced for BPL by 1% and increased for WAH by 1% for each 12 months that BPL fails to comply with its obligation to purchase Common Shares.

Neither WAH nor BPL have an obligation to make any additional capital contributions to WAHII but may make additional capital contributions or loans to WAHII with the unanimous consent of the WAHII Board.

Distributions and Allocations of Profit and Loss

Upon the unanimous approval of the WAHII Board, distributions, (other than Monetization Event Proceeds (as hereinafter defined)) will be distributed to the members in accordance with their Profit Percentages. Proceeds of a sale of assets outside of the ordinary course of business, or any debt or equity financing transaction, including without limitation, a public offering of interests in WAHII or a sale of a portion of WAHII's interests or assets to a third party that was not previously a member ("**Monetization Event Proceeds**"), will be distributed to the members in accordance with their Equity Percentages. WAHII will also make quarterly tax distributions to the members in an amount equal to their cumulative tax liability determined in accordance with the WAHII LLC Agreement ("**WAHII Tax Distributions**"). Any WAHII Tax Distributions will be treated as an advance against all other distributions to be made to such member. Upon a dissolution and liquidation of WAHII, the assets of the company will be distributed first to satisfy all debts and liabilities of WAHII, second to the members who have made capital contributions, *pro rata* in accordance with their unreturned capital contributions, and thereafter *pro rata* to the members in accordance with their Equity Percentages.

Income, gains, losses, deductions and credits of WAHII for U.S. federal and state tax purposes will be allocated to the members so as to conform to the provisions of the U.S. Internal Revenue Code and applicable U.S. Treasury Regulations and to give economic effect to the distribution provisions of the WAHII LLC Agreement. Gains and losses associated with the sale of assets or other monetization event will be specially allocated to the members so as to cause the capital accounts of the members to equal, to the extent possible, their Equity Percentages.

Transfer of Interests

Neither WAH nor BPL may directly or indirectly sell, transfer, assign, mortgage or dispose of (each a "**Transfer**") all or any portion of its interest in WAHII without the unanimous consent of the WAHII Board, which may be granted or withheld in its sole discretion. Except as described below, the consent of the WAHII Board is not however required for: (i) any Transfer occurring as a result of a change of control of Westaim; (ii) an indirect Transfer occurring as a result of a Transfer of any interest in WAH other than a Transfer to a Competitor or WAHII (as such term is defined in the WAHII LLC Agreement); (iii) any Transfer of interests by WAH to an affiliate of WAH; and (iv) any indirect Transfer occurring as a result of the issuance or redemption of any equity interest or right to acquire an equity interest in BPL to or from any person who is employed by BPL or a member of the Group and who provides investment advice and or other services to or on behalf of WAHII and/or its subsidiaries (a "**Related Employee**") or a person who has ceased to be a Related Employee. Notwithstanding the foregoing, during the two years following the execution of the WAHII LLC Agreement, or, if the Transfer is to a Competitor of WAHII, at any time when WAH is a member of WAHII, no indirect Transfer of all or any part of WAH's interest in WAHII (except an indirect Transfer occurring as a result of a change of control of Westaim) other than to an affiliate of WAH may occur without the unanimous consent of the WAHII Board. No transferee of an interest in WAHII, other than in a Transfer permitted without the consent of the WAHII Board, will be admitted as a member of WAHII without the unanimous approval of the WAHII Board.

Tag Along Rights

If WAH holds over a 50% Equity Percentage, in connection with any Transfer of an interest in WAHII by WAH and its permitted transferees each other member of WAHII has the right to transfer to the proposed transferee the same percentage of their interest as is being transferred by WAH and its permitted transferees for the same price and terms as WAH and its permitted transferees are transferring their interests.

Key Person Event Purchase; Withdrawal Event Purchase.

In addition to the other remedies available in the WAHII LLC Agreement, the occurrence of a Withdrawal Event or a Key Person Event (each as hereinafter defined) with respect to BPL or any of its permitted transferees, triggers a right in favour of WAH to purchase the interest held by BPL or its permitted transferee. No member is allowed to voluntarily withdraw from WAHII. An involuntary withdrawal of a member shall occur if such member is dissolved or becomes insolvent (a “**Withdrawal Event**”). A Key Person Event will occur if (a) Zwirn fails to (i) continue to be a member of and exercise control over BPL, (ii) devote substantially all of his business time and efforts to the management and business affairs of the Group, (iii) devote sufficient time and effort to the management of WAHII and its investments; or (b) an event constituting cause for the termination of Zwirn’s employment with the Group occurs (each a “**Key Person Event**”). The purchase price for the interest to be purchased will be the fair market value of such interest which will equal the amount that would be distributed to the holder of such interests if WAHII’s assets were sold at their fair market value and the proceeds thereof distributed to the members of WAHII. If the Key Person Event is “for cause” then the buy out price shall be 90% of such fair market value. The purchase price shall be payable, at the discretion of WAHII, in cash or with a five year promissory note bearing interest at 4% per annum, compounded annually, with five equal annual payments of principal and interest or any combination of the two.

Exculpation and Indemnification

The members of WAHII, and the directors and officers of WAHII and its affiliates are entitled to customary indemnification rights from WAHII to the greatest extent permitted by law and, upon unanimous consent of the WAHII Board, may be provided with advances of expenses for defense in proceedings prior to their final disposition.

Amendment of the Limited Liability Company Agreement

Other than to add additional members or substituted members, the WAHII LLC Agreement may only be amended by a writing executed by the members holding membership interests representing at least a 76% Profit Percentage.

Schedule “B”

Summary of the AFHC LLC Agreement

In connection with the completion of the Arena Transactions, AFC and BPL entered into a Limited Liability Company Agreement in respect of AFHC (the “**AFHC LLC Agreement**”) setting forth each of AFC’s and BPL’s respective rights and obligations as members of AFHC. The following is a summary of the material terms of the AFHC LLC Agreement. The summary below is qualified in its entirety by reference to the text of the AFHC LLC Agreement. A copy of the AFHC LLC Agreement is available on SEDAR under Westaim’s issuer profile at www.sedar.com.

Management

AFHC is managed by a three member board of directors (the “**AFHC Board**”). The members of the AFHC Board may be appointed, removed or replaced by a majority of the outstanding Class A Units (as hereinafter defined); provided that one member of the AFHC Board is not affiliated with either AFC or BPL. AFC is initially the sole holder of Class A Units and accordingly is entitled to appoint all members of the AFHC Board. The composition of the AFHC Board has not been finalized but it includes Glenn MacNeil, Westaim’s Chief Financial Officer.

The AFHC Board may appoint officers of AFHC and delegate such authority to such officers as the AFHC Board may determine. The officers manage the day to day affairs of AFHC and its subsidiaries under the direction of the AFHC Board. The initial officers of AFHC are Zwirn, Chief Executive Officer and Chief Investment Officer, Paul Sealy, Chief Financial Officer, and Lawrence Cutler, Chief Operating Officer.

Certain actions of AFHC require the approval of BPL for so long as it holds any Units (as hereinafter defined). These include (i) the issuance of any Class M Units (as hereinafter defined), (ii) limiting of the rights of any member holding Class M Units to exculpation and indemnification rights under the AFHC LLC Agreement, (iii) the amendment of certain enumerated sections of the AFHC LLC Agreement in any manner which adversely affects the economic rights of the holders of Class M Units in a manner which is disproportionate to the holders of other classes of Units or would impair the ability of the holders of Class M Units to receive distributions, (iv) the entry into any transaction with AFC or its affiliates other than as permitted in the AFHC LLC Agreement, or (v) during the 24 month period immediately following the date of the AFHC LLC Agreement, permitting AFC or its permitted transferees to Transfer any Units held by them to a non-affiliate; provided that a change of control of Westaim will not be deemed a Transfer of Units requiring BPL’s consent.

Non Competition

Each of BPL and AFC agreed not to engage in competitive businesses with AFHC for the two years after the date of the AFHC LLC Agreement. However, this non-compete provision does not limit Zwirn from ownership and participation in certain entities in which he held an ownership interest as of the date of the AFHC LLC Agreement.

Membership Interests

The membership interests in AFHC are divided into units (the “**Units**”) including Class A Units (the “**Class A Units**”) and Class M Units (the “**Class M Units**”). AFC owns all of the issued and outstanding Class A Units. BPL was issued Class M Units representing up to 20% of the number of Class A Units outstanding (up to approximately 16.7% of the aggregate number of Units outstanding). The Class M Units are further divided into four sub-classes known as Class M1, Class M2, Class M3 and Class M4. The Class M Units vest in five equal installments on the first, second, third, fourth and fifth anniversaries of the issuance of

such Class M Units. The sub-classes of Class M Units vest on a *pro rata* basis with equal numbers of each sub-class vesting on the applicable vesting date. Upon a sale of AFHC or a firm commitment underwritten public offering of Units or of common shares of AFC, led by an underwriting firm recognized nationally in the United States or Canada having an aggregate offering value (net of underwriters' discounts and selling commissions) of at least US\$50,000,000 (a "**Qualified Public Offering**"), all unvested Class M Units will vest in full.

Upon (a) the termination of the management agreement between AFHC and Arena Management Co., LLC ("**AMC**") by AFHC, other than after a material breach of the management agreement by AMC, (b) AMC's termination of Zwirn's employment with AMC other than for cause as defined in his employment agreement with AMC or (c) Zwirn's termination of his employment with AMC for good reason, death or disability as defined in his employment agreement with AMC, all unvested Class M Units that would have vested during the 24 month period following the date of such termination will vest in full and any Class M Units that remain unvested after such acceleration will be forfeited. Upon the occurrence of certain vesting termination events, including among other things, failure of Zwirn to continue to be a member or control BPL, to devote sufficient time and efforts to the management of business of AFHC and its affiliates, breaches under his employment agreement that constitute a basis for a "for cause" termination, a material breach by BPL of its obligations under the AFHC LLC Agreement that remains in breach following a 30 day cure period or the termination of the management agreement (each a "**Vesting Termination Event**"), all unvested Class M Units will be forfeited. Any vested Class M Unit may be converted into a Class A Unit at any time upon payment in full in cash to AFHC of the conversion price of such Class M Unit as of such time. The conversion price with respect to (i) a Class M1 Unit is US\$10.40 per Unit; (ii) a Class M2 Unit is US\$12.90 per Unit; (iii) a Class M3 Unit is US\$15.40 per Unit; and (iv) a Class M4 Unit is US\$17.90 per Unit (the "**Conversion Price**"). Each dollar of distribution per Unit, other than AFHC Tax Distributions (as hereinafter defined), with respect to a Class A Unit will reduce, by the same amount, the Conversion Price of each Class M Unit outstanding at the time such distribution is made until the Conversion Price for the Class M Units is reduced to zero.

Distributions and Allocations of Profit and Loss

The AFHC Board has sole discretion as to the timing and amount of distributions to the members of AFHC; provided that during the first two years after the date of the AFHC LLC Agreement, AFHC will not make any distributions other than AFHC Tax Distributions that will cause the capital account of AFC to fall below the aggregate amount of its capital contributions (the "**Distribution from Capital Restriction**"). Distributions will be made to each unitholder of AFHC *pro rata* based on the number of Units held by them; provided that no distributions will be made with respect to a Class M Unit unless and until the Conversion Price with respect to such Class M Unit has been reduced to zero and such amounts shall instead be distributed to the other Unitholders. No distributions shall be made to any unvested Class M Unit (and instead such amounts shall be distributed to the other unitholders) but to the extent any amount would have been distributed had such unvested Class M Units been vested, the holder of such unvested Class M Units shall be entitled, upon becoming a holder of vested Class M Units, to receive such amounts on a priority basis from the next amounts that are distributed by AFHC.

AFHC will also make quarterly tax distributions to the members in an amount equal to their cumulative tax liability determined in accordance with the AFHC LLC Agreement ("**AFHC Tax Distributions**"). Any AFHC Tax Distributions will be treated as an advance against all other distributions to be made to such member. Upon a dissolution and liquidation of AFHC, the assets of the company will be distributed first to satisfy all debts and liabilities of AFHC and thereafter *pro rata* to the members in accordance with their Units, subject to restrictions on distributions on Class M Units with a positive Conversion Price.

Income, gains, losses, deductions and credits of AFHC for U.S. federal and state tax purposes will be allocated to the members so as to conform to the provisions of the U.S. Internal Revenue Code and

applicable U.S. Treasury Regulations and to give economic effect to the distribution provisions of the AFHC LLC Agreement.

Transfer of Interests

Neither AFC nor BPL may directly or indirectly Transfer all or any portion of its AFHC Units without the consent of the AFHC Board. The consent of the AFHC Board is not however be required for: (i) any Transfer occurring as a result of a change of control of Westaim; (ii) an indirect Transfer occurring as a result of a Transfer of any interest in AFC other than a Transfer to a AFHC competitor; (iii) any Transfer of interests by AFC to an affiliate of AFC; and (iv) any indirect Transfer occurring as a result of the issuance or redemption of any equity interest or right to acquire an equity interest in BPL to or from any Related Employee or a person who has ceased to be a Related Employee. No transferee of an interest in AFHC, other than in a Transfer permitted without the consent of the AFHC Board, will be admitted as a member of AFHC without the approval of the AFHC Board. AFC may not Transfer its interest in AFHC, directly or indirectly (other than as a result of a change of control of Westaim), during the 24 month period after the date of the AFHC LLC Agreement without BPL's consent.

Tag Along Rights

In connection with any Transfer of an interest in AFHC by AFC and its permitted transferees (other than to a permitted transferee of AFC) each other member of AFHC will have the right to transfer to the proposed transferee the same percentage of their interest as is being transferred by AFC and its permitted transferees for the same price and terms as AFC and its permitted transferees are transferring their interests.

Drag Rights

If AFC and the AFHC Board have approved a sale of AFHC as defined in the AFHC LLC Agreement each member of AFHC will take all actions in connection with the consummation of the sale as may be reasonably requested by the AFC members. If the sale of AFHC is structured as a sale of all of the Units of AFHC, the other members may be required to sell their Units in such sale for the same form of consideration and amount of consideration per Unit, subject to the payment by such members of any remaining Conversion Price with respect to Class M Units or the deduction of such positive Conversion Price amount from the proceeds of the sale delivered to such members holding Class M Units.

Qualified Public Offering Redemption, Purchase or Exchange

In connection with any Qualified Public Offering by AFC, AFHC may in its discretion redeem the Class M Units for cash, effect an exchange of shares with the class of securities of AFC being offered in connection with the Qualified Public Offering ("**AFC Stock**") or a combination of the above. In connection with the closing of a Qualified Public Offering, the holders of Class M Units may elect to exchange their Class M Units for cash or, at the election of AFHC and AFC, AFC Stock.

Mandatory Redemption

From and after the eighth anniversary of the date of the AFHC LLC Agreement, if a sale of AHFC or Qualified Public Offering has not been completed, the holders of Class M Units will have the right to require AFHC to redeem all but not less than all of their Class M Units in cash at a price equal to the NAV per Unit calculated for each Unit to be redeemed. The "**NAV per Unit**" will be equal to the amount which would be distributable with respect to a Unit if AFHC's assets were sold for their then net asset value (determined in accordance with the provisions of the AFHC LLC Agreement) and the proceeds thereof distributed in liquidation of AFHC. The redemption price may be paid, at the discretion of AFHC, in cash or with a five year promissory note bearing interest at 4% per annum, payable in five equal annual

installments of principal plus interest or any combination of the two.

Company Redemption

In addition to the other remedies available in the AFHC LLC Agreement, the occurrence of an AFHC Withdrawal Event (as hereinafter defined) or a Vesting Termination Event will trigger a right in favour of AFHC to purchase the Units held by the member suffering the AFHC Withdrawal Event or Vesting Termination Event. No member is allowed to voluntarily withdraw from AFHC. An involuntary withdrawal of a member shall occur if such member is dissolved or becomes insolvent or engages in any act or omission that constitutes a material breach of the AFC LLC Agreement which breach if curable remains uncured for more than 60 days after the member's receipt of written notice thereof from the AFHC Board (an "**AFHC Withdrawal Event**"). The purchase price for the interest to be purchased will be the NAV per Unit for each vested Unit. If the AFHC Withdrawal Event or Vesting Termination Event is "for cause", then the buy out price shall be 90% of such NAV per Unit. The purchase price may be paid, at the discretion of AFHC, in cash or with a five year promissory note bearing interest at 4% per annum, compounded annually, with five equal annual payments of principal and interest or any combination of the two.

Exculpation and Indemnification

The members of AFHC, and the directors and officers of AFHC and its affiliates are entitled to customary indemnification rights from AFHC to the greatest extent permitted by law and, upon consent of the AFHC Board, may be provided with advances of expenses for defense in proceedings prior to their final disposition.

Amendment of the Limited Liability Company Agreement

The AFHC LLC Agreement may be amended by a writing executed by the members holding a majority of the outstanding Class A Units; provided that the AFHC LLC Agreement may not be amended so as to reduce any member's share of distributions, income or gains, increase any member's share of the AFHC losses, or increase the obligations of any member if such reduction or increase would have a material adverse affect on such member, in each case without the consent of each such member to be adversely affected by the amendment; provided that the consent of BPL will not be required with respect to the creation of a class of Units with distributions which are superior to the rights of the holders of Class M members so long as such class of Units does not otherwise adversely affect the economic rights of the holders of Class M Units or impair the ability of the holders of Class M Units to receive distributions as set forth in the AFHC LLC Agreement.

Schedule “C”

Summary of the AOC LLC Agreement

In connection with the completion of the Arena Transactions, Westaim Origination Holdings, Inc. (“**WOH**”), a wholly-owned Delaware subsidiary of Westaim, and BPL entered into a Limited Liability Company Agreement in respect of AOC (the “**AOC LLC Agreement**”) setting forth each of WOH’s and BPL’s respective rights and obligations as members of AOC. The terms and provisions of the AOC LLC Agreement are substantially similar to the provisions of the AFHC LLC Agreement except that the AOC LLC Agreement does not contain the Distribution from Capital Restriction. A copy of the AOC LLC Agreement is available on SEDAR under Westaim’s issuer profile at www.sedar.com.