

Perimeter Medical Imaging AI is potentially disrupting post cancer surgery imaging with a goal to help save lives, costs, and time

Any technology that can help us beat cancer is most welcome. One company is developing a revolutionary way for surgeons to better assess if they have removed all the cancer, all while still in the operating room. This same company was recently recognized as one of the “10 most promising companies” at the Texas Life Science Forum.

The company is Perimeter Medical Imaging AI, Inc. (TSXV: PINK) ('Perimeter'). The AI in their name refers to the fact that they use Artificial Intelligence (AI) in addition to their imaging technology. A combination of imaging and AI helps surgeons identify if cancer is still present post-tumor removal surgery by examining the 'perimeter' of the excised area, hence the company name.

Perimeter's goal as a medical technology company is to transform cancer surgery with advanced, real-time, ultra-high-resolution imaging tools to address areas of high unmet medical need. Perimeter's OTIS™ platform is an FDA-cleared point-of-care imaging system that provides clinicians with real-time, ultra-high-resolution, sub-surface image volumes of the margin (1-2 mm below the surface) of an excised tissue specimen.

Perimeter's OTIS™ (Optical Tissue Imaging System) is FDA cleared point-of-care imaging system for use in real time clinical procedures



1. OTIS Optical Tissue Imaging Console

- Ultra-high resolution sub surface imaging in real time
- Automated capture
- Inter-disciplinary use
- Non-destructive to tissue
- Non-toxic (no injectable agents)
- Fits into current clinical workflow



Source

Cancer left behind after surgery is a significant problem

As we all know cancer surgery does not always get all the cancer. For example, breast lumpectomy surgeries currently face 25% re-operation rates. This is not ideal for the patient and it is not ideal for the health care system. Re-operating costs are, on average, \$16,000 to cover the additional hospital cost per patient, which when added up, amounts to an additional \$560 million annual cost to the U.S. healthcare system.

The best solution for all parties is to be able to do point-of-care real time imaging using Perimeter's Optical Tissue Imaging System (OTIS) taking only 10 minutes to do. By contrast the current standard way is to send off a post-

operative histology tissue sample for assessment, which takes 2 to 7 days. Now that's a potential disruption right there.

Perimeter's commercialization strategy

Perimeter currently uses their OTIS device in limited markets but have plans to expand, with an initial focus in the US on post surgery breast cancer imaging. According to Perimeter (and WHO projections) the total addressable market across all areas for Perimeter is US\$3.7 billion.

U.S. Commercial Market Entry

Commercialization Strategy

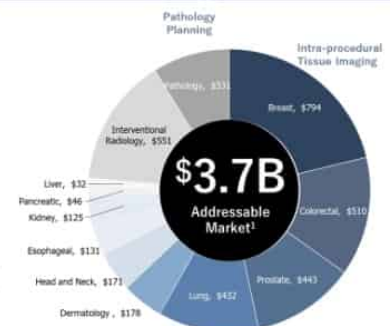
- **Build a body of clinical evidence to support commercial launch**
 - Initiated 20 patient Action Study
 - Clinical development of ImgAssist AI (ATLAS AI Project) under CPRIT grant
 - **Currently underway: 400 patient study** at leading cancer centers to collect images of breast tumors in order to train AI
 - **Next steps: Randomized, multi-site pivotal study** in ~600 patients to test AI against current standard of care / assess the impact on re-operation rates for patients undergoing breast conservation surgery
- **Direct clinical sales efforts**
 - Market development activities (Q4:20)
 - Limited market release (Q1:21)
 - Broader commercial launch (Q2:21)

Marketing Strategy

- **Target innovators and early adopters**
 - Ultrasound heavy surgeons
 - Oncoplastic surgeons
 - Regular cavity shave surgeons/frozen section

Potential Markets

- While outside the scope of Perimeter's current investment plan, OTIS™ has applications beyond breast cancer...



Source

To get a feel for the initial 'revenue potential' just from targeting US breast cancer lumpectomy cases only, Perimeter prepared the slide below. It shows based on a mid case scenario of 500 hospitals doing 3 imaging procedures per week at \$750 each, perimeter's potential revenue could reach \$56.3 million pa of recurring revenue. This is just theoretical at this stage, but shows the potential revenues from just one type of post cancer surgery (post breast cancer lumpectomy). In time Perimeter would aim to expand to many types of cancer post surgery imaging.

Perimeter's 'target potential' revenue only from breast lumpectomy post-surgery imaging

Installed Base	100 Hospitals	250 Hospitals	500 Hospitals	1,000 Hospitals
<i>3 Procedures Per Week</i>	3	3	3	3
<i>50 Weeks</i>	50	50	50	50
Annual Number of Procedures	15,000	37,500	75,000	150,000
<i>\$750 Per Consumable (ASP)</i>	\$750	\$750	\$750	\$750
Annualized Recurring Revenue from Installed Base (\$M)	\$11.3	\$28.1	\$56.3	\$112.5

Source

Perimeter's Q3 2020 financial results were reported here.

Closing remarks

Perimeter Medical Imaging AI is potentially disrupting post cancer surgery imaging with a goal to help save lives, costs, and time. Perimeter's OTIS™ is already FDA cleared; however there is still some further next stage product development ongoing in the area of training the computer (AI training), as well as further studies. Perimeter is targeting a limited market release in Q1 2021 and a broader commercial launch in Q2 2021.

Perimeter's board and management team are extremely experienced and highly credentialed. The company is rapidly gaining recognition and now has a market cap of C\$87 million after only listing on the TSX-V in mid 2020. It is certainly looking like 2021 will be a breakthrough year for Perimeter Medical Imaging AI. Stay tuned.

Disclosure: The author is long Perimeter Medical Imaging AI, Inc. (TSXV: PINK)

AI for the next generation of medical imaging provides “a Google Maps for surgeons”

“A Google Maps for surgeons” is how Perimeter Medical Imaging AI Inc. (TSXV: PINK) President and CFO Jeremy Sobotta described the AI software currently being developed by the company to complement its FDA-cleared medical imaging system at a recent investment conference.

Perimeter is a medical technology company working to transform cancer surgery by creating ultra-high-resolution, real-time, advanced imaging tools to address unmet medical needs. The imaging tools have already been developed and are approved in ophthalmology and cardiology (optical coherence tomography or OCT). Perimeter is using this imaging technology (OTIS or Optical Tissue Imaging Console) to assess the tissues surrounding the known cancerous target area to determine whether more tissue should be removed during the ongoing surgery.

The imaging technology has the ability to rapidly image large and complex surfaces. It is capable of imaging up to a 10×10 centimeter surface area at resolutions ten to 100 times that of traditional imaging systems (and also has a system that enables the orientation and imaging of any size, shape and/or density of specimen). Of note, the company’s device is commercial, is FDA-cleared and will be launched into the early adopter market later in 2020/early 2021.

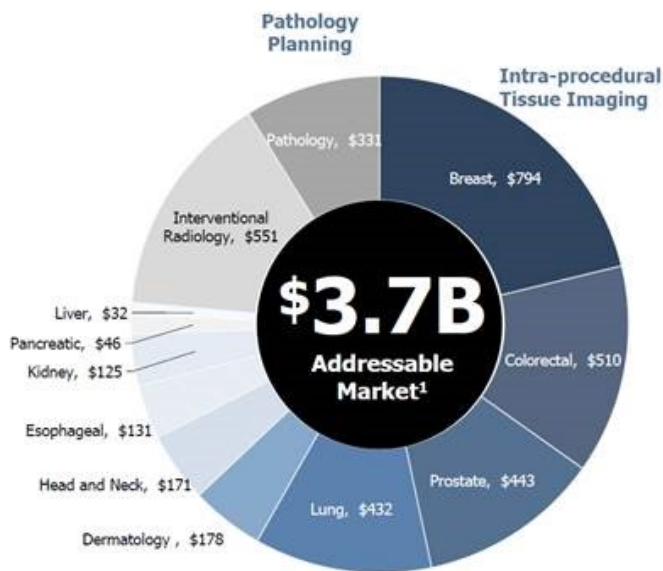
As previously announced, Perimeter Medical Imaging received a \$7.4 million Cancer Prevention and Research Institute of Texas

(CPRIT) grant to further develop the ATLAS AI Project. The funding granted by CPRIT will support technology development that is currently underway with the first part being data collection to further train and test the AI algorithm. Part two will be undertaken in early 2021 to confirm the safety and efficacy of the technology/process that aims to decrease the re-operation rates for breast cancer patients. Future deployment of the AI technology will be complementary to OTIS, once it has been FDA-approved.

As described in the September 16, 2020 online presentation, the company has engaged with world-renowned cancer centers in Canada, the US and Europe and has attracted an exceptional scientific advisory board. Members include medical professionals affiliated with the Harvard Medical School, the Mayo Clinic Cancer Centre, and the Ontario Cancer Institute in addition to others, which is an exceptional validation of this company's early-stage technology. Management is deeply experienced in the medical-technology industry, and the board of directors has a wealth of expertise in clinical experience, surgical workflows, and medical device commercialization.

The company went public at the end of June 2020 through a reverse takeover transaction and concurrent financing, and has access to approximately \$30 million of capital, so near-term development is well-funded as the company looks to sell up to half a billion dollars of installations into an undersupplied market.

Perimeter's technology is addressing an unmet need in a \$3.7 billion addressable market segment, according to the World Health Organization. It should be noted that this technology is not just restricted to breast cancer surgery, but is potentially applicable to a wide variety of other cancer and other treatments as shown below:



Addressable Market By Region

USA total addressable mkt: \$552 M

Biopsy: \$69 M
 Intra procedural: \$441 M
 Pathology: \$41 M

Europe total addressable mkt: \$1.0 B

Biopsy: \$132 M
 Intra procedural: \$839 M
 Pathology: \$79 M

ROW total addressable mkt: \$2.1 B

Biopsy: \$349 M
 Intra procedural: \$1.5 B
 Pathology: \$210 M

¹ WHO Projections for 2020.
 - Clinical Applications: Lung, Breast, Prostate, Colorectal, Liver, Head and Neck, Esophageal, Pancreatic, Dermatology and Kidney
 - Average cost per case for Intra-operative = \$500USD; Biopsy = \$50USD; Pathology= \$30USD
² Biopsy US Rates provided by MDXHealth.com

Source: Perimeter Medical Imaging AI

Finally, an estimated one in four women require repeat breast cancer surgery due to cancerous tissue remaining after the initial surgery. Perimeter’s use of existing technology and a machine learning/artificial intelligence combination is designed to significantly lessen this statistic. While it is too early to declare that this one technology is the “holy grail”, it does bring us one step closer to the statement that “cancer can be beaten”.

Perimeter Medical Imaging AI lists on the TSXV and offers surgeons real-time imaging to visualize the margins of

cancer excised tissue

One of the biggest problems today in cancer treatments is determining during surgery if the operation has caught all of the cancer. Now a company has a solution. This is incredible news for cancer patients and health care providers. In 2020 roughly 1.8 million people will be diagnosed with cancer in the United States. This new technology is initially focused on breast cancer and during lumpectomy surgery, because approximately 1 in 4 patients return for a second surgery due to cancerous tissues being left behind. 2,000,000 women worldwide were diagnosed with breast cancer in 2018 and 317,000 in the USA in 2019.

This Company has a high definition and developing Artificial Intelligence (AI) imaging technology that can help surgeons identify if cancer is still present post-tumor removal surgery by examining the perimeter of the excised area.

The Company is aptly named Perimeter Medical Imaging AI Inc. (TSXV: PINK) ("Perimeter") and the Company has only just listed this week on the TSX-V exchange. The stock ticker symbol, PINK, alludes to the pink ribbons used during breast cancer awareness month by the Canadian Cancer Society and the American Cancer Society, driving home the Company's dedication to helping surgeons, radiologists and pathologists use Perimeter's imaging technology and AI in the fight against breast cancer, which is estimated to account for 30% of all female cancer diagnoses this year. The raised capital from the public listing will be used for accelerating the commercialization process as well as refining the AI.

Perimeter Medical Imaging AI Inc. uses high definition imaging and AI in the fight to detect cancer at the perimeter



Source

Dr. Anthony Holler, the Chairman of Perimeter's Board of Directors states:

"Perimeter's platform imaging technology allows surgeons in real time to visualize the margins of excised tissue specimens at the time of surgery. With the combination of our high resolution imaging device and proprietary AI technology that is currently under development, the intention is to reduce the necessity of repeat surgeries. Our mission is to improve cancer patient care and reduce healthcare costs."

As a sign of confidence in Perimeter's technology on April 24 it was announced that Perimeter Medical Imaging received a \$7.44 million Cancer Prevention and Research Institute of Texas (CPRIT) grant to further develop ImgAssist AI Technology at leading cancer centers in Texas. The funding granted by the CPRIT will support technology development that aims to decrease the re-operation rates for breast cancer patients.

Perimeter's AI imaging technology is known as OTIS™ (Optical

Tissue Imaging Console), a US FDA 510(k) cleared product. It is designed to provide real-time information during breast cancer surgery. The platform's ability to deliver ultra-high resolution and sub-surface image volumes across the surface of the removed tissue allows surgeons to assess if they have achieved the successful removal of the entire tumor. Should a surgeon identify cancerous cells at the surface of the tissue, they can immediately remove additional tissue from the patient. **The OTIS™ technology could lower the financial burden to the healthcare system and become a significant win for patients**, taking away the additional physical and mental trauma caused by the necessity to repeat the surgery.

Perimeter already has strong industry support as shown by these two quotes:

Dr. Alastair Thompson, an internationally recognized Surgical Oncologist stated: "We need to work smarter to reduce the reoperation rates for breast conservation surgery. Using OTIS™ to scan the surface of the lumpectomy during surgery could be the key to ensuring complete surgery the first time around."

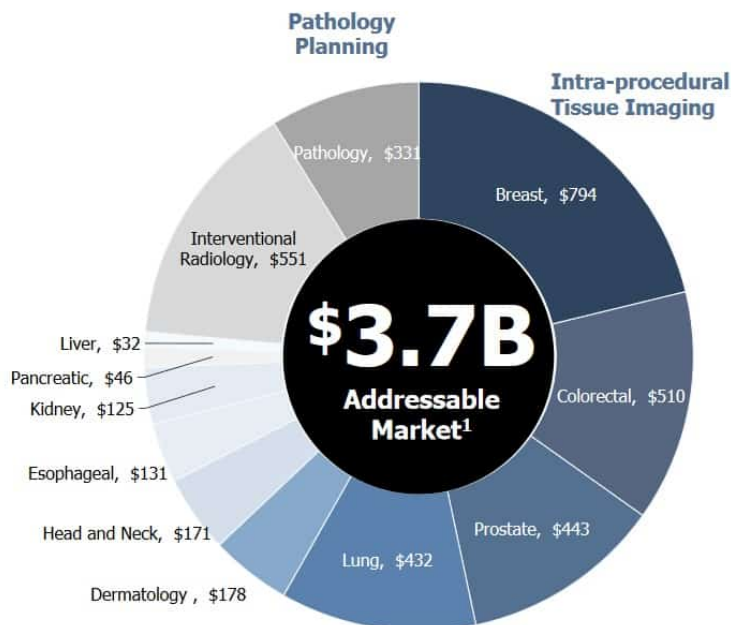
Dr. Savitri Krishnamurthy, another principal investigator with over two decades of experience in Pathology, stated: "The new era of tissue imaging using optical imaging platforms such as the OTIS™ will bring revolutionary changes to breast surgery and breast pathology practice."

Perimeter's technology is initially focused on breast cancer. Breast cancer is a \$30 billion worldwide problem, where approximately 25% of surgeries must be done again as bits of cancer are often left behind. Perimeter's technology could save over \$800 per patient and \$16,000 per repeat surgery.

Beyond that there is a massive global market for breast and other cancers, especially when surgical removal is the treatment of choice. This means the potential market is enormous.

Perimeter's technology has a \$3.7 billion global addressable market

While beyond the scope of Perimeter's current investment plan, OTIS has applications beyond breast cancer



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Source: Perimeter Corporate Overview Q2 2020

Perimeter's business model involves a combination of capital equipment, consumable, and service contract revenues. Other similar med-tech companies typically trade on 3-9x revenue, so it will be interesting to see how Perimeter goes in the next year given they are now commercializing the technology. Following the recent capital raises the Company has ~\$33 million to help commercialize the business, which the Company believes should be more than sufficient for the Company to become cash flow positive.

The Perimeter Board and Management are highly specialized and experienced. For example Chairman Anthony Holler MD has founded or been CEO of companies that were acquired for a total of \$2.5 billion. CEO Tom boon has >30 years experience in medical imaging. CFO Jeremy Sobotta played roles of increasing seniority in deploying about \$4 billion in capital in M&A from the acquirer side during his pre-Perimeter career

at Stryker (NYSE: SYK – US\$69 billion market cap) and Smith & Nephew (NYSE: SNN – US\$17 billion market cap).

Perimeter Medical Imaging AI Inc. is run by a highly specialized and experienced team

Leadership



Tom Boon
CEO

- >30 years experience in medical imaging
- President of Summit Industries, 30,000 medical imaging installations
- Ran TSX listed medical imaging company, 2000 installations



Anthony Holler, MD
Chairman

- Emergency Medicine trained physician
- Companies he was either Founder/CEO or Chairman acquired for a total of \$2.5 Billion



Jeremy Sobotta
CFO

- Led finance for Stryker's surgical business unit specializing in operating room equipment and women's health
- Expertise in commercial excellence and GPO/payer/provider contracting
- Experience launching and shifting several go-to-market models across North America, Europe, and Africa



Source

Closing remarks

Investors have a chance to invest very early and with a low market cap into Perimeter Medical Imaging AI Inc. due to the stock only listing yesterday. Perimeter suggest (page 19) that they have a first mover advantage and better technology than their competitors. Certainly the very significant support from the Cancer Prevention and Research Institute of Texas tends to confirm this. The niche application of perimeter imaging and AI is a ground breaking technology with a huge addressable market. The technology is also a win-win for both surgeons and patients as it lowers costs and potentially reduces repeat surgery. Management is highly experienced with an excellent past track record. Investors should be sure to check out Perimeter Medical Imaging as the potential upside looks to be very significant if the Company continues to progress well.

Otis's Kilgore deposit has multi-million ounce gold potential says analyst

The development of mining projects, from exploration to actual mining, seems so often to take years, and is rarely completed in anything like the proposed timetable announced when work began. That is one of the common trends in mining; the other is the fact that so many discoveries stay just that, and often for many decades.

And, when the right company finally gets hold of the project (in this case more than 70 years after it was first worked) suddenly that project can become transformed into a future gold producer that starts to get attention in the market.

The latter is the case with the Kilgore gold project in eastern Idaho, owned by Otis Gold Corp. (TSXV: 000 | OTC: OGLDF). Thanks to New York-based Scarsdale Equities, we learn that the earliest reported gold exploration and operation at Kilgore, 60 miles (96km) north of Idaho Falls, dates back to 1937 by Blue Ledge Co. There is no official record of production though there were reports that miners stockpiled "considerable ore of commercial value". Mining ceased when the US entered the war in 1941 (and President Roosevelt banned all gold mining on the grounds it was not essential to the war effort).

Since then four exploration companies have worked at the project, all with the aim of identifying a million ounces-plus of gold. Exploration stopped in 1996 and it was not until 2008 that Otis acquired Kilgore and set to determine its potential.

On the day Scarsdale compiled its report on Otis, the stock was at C\$0.18. Scarsdale slapped a C\$0.50 price target on the junior. Needless to say, they also slapped a “buy” recommendation on the stock. It has decided to initiate coverage of Otis after recent high-grade drill results improved the prospects for a larger and higher grade gold deposit.

Otis is getting nearer to the million-ounce mark: so far it has an indicated resource of 520,000oz (grading at 0.59 grams/tonne) and an inferred resource of 300,000oz. Leach tests have achieved recoveries of up to 85.5%.

The proposed 2016 drill program has, according to Scarsdale analyst Mike Niehuser, the potential to both increase the grade and contained ounces, as well as reveal the potential for additional exploration of the geological formation, called Aspen, underlying the entire Kilgore project.

“We believe that the drill results from Otis Gold’s 2015 drill program have potentially unlocked the full opportunity of the Kilgore gold project,” the report says. The underlying Aspen formation, it says, presents the potential of a multi-million ounce operation.

There is another aspect to all this, and one that often gets forgotten in all the focus on any mining project: the economic benefits mining can bring.

The nearest town – if you can call it that – to Kilgore is Spencer. It has a population of about 40. In 1948, deer hunters stumbled upon a large deposit opals at Spencer, which are formed underground in still pools of water. As a result the town has billed itself as the “Opal Capital of America”. The Spencer opal mine company offers tourists a chance to dig for their own opals.

Kilgore (and Spencer) are located in Clark County, Idaho’s least densely populated county, with fewer than 1,000 people.

Niehuser tells us that the 2010 average income was \$22,518 – and just under 20% of the population lives beneath the poverty level. Development of a substantial gold mine has to boost the economy of the county.

Another positive for Otis is that the project is free of encumbrances: no royalties required, no environmental liabilities. The company has recently acquired claims in flat areas to the north of the project as potential locations for the operating plant, heap leach pads and tailings storage.

