



# PACIFIC EDGE LTD

Special Meeting of Shareholders

Friday 26<sup>th</sup> February 2016

Addresses by Chairman & CEO

## CHAIR COMMENTARY

### WELCOME

Good morning and welcome to today's Special Meeting of Pacific Edge shareholders. Thank you all for being here today.

I am Chris Swann, the chairman of the Pacific Edge Board. With me today is David Darling, the Chief Executive Officer of Pacific Edge.

I declare that a quorum is present and the meeting has been duly convened. The Notice of Special Meeting, which includes the explanatory notes, has been circulated to all shareholders and I intend to take it as read.

We will start today's meeting with voting on the resolution noted in the Notice of Meeting and then David will provide a brief update on our progress in the year to date.

### PURPOSE OF THE SPECIAL MEETING

The purpose of today's meeting is to approve an increase in the total pool of director's fees payable per annum from \$198,000 to \$275,000. This is an increase of \$77,000.

The purpose of the increase is to allow for the payment of \$77,000, the amount of the increase, as directors' fees to newly appointed, US-based, independent director, David Levison.

It is important to note that there will be no increase in fees paid to all other Pacific Edge directors. The managing director does not receive director's fees.

We regularly review the mix of directors on our Board to ensure we have the appropriate skills and experience to help our company grow and achieve our strategic goals.

The United States is our primary growth opportunity and we have been actively seeking a US-based and experienced director, preferably someone with experience of the US regulatory and reimbursement environment, to assist in the rollout of our growth strategy in this region.

We recognise that there is a disparity between the market rates paid in the US and New Zealand for suitably qualified directors. It is standard in the US for directors to be offered remuneration with both fees and Options. Accordingly, in order to attract a suitably qualified US person, the Company needs to make a competitive offer in line with US market rates.

The Board has taken advice and determined that the appropriate fee for a US based director is \$77,000 per annum. An offer has made to David Levison on this basis, subject to obtaining shareholder approval of today's resolution.

### DAVID LEVISON

We are delighted to have someone of David's experience and calibre accept our invitation to join our Board.

David is highly respected within the industry and his hands on experience in building a successful diagnostics company in the US, as well as his indepth knowledge of commercial diagnostic products in the US healthcare market, will be of great value to our company as we look to expand our presence in this region.

## RESOLUTION

I would now like to move to voting on the resolution as notified in the Notice of Special Meeting, that being “That pursuant to clause 25 of the Company's Constitution and NZX Listing Rule 3.5.1 the maximum aggregate amount per annum payable by the Company to its Directors be increased to \$275,000.”

Are there any matters for discussion or questions?

I would like to move this motion. Do I have a seconder? Thank you.

Voting on the resolution will be by way of poll and will include postal votes and proxy votes received by the due date.

Please use the voting paper you received in the mail or were given when you registered for this meeting. If you do not have a voting paper, you will be able to request one when the voting takes place. Only shareholders, proxy holders or corporate representatives of a shareholder may vote on today's resolutions.

Please complete your voting paper by ticking “FOR”, “AGAINST” or “ABSTAIN” in the appropriate place on the form and ensure you have signed the form. Please do not tick the “DISCRETION” box.

If you have any difficulty, or do not have a voting paper, please raise your hand and someone will assist you.

Once everyone has finished voting, the share registrar will collect the voting papers.

*<< 3 minute pause >>*

Thank you. The results of today's voting will be posted to the NZX as soon as practicable.

## PROXIES AND POSTAL VOTES

For your information, the Company has received approximately 156 million proxy and postal votes, with 82% of those in favour of the resolution.

I would now like to hand over to David Darling, Pacific Edge's CEO, to provide a short update of our progress in the year to date.

## CEO COMMENTARY

### OUR BUSINESS IS TRACKING WELL AND WE ARE GROWING OUR REVENUE

We have seen some good traction in the last few months as we continue to rollout our high growth strategy.

A major highlight has been the launch of our third new product, Cxbladder Monitor.

This test has been designed to be used by clinicians for patients as part of their ongoing surveillance regime, to quickly and accurately identify those who have a low probability of having recurrent cancers.

It provides ongoing reassurance to clinicians and their patients that the cancer hasn't returned, or alternatively, can support the case for further urological investigation.

It follows on from our first two products – Cxbladder Triage which rules out patients who have a low probability of having cancer; and Cxbladder Detect is used specifically to detect cancer.

The new product takes us one step closer to being able to provide a ‘one-stop shop’ of accurate non-invasive tests for urologists... and we are now the only cancer diagnostics company in the world to offer three proprietary molecular diagnostic products for the detection and management of bladder cancer and designed to meet different clinical needs.

## USA HEALTHCARE MARKET

The USA is our primary market and offers a massive opportunity for our company, with millions of potential test opportunities. We are making good progress on a number of important initiatives in this region.

We have now achieved our target of 18 specialist sales people covering 19 sales regions, following a focused recruitment programme over the last ten months. Their primary role is to build relationships with targeted urologists and encourage them to trial our product through a User Programme.

As said, we launched Cxbladder Triage into the States in the last year and we are now preparing for the launch of our third product, Cxbladder Monitor.

There is a growing awareness of our Cxbladder technology and we are able to build on existing relationships with urologists when introducing new products to market.

Recruitment of patients for the Kaiser Permanente User Programme is progressing well and we are on track to complete the Programme in 2016.

Kaiser Permanente is one of the United States largest not-for-profit health insurers and providers, serving more than 10 million members. If our product is accepted by their urologists, it will provide access to millions of potential test opportunities.

We are also continuing to progress our discussions with the Veteran’s Administration and the Centre for Medicare and Medicaid Services. We need to follow the regulatory processes to gain access to these organisations, and this can take time. Pleasingly, we are well down the track and hope to have approvals in the near future.

Medicare provides medical and health-related services to tens of millions of elderly people in the USA and represents approximately 40% of our potential market.

The Veteran’s Administration provides patient care and other services to the 8.8 million US veterans and their families and has an annual budget of US\$152 billion.

For the Veteran’s Administration, we are nearing completion of the process for registration on the Federal Supply Schedule. Once this happens, we can then start engaging with their urologists and providing them with access to our Cxbladder tests. This is a very large target customer currently not available to us commercially until we have completed the FSS registration.

## OTHER MARKETS

As well as the US, we are also focused on growing our presence in other targeted markets.

In February, we announced a new commercial partnership in Australia with Tolmar.

Tolmar is a specialised uro-oncology company which markets medicine and provides support to men with prostate cancer. Their specialised team of eight skilled sales people work closely with urologists on a daily basis and will now be providing sales and marketing for our Cxbladder products as well. This is a great step forward for our company in Australia and we look forward to seeing increasing trial and use of our tests in this country.

In New Zealand, we are continuing to work very closely with clinicians and encourage uptake of our technology. We have been working very closely with the National Health Committee to make Cxbladder part of the standard of care in New Zealand.

Last year, we began investigations into South East Asia and these continue. We are building a beach head in Singapore to provide entry into this region, and have a User Programme currently underway with a leading hospital, to gain data specific to Singapore.

## STRATEGIC OPPORTUNITIES FOR GROWTH

We will achieve our high growth ambitions by:

- Creating more products;
- Expanding our presence in both existing and new international markets;
- Creating more sales channels such as our ecommerce site;
- Building our customer base through our proven User Programme strategy; and
- Recruiting and empowering high calibre people.

We are making good progress and I look forward to keeping you updated as we achieve our goals.

I will now pass you back to the Chairman to close the meeting.

## MEETING CLOSE

Is there any other business shareholders would like to discuss with regard to today's presentation or our progress?

Thank you for your attendance. I now call the meeting closed.