PACIFIC EDGE
Cancer Diagnostic Company

Pacific Edge Limited

Capital Raise Presentation

28 May 2015

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Capital Raising Summary

Pacific Edge | Details of the Capital Raise

Pacific Edge is seeking to raise NZ$35.3m via a renounceable rights offer made to eligible investors

Purpose	**The rights issue will provide Pacific Edge with the funding to:** • Expand its sales force in the US from 12 to 18 to service 19 major metro regions in the US • Complete the evaluation of South East Asia, and if favourable, launch operations in Singapore as an entry point • Complete the commercialisation of its third and fourth Cxbladder diagnostic tests, Cxbladder Monitor and Cxbladder Predict • Bring new product technology and product improvements through to its markets • Strengthen the balance sheet, allowing Pacific Edge to take advantage of commercial opportunities which arise
Entitlement Offer Structure	The funds will be raised via a 2 for 11 entitlement offer to all eligible shareholders at NZ$0.61 per share • Entitlement offer price at a 13.2% discount to TERP • Entitlement offer will be renounceable • Entitlement offer is fully underwritten by First NZ Capital Securities Limited *See page 17 for key dates*

Company Update

Cxbladder | A new class of detection and management tests for urothelial carcinoma

Pacific Edge's suite of products, which are designed to be sequential and complementary, provides a 'one-stop shop' for urologists and their patients

The suite of products also builds the Cxbladder brand, helping to create a barrier to potential future competition

A recently published scientific journal article (the fourth such article for Pacific Edge) compared the relative utility of non-invasive urine tests currently in use for the diagnosis and management of urothelial carcinoma[3] and concluded that Cxbladder Detect has a significant advantage vs. other tests

Cxbladder product suite

Cxbladder Detect	Cxbladder Triage	Cxbladder Monitor	Cxbladder Predict
In-market	In-market	Expected launch late 2015	Expected launch late 2016

Specific Cxbladder product benefits can include:

- Enhanced clinical capability for urologists
  - Early detection
  - Better characterisation
  - Greater accuracy
- Increased patient compliance
  - Non-invasive testing
  - Greater utility
  - Ease of use in home or in clinic for sample collection
- Lowers healthcare costs
  - Most accurate and cost effective adjunct to cystoscopy[1]
  - Replaces the need for cytology, NMP22, or FISH[1,2,3]
  - Cost savings achieved provide a compelling value proposition to patients, clinicians and insurers[2]

Current standard of care

Cytology	Cystoscopy
Pathologist read urine analysis	

Shortfalls

- Requires highly qualified result interpreters
- Very poor sensitivity
- Low diagnostic yield makes this a poor clinical tool
- Is the current adjunct used to accompany Cystoscopy

Shortfalls

- Invasive
- Painful
- Expensive
- Time consuming
- High level of patient noncompliance

1. O'Sullivan et al (2012). A multigene urine test for the detection and stratification of bladder cancer in patients presenting with hematuria. *Journal of Urology, 188, 741-747*
2. Kavalieris et al (2015). A segregation index combing phenotypic (clinical characteristics) and genotypic (gene expression) biomarkers from a urine sample to triage out patients presenting with hematuria who have a low probability of urothelial carcinoma. *BMC Urology, 15:23*
3. Breen et al (2015). A holistic comparative analysis of diagnostic tests for urothelial carcinoma: A study of Cxbladder Detect, Urovysion FISH, NMP22 and cytology based on imputation of multiple datasets. *BMC Medical Research Methodology, 15:45*

Pacific Edge | Key drivers of revenue growth for PEB are regulatory, reimbursement and adoption

Pacific Edge is gaining traction with key customers of scale in the US and in NZ

Pacific Edge has successfully transitioned from research and development to commercial revenue generation

Pacific Edge has a fully developed commercialisation infrastructure in place and has two products currently "in market"

Pacific Edge continues to invest in its intellectual property with a number of patents issued in key geographies

Regulatory approvals in place, including in the US – the world's largest healthcare market

- CLIA[1] certification received for both the US and NZ laboratory
- CAP[2] accreditation received for US laboratory
- CE[3] mark for Europe
- TGA[4] approval for Cxbladder USS[5] in place for Australia
- IANZ[6] accreditation for the New Zealand laboratory

Reimbursement structures in place and underway in the US

- Currently receiving private insurer revenue
- Major clinical study underway with Kaiser leading to potential adoption. First tests expected to arrive in the next few weeks.
- Process underway to progress commercialisation arrangements with key customers including the Centers for Medicare & Medicaid Services (CMS)
- Negotiations are well advanced to gain access to the Federal Supply Schedule[7] enabling commercial interaction with Veterans Administration (VA)

Strong growth in the number of urologists using Cxbladder products in the US with continued commercial utilisation by urologists servicing District Health Boards (DHBs) and private practices in New Zealand

- Adoption is driven by User Programs and initial evaluations followed by transition to commercial customer revenue
- Urologists servicing two large DHBs in New Zealand were signed in February 2014
- Pacific Edge received approval under the Medicines Act and TAPS[8] to offer Cxbladder services directly to patients in the New Zealand market

1. *Clinical Laboratory Improvement Amendments*
2. *College of American Pathologists*
3. *Conformité Européenne (mandatory conformity marking)*
4. *Therapeutic Goods Administration*
5. *Urine Sampling System*
6. *International Accreditation New Zealand*
7. *Enables provision of goods and services to Government entitles and enterprises*
8. *Therapeutic Advertising Prevetting System*

Cxbladder | Lab throughput data is a measure of adoption

Lab throughput is the strongest tangible measure of adoption for Pacific Edge

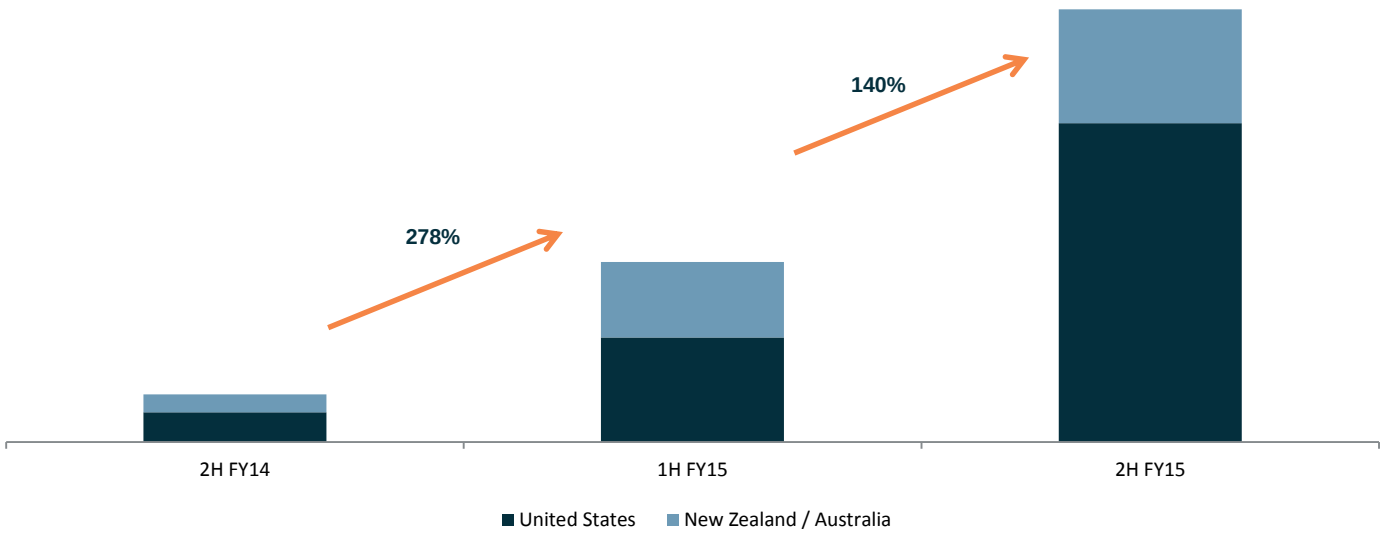
Throughput has continued to improve substantially throughout the first full year of trading in the US with commensurate increases in revenue

Pacific Edge improved its throughput level in 2H FY15 to several thousand tests

There has been strong throughput growth in the US, New Zealand and Australia:

- **278% from 2HFY14 to 1HFY15**
- **140% from 1HFY15 to 2HFY15**

Lab throughput showing significant improvements



Cxbladder | the US represents a significant opportunity

The US market is significant with the potential for millions of Cxbladder test opportunities each year

Expanding our US sales team will be an essential element in our drive to expand our presence in this key market

It is estimated that there are approximately 7 million people who undertake hematuria tests in the US per annum, of which approximately 1 million are worked up. The estimated cost of these work-ups is US$1.5b

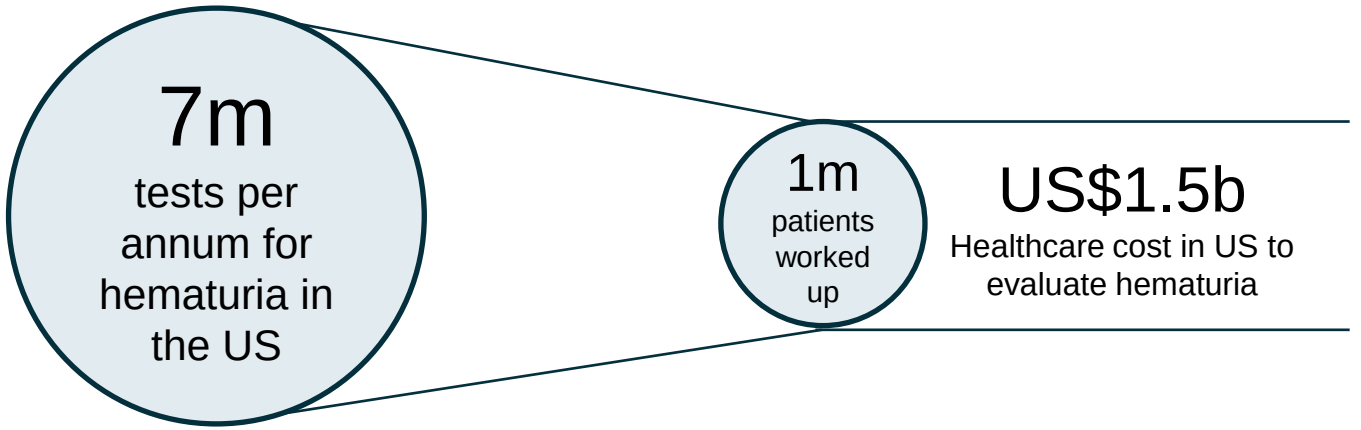
Pacific Edge is focused on building sales in the US, the world's largest healthcare market with seven million people annually presenting with hematuria

Pacific Edge US customer and payer infrastructure include national provider networks, large commercial payers and funding agencies, large integrated healthcare providers and large urology groups

Pacific Edge:

- Has submitted its dossier for the Federal Supply Schedule application (for the commercial access to the VA)
- Has committed to get the VA and CMS processes completed this year
- Is expecting to receive its first tests in Hershey for the Kaiser evaluation user program in the next few weeks

Target Market



Pacific Edge | South East Asia commercial growth opportunity currently being scoped

South East Asia represents a new and significant market opportunity for Pacific Edge based around medical tourism

Two elements are targeted for this opportunity:

- **Patients with hematuria seeking clinical evaluation, treatment and management**
- **The growing pool of medical tourists in South East Asia seeking annual healthcare evaluations**

Pacific Edge will complete the evaluation of developing an entry point to South East Asia for Cxbladder products through Singapore, with this market initially serviced by Pacific Edge's existing laboratory infrastructure in New Zealand

Singapore in particular offers a number of benefits as a beach head into the region, including the widespread use of English, internationally certified hospitals and a significant and growing population of medical tourists being serviced by Singaporean clinics and hospitals

Core elements of this opportunity:

- Medical tourism is expected to provide a rich source of customers for Cxbladder Triage as Pacific Edge targets customers who look to use the product in their annual health evaluation
- South East Asian population is approximately 618 million with a large annual incidence of hematuria. Patients presenting with hematuria or representing to follow-up clinics provide a large opportunity for Cxbladder products
- Cost savings are encouraging more US healthcare providers and payers to offer their clients access to a widening network of hospitals and clinics in South East Asia
- No requirement for any in-country regulations to process samples
- Low re-imbursement hurdles and a patient population that regularly pays out of pocket

Pacific Edge sees its target market as upper and middle income medical tourists and urology patients, accessed via selected hospital partners in targeted metro centres within South East Asia. This target demographic is most likely to commit to regular health check ups and diagnostic tests.

Pacific Edge | Cxbladder Monitor and Cxbladder Predict

Pacific Edge will use a portion of the proceeds from the equity raise to complete the commercialisation of Cxbladder Monitor and Cxbladder Predict

Cxbladder Monitor

- Bladder cancer has a high recurrence rate 50-70% with a large number of tumour progressions[1]
- Under traditional bladder cancer follow-up evaluation programs patients can undergo up to 4 check-ups per year from year 2 through to year 5, a total of up to 24 invasive evaluations over a five year period
- Cxbladder Monitor is a customised tool designed to be used by urologists when patients are scheduled for "follow-up" visits to monitor for recurrence of the bladder cancer
- Is planned for commercial launch in 2015

Cxbladder Predict

- Different tumour types have different treatment regimes
- Cxbladder Predict classifies patients who test positive using Cxbladder Detect into either low or high grade tumour categories. Each category receives a different treatment regime:
  - Low grade tumour patients usually undergo BCG[2] treatment regime
  - High grade tumour patients usually undergo TBURT[3] regime
- Is planned for commercial launch in 2016

All of PEB's non-invasive tests focus on specific urological needs in the patients' clinical regime and have been designed to be sequential and complimentary to each other

Combinations of Cxbladder products used by urologists will significantly enhance the clinical regimes for patients. The cost of using a Cxbladder product typically is less than the price of than the Cystoscopy led process and can significantly lower total evaluation and management costs for patients presenting with hematuria and their subsequent monitoring or further evaluation

1. *National Comprehensive Cancer Network*
2. *Bacillus Calmette–Guérin treatment – most commonly used when preventing the recurrence of bladder cancer*
3. *Transurethral Resection of Bladder Tumour treatment - invasive bladder cancer treatment to remove cancerous growths and seal the surrounding tissue*

The opportunity | Objectives for 2015 / 2016

Escalation of growth in the US

Current direct sales force of 12 account executives

Increase to 18 sales executives covering 19 major metropolitan regions in the US

Gain commercial access to the Veterans Administration (VA) and Centers for Medicare and Medicaid Services and initiate commercial relationships

Gain commercial access to Kaiser Permanente (9.5 million lives under coverage) following the completion of their user programme

Bring into commercialisation Cxbladder Monitor and Predict

Planned for launch in 2015, Cxbladder Monitor will be the third product in the suite and takes Pacific Edge one step further towards its vision to be a 'one-stop' shop for urologists. Cxbladder Monitor will be specifically used to test for recurrence of the disease in patients scheduled for evaluations twice or three times p.a. A favourable outcome leads to patients needing less invasive evaluations in the clinic

Planned for launch in 2016, Cxbladder Predict will be the fourth product in the suite, and will be used to segregate patients with low grade tumours from high grade tumours. Each of these groups of patients could then receive a different clinical management regime

Evaluate and launch into South East Asia via Singapore

Appoint supply chain logistics provider

Employ on the ground management, sales and marketing

Implement Pacific Edge franchise processes

Initiate four key user programmes with leading hospitals and clinics (four leading hospitals targeted for 2015)

Follow up with commercial rollouts into Bangkok and Taipei targeting medical tourists and patients presenting to urologists with hematuria

Offer Details

Pacific Edge | Capital raising overview

Entitlement Offer	
Entitlement ratio	**2 new shares for every 11 existing shares**
Maximum New Shares to be issued	**57,930,167**
Application price	**NZ$0.61**
Offer discount	**13.2% to TERP[1]**
Total equity to be raised under the Entitlement Offer	**$35.3m**
Ranking	**New Shares issued on completion of the Entitlement Offer will rank equally with existing Shares and will be quoted on the NZX Main Board**
Rights	**The Offer is renounceable – rights that are not taken up may be sold on the NZX Main Board**
Underwritten	**The Offer is fully underwritten by First NZ Capital Securities Limited**

1. *"Theoretical Ex Rights Price". TERP is calculated as the weighted average of 318.6 million existing shares at NZ$0.72 per share and 57.9m new shares at NZ$0.61 per share*

Use of Proceeds | How Pacific Edge will allocate the new capital

A portion of the capital raising proceeds is earmarked for implementation of specific initiatives as set out on this page

The capital raising will also strengthen Pacific Edge's balance sheet

In FY16, Pacific Edge anticipates net cash outflow including specifically earmarked initiatives and existing operations of $15.2m

FY17 net cash outflow is dependent on receipts from commercialisation initiatives

Specific cash outflows	FY16	FY17	Description
Grow the US business	$3.7m	$4.2m	Implementation of the increased sales force and targeted marketing programs
Bring Cxbladder Monitor and Cxbladder Predict to the market	$1.1m	$1.3m	Commercialisation and market implementation of Pacific Edge's new products
Enter the South East Asian market	$0.7m	$3.1m	Further market analysis and entry into South East Asia
	$5.5m	$8.6m	

Pacific Edge | Timetable

Key Dates	
Entitlement Offer announced	Thursday, 28 May 2015
Rights trading commences	Friday, 5 June 2015
Record Date for Entitlement Offer	Tuesday, 9 June 2015
Expected despatch of Offer Document and Entitlement and Acceptance Forms	Thursday, 11 June 2015
Entitlement Offer opens	Friday, 12 June 2015
Rights trading ceases	5.00pm Tuesday, 23 June 2015
Entitlement Offer closes	5.00pm Monday, 29 June 2015
New Shares allotted and quoted on the NZX Main Board	Monday, 6 July 2015

** Dates above are subject to change and are indicative only. Pacific Edge reserves the right to amend this timetable (including by extending the Closing Date) subject to applicable laws and the Listing Rules. Pacific Edge reserves the right to withdraw the Offer at any time at its absolute discretion.*

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