

# ANNUAL MEETING

Dear Shareholder

We are pleased to invite you to attend the Pacific Edge Annual Shareholders' Meeting to be held on 16 August 2018, commencing at 3pm. We encourage you to attend either in person or online to hear about our progress, discuss any questions you may have about our Company and its performance and have your say by voting on resolutions.

As offered last year, you have the opportunity to attend the Meeting virtually through an online platform. Details on how to attend online are enclosed, under Important Information.

We have three resolutions being put forward for shareholders' consideration at this year's Meeting.

The first resolution addresses the re-election of Directors. Anatole Masfen and David Band both retire by rotation. Anatole Masfen is seeking re-election. He provides valuable skills, commercial acumen and experience to the Company and the Board unanimously supports his re-election.

David Band is not seeking re-election and will therefore retire from the Board at the Meeting. The Board would like to thank David for his long-standing support and significant contribution to Pacific Edge. He has been a Director since 2007 and has held the position of Deputy Chair for most of his tenure. The Board has a process underway to identify and appoint a new Director.

The second resolution is to authorise the Directors to fix the auditors' remuneration for the upcoming year.

The third resolution is to approve a proposed 9.8% increase in total Directors' fees. There have been no pro-rata general increases in Directors' fees in the past four years. In 2016 a special meeting was held to allow for an increase in total Director fees to enable the market defined, higher fee to be paid to US-based Director, David Levison, in anticipation of his appointment in April 2016.

The Board has commissioned an independent review of its Directors' fees. The review takes into consideration the size, ownership, industry, risks and complexities of Pacific Edge Limited and recommends an increase in the total Directors' fees of up to 14.8%. The Board is proposing a lower and more modest increase of 9.8%, taking the total fees from \$275,000 to \$302,000 per annum, to be paid and allocated as the Board considers appropriate.

Our Company is uniquely positioned to capitalise on the demand for better, more accurate, less invasive and more cost-effective tests for the detection and management of urothelial cancer. We have identified a number of catalysts for FY19 which we believe will accelerate the uptake and adoption of our product and our commercial success and we are looking forward to discussing these with you at our Annual Meeting.

Sincerely



Chris Gallaher  
Chairman

## NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Notice is hereby given that the 2018 Annual Meeting of shareholders of Pacific Edge Limited (Company) will be held at the Dunedin Public Art Gallery, Otago Daily Times Gallery, Level 2, The Octagon, Dunedin and online at <http://www.virtualmeeting.co.nz/peb2018> on Thursday 16 August 2018, commencing at 3.00 pm.

### AGENDA

1. Chairman and CEO Presentations
2. Shareholder Discussion
3. Resolutions

To consider, and if thought fit, pass the following Ordinary Resolutions:

**Resolution 1:** That Anatole Masfen, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

**Resolution 2:** To record the re-appointment of PricewaterhouseCoopers as auditor of the Company and to authorise the Directors to fix the auditors' remuneration for the ensuing year.

**Resolution 3:** That pursuant to clause 25 of the Company's Constitution and NZX Main Board Listing Rule 3.5.1, the maximum aggregate amount payable to non-executive Directors be increased to \$302,000 per annum (9.8% increase).

**Further information relating to the Resolutions is set out in the Explanatory Notes.**

4. To consider any other ordinary business which may properly be brought before the Meeting.

Pacific Edge's Board and management invite attendees to join them for light refreshments at the end of the Meeting.

A copy of the Annual Meeting presentations will be available to view on the Company's website [www.pacifiedgedx.com](http://www.pacifiedgedx.com).

By Order of the Board of Directors



Chris Gallaher  
Chairman  
18 July 2018

## EXPLANATORY NOTES

In these explanatory notes, references to “Listing Rules” are to the NZX Main Board Listing Rules.

All of the resolutions to be put to the Meeting are Ordinary Resolutions. Ordinary Resolutions require approval by a simple majority (greater than 50%) of the votes of those shareholders entitled to vote and voting on the question.

### DIRECTOR RE-APPOINTMENT

Under NZX Main Board Listing Rule 3.3.11 and clause 22.6 of the Company’s Constitution, at least one third of Directors, or the number nearest to one third, are required to retire from office at the Annual Meeting. Those who retire are eligible for re-election at the Annual Meeting. The Directors required to retire are those who have been longest in office since their last election.

Accordingly, Anatole Masfen and David Band both retire by rotation. Anatole, being eligible, has offered himself for re-election. David Band is not standing for re-election. The Board will seek to appoint a new Director with suitable skills and experience.



### RESOLUTION 1 – RE-ELECTION OF ANATOLE MASFEN AS A DIRECTOR

**APPOINTED:** 1 April 2008

**BOARD RESPONSIBILITIES:** Nominations Committee, Audit & Risk Committee

Anatole is the co-founder of Artemis Capital, a private equity investment firm based in Auckland which has a shareholding in Pacific Edge. He sits on the Boards of a number of private and public companies, across a range of industries, and his broad and significant investment expertise is of value to Pacific Edge. He holds a MCom (Hons) in Finance and Economics.

Anatole is the Chair of Pacific Edge’s Audit and Risk Committee and Nomination Committee.

The Board has determined that Anatole Masfen is an Independent Director for the purposes of the Listing Rules and supports his re-election as Director.

### RESOLUTION 2 – AUDITORS’ REMUNERATION

Pursuant to section 207T of the Companies Act 1993, PricewaterhouseCoopers is automatically re-appointed at the Annual Meeting as auditor of the Company. Resolution 2 authorises the Board to fix the remuneration of PricewaterhouseCoopers as the Company’s auditor.

### RESOLUTION 3 – INCREASE IN DIRECTORS’ REMUNERATION

An increase in Directors’ remuneration requires shareholder approval by Ordinary Resolution, in accordance with Listing Rule 3.5.1 and clause 25.3 of the Company’s Constitution. The Board is recommending a 9.8% increase (being \$27,000), in the total annual remuneration available to be paid to all non-executive Directors taken together, per annum, from \$275,000 per annum to \$302,000 per annum. This is below the level recommended by the independent remuneration experts, Strategic Pay Limited.

Pacific Edge’s policy is to offer competitive Director Fees to attract and retain high quality, appropriately skilled Directors, who will best add value to the Company. Consistent with this, in 2016 the Board appointed US-based Director, David Levison, who has specific experience and understanding of the US healthcare market, as well as experienced business leader, Chris Gallaher, as Chair. A search is currently underway to appoint a new and suitably skilled Director to replace David Band, following his retirement from the Board at the 2018 Meeting.

Directors' fees were last increased in 2016, solely to allow for the appointment and payment of Directors' fees to US-based Director, David Levison. There have been no other increases to Directors' fees since the 2014 Annual Meeting. At this time, Pacific Edge had recently launched its first Cxbladder test and initiated its commercial strategy in the USA. Since then, Pacific Edge has commercialised a suite of four Cxbladder tests; established and continues to grow a clinical and commercial presence in the USA; and commercially launched in South East Asia. Cxbladder's analytical validity, clinical validity and clinical utility is supported by multiple peer-reviewed journal publications and the Company is seeing strong growth in the adoption and sales of its tests.

Pacific Edge commissioned Strategic Pay Limited to provide market data and make recommendations on appropriate Director remuneration levels, compared to NZX listed companies of similar size, turnover and market capitalisation, as well as those in a similar sector. The Strategic Pay report also took into account the operational complexities, risks and phase of growth of Pacific Edge. Strategic Pay proposed a range of remuneration levels to be paid to Directors, up to a maximum increase of 14.8%. A summary of Strategic Pay's report can be viewed on the Pacific Edge website at [www.pacificedge.com/investors/shareholder-meetings](http://www.pacificedge.com/investors/shareholder-meetings).

The Board has considered Strategic Pay's recommendations, the skills, performance and experience of Directors and the skills and expertise required to add value as Pacific Edge gains traction and progresses its commercial journey. The Board has also considered the significant role, workload and responsibility required of the Chair of the Audit & Risk Committee and is proposing a separate payment to account for this. Taking all this into consideration, the Pacific Edge Board is recommending a modest increase to the total pool for Director remuneration of \$27,000, to a total maximum aggregate of \$302,000, on the basis of five non-executive Directors.

The Board currently intends to allocate the aggregate pool of Directors' fees to the non-executive Directors, based on their responsibilities, as set out below:

Role	Current Fees	Proposed Fees	Percentage Change
Chair	75,000	80,000	6.25%
Deputy Chair	43,000	50,000	16.3%
Non-executive Director	40,000	44,000	10%
US-based non-executive Director	77,000	79,000	2.6%
Chair Audit & Risk Committee	-	5,000	100%
<b>TOTAL POOL</b>	<b>\$275,000</b>	<b>\$302,000</b>	<b>9.8%</b>

David Darling, CEO/Executive Director does not receive Directors' fees.

The Board believes the proposed fees better align Pacific Edge to the market, are fair and reasonable to the Company and to the shareholders and will help to attract highly qualified and suitably experienced Directors to the Board. All increases would apply, if approved, from 16 August 2018, being the date of the Annual Meeting.

## IMPORTANT INFORMATION

### VIRTUAL ANNUAL MEETING

Shareholders will be able to attend the Meeting in person, or, alternatively, will be able to attend and participate at the Meeting virtually via an online platform provided by Pacific Edge's share registrar, Link Market Services at <http://www.virtualmeeting.co.nz/peb2018>.

Shareholders attending and participating in the Meeting virtually via the online platform will be able to vote and ask questions during the Meeting. More information regarding virtual attendance at the Meeting (including how to vote and ask questions virtually during the Meeting) is available in the Virtual Annual Meeting Online Portal Guide, which is available at [www.linkissuers.co.nz/virtualmeeting](http://www.linkissuers.co.nz/virtualmeeting).

### LINKVOTE APP

Shareholders attending the Meeting in person can download the LinkVote App from the Apple App Store or Google Play Store if they would like to vote during the Meeting using their mobile phone. The LinkVote App is available for download prior to the Meeting.

### VOTING

The only persons entitled to vote at the Annual Meeting are registered shareholders (or their proxies or representatives) as at **3.00pm on Tuesday 14 August 2018**. Only the shares registered in those shareholders' names at that time may be voted at the Annual Meeting.

Voting can be done in four ways: By attending the Annual Meeting and submitting your vote; By appointing a proxy to vote on your behalf at the Meeting; By casting a postal vote; By participating in the Meeting virtually and voting.

Under NZX Main Board Listing Rule 9.3.1, all Directors intended to receive a payment under Resolution 3 and their Associated Persons (as that term is defined in the NZX Market Board Listing Rules) are prohibited from voting in favour of Resolution 3. If you appoint such a Director or any person who is an Associated Person of such a Director as your proxy, that person will only be able to vote on Resolution 3 in accordance with your express instructions. The Directors cannot exercise their discretion on how to vote on Resolution 3 given that the resolution relates to approving their remuneration.

### Proxies, Corporate Representatives and Power of Attorney

All shareholders are entitled to attend and vote at the Meeting or to appoint a proxy to attend and vote in their place. Enclosed with this Notice of Meeting is a proxy form. For the appointment of a proxy to be valid, Link Market Services must receive the proxy form either by post (to PO Box 91976, Auckland 1142) or facsimile (+64 09 375 5990) or email ([meetings@linkmarketservices.com](mailto:meetings@linkmarketservices.com)) no later than 48 hours before the start of the Meeting (that is by **3.00pm on Tuesday 14 August 2018**). Alternatively, shareholders may lodge their proxy online.

The Chairman, the Directors and Chief Executive Officer offer themselves as proxy to shareholders and, subject to the provision above in respect of Resolution 3, if given discretion, will vote in favour of the resolutions. Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person or persons as proxy to attend, and vote on his or her behalf. A proxy does not have to be a shareholder in the Company. A shareholder may appoint the Chairman of the Meeting, or another person, to act as proxy. **All joint holders of a share must sign the proxy form.**

A corporation that is a shareholder may appoint a representative to attend the Meeting on its behalf in the same manner as that which it could appoint a proxy. Corporate representatives should bring along to the Meeting evidence of their authority to act for the relevant corporation.

Any person representing a shareholder(s) by virtue of a power of attorney must bring evidence of their authority to vote on behalf of the shareholder(s) and power of attorney.

Companies may sign under the hand of a duly authorised officer or by power of attorney. If the proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be delivered to the Company with the proxy form.

**Postal Voting**

A shareholder is entitled to exercise his/her right to vote at the Meeting by casting a postal vote. A postal voting form is incorporated in the proxy form attached. The share registrar, Link Market Services, has been authorised by the Board to receive and count postal votes for the Meeting.

In order for a postal vote to be effective, the proxy/postal voting form must be completed and returned to the share registrar so that it is received no later than 48 hours before the Meeting (that is by **3.00pm Tuesday 14 August 2018**) in accordance with the instructions set out on the proxy form.

**Online proxy and postal voting**

Shareholders may elect to lodge their proxy appointment or postal vote online. You will need to go to the website of our share registrar, Link Market Services <https://investorcentre.linkmarketservices.co.nz/voting/PEB>. You will be required to enter your CSN/Holder number and FIN and follow the instructions from there.

**Questions**

Pacific Edge offers the facility for shareholders to submit questions to the Board in advance of the Annual Meeting. Questions should be relevant to matters at the Annual Meeting, including matters arising from the financial statements, general questions regarding the performance of Pacific Edge, and questions with regard to the resolutions. The Chairman will answer as many of the most frequently asked questions as possible during the Annual Meeting. Please submit questions by email to [investors@pacificedge.co.nz](mailto:investors@pacificedge.co.nz). Please write 'Questions from Shareholders' in the subject line of the email. There will also be the opportunity for shareholders to ask questions at the Annual Meeting.

**Presentations and Pacific Edge FY18 Annual Report**

The Annual Meeting presentations and voting results will be released to the NZX and published on the Company website at [www.pacificedgedx.com/investors/shareholder-meetings/](http://www.pacificedgedx.com/investors/shareholder-meetings/).

Pacific Edge's FY18 Annual Report for the year ending 31 May 2018 is available at [www.pacificedgedx.com/investors/shareholder-reports/](http://www.pacificedgedx.com/investors/shareholder-reports/).

**Please refer to the instructions on the enclosed proxy form as to the ways in which the proxy form and postal voting can be sent to Link Market Services.**