

IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
The Westaim Corporation

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from The Westaim Corporation ("Westaim") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, subject to certain conditions, the insider reporting requirements ("Insider Reporting Requirements") contained in the Legislation shall not apply to certain directors and senior officers of the subsidiaries of Westaim;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal jurisdiction for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. the head office of Westaim is in Calgary, Alberta;
2. Westaim was incorporated under the laws of the Province of Alberta on May 7, 1996;
3. Westaim is authorized to issue an unlimited number of common shares, an unlimited number of Class A preferred shares, and an unlimited number of Class B preferred shares;
4. Westaim is a reporting issuer or equivalent under the Legislation of all of the Jurisdictions and is not in default of the requirements contained in the Legislation;
5. none of the subsidiaries of Westaim is a "Significant Subsidiary", defined as a subsidiary of Westaim for which:

(i) the value of the assets of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recently filed annual audited balance sheet of Westaim, are 10 percent or more of the consolidated assets of Westaim shown on that balance sheet; or

(ii) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as reflected in the most recently filed audited statement of income and loss of Westaim, are 10 percent or more of the consolidated revenues of Westaim shown on that statement of income and loss;

6. none of the directors ("Directors") and senior officers ("Senior Officers") of the subsidiaries of Westaim:

(i) receive, in the ordinary course, information as to material facts or material changes concerning Westaim before the material facts or material changes are generally disclosed; or

(ii) participate in the day-to-day management or operation of Westaim;

7. Westaim undertakes to conduct a continuing review of the facts upon which this application is predicated and to maintain an up-to-date record of all Directors and Senior Officers, as well as those Directors or Senior Officers who become, or cease to be, exempted by this Decision; and

8. Westaim shall, upon the request of Decision Makers or its staff furnish any information reasonably necessary to determine whether a Director or Senior Officer is or is not exempted by this order;

AND WHEREAS pursuant to the System This MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Directors and Senior Officers, other than those Directors and Senior Officers:

1. who do or will receive, in the ordinary course, knowledge of material facts or material changes with respect to Westaim prior to general disclosure of such facts or changes;

2. is or becomes a Director or Senior Officer of a Significant Subsidiary of Westaim or any company which, after the date hereof, becomes a Significant Subsidiary of Westaim;

3. who are or who will be insiders of Westaim other than as a Director or Senior Officer of a subsidiary of Westaim; or

4. who are denied the exemptions contained in this Decision by another order of the Decision Makers;

are exempt from the Insider Reporting Requirements with respect to their ownership of the securities of Westaim.

DATED at Calgary, Alberta on October 11, 2000.

Kenneth Parker, CA
Director, Capital Markets

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - requesting a waiver under section 147(2) to exempt any person who is subject to the insider reporting requirements due to the fact that they are a director or senior officer of a subsidiary from the insider reporting requirements.

Applicable Alberta Statutory Provisions

Securities Act, S.A. 1981, c. S-6.1, as amended, ss.147(2) and 184(2).