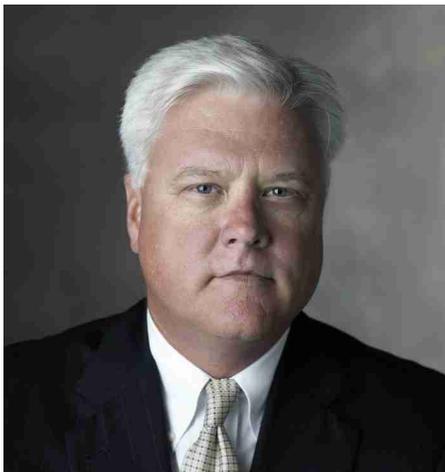


Pathfinder Therapeutics, Inc. is bringing to market their Image-Guided Surgery Device Explorer™ that enables Physicians to Plan, Navigate and accurately Deliver Cancer Therapeutics in Soft-Tissue Organs such as the Liver and Pancreas

**Healthcare
Surgical Navigation**

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**Jim Cloar
CEO**

BIO:

Jim Cloar was named President and CEO of Pathfinder Therapeutics in March of 2012.

Prior to joining Pathfinder Therapeutics, Jim served as Vice President and General Manager of the Medtronic Navigation and Imaging Division from 2007 through 2011. Medtronic Navigation is the leading provider of integrated navigation and intra-operative imaging solutions in the world. In his role, he guided the strategic direction, growth and execution of the global business which resulted in a 17% CAGR in revenue, 75% CAGR in EBIT, 4% overall margin growth and

30% revenue growth in international markets.

Jim joined Medtronic in 1997 and held a series of increasingly important and complex roles in the Spinal and Biologics business. He was an instrumental leader in developing the Minimal Access Division as well as serving as Vice President and General Manager of the Thoracolumbar Spine division with revenues of approximately one billion in sales.

Prior to joining Medtronic, Jim served 10 years in a variety of Sales and Marketing leadership positions in the medical device industry at DePuy, Inc., a Johnson & Johnson Company, Smith and Nephew and C.R. Bard.

Jim has been a featured key speaker at the International Brain Mapping & Intra-operative Surgical Planning Society. He was also a featured panelist at the Wharton School of Business 11th Annual Healthcare Symposium as well as the Biowest Medical Device and Biotechnology Conference. He currently serves on the board of the Deming Center for Entrepreneurship at the University of Colorado Leeds School of Business

Jim holds a bachelor of science in economics from Georgetown College.

About

Pathfinder Therapeutics, Inc.

Pathfinder Therapeutics, Inc. (PTI) is the developer of Explorer™, an image-guided surgery device that enables physicians to accurately and efficiently guide the delivery of cancer therapeutics (usually resection and/or ablation) in soft-tissue organs.

Interview by Lynn Fosse, Sr. Editor

CEOCFO: Mr. Cloar, what is the vision and focus of Pathfinder?

Mr. Cloar: The focus and the vision are tied together obviously. The vision for the company is to be the world's leader in planning and navigational systems for surgeons and physicians worldwide. Our focus is on soft tissue navigation, which is a unique market niche within the context of visualization and navigation focused primarily right now on the liver and pancreas.

CEOCFO: Would you explain soft tissue navigation?

Mr. Cloar: Navigation in its simplest explanation is also called computer assisted surgery but it is like GPS where in surgery we are able to use a camera, surgical tools, to track where those tools are in three dimensional space within the anatomy. The preoperative images that are used are preoperative CT and MRI. The preoperative images are the map and we are tracking those tools where they are on the map and giving the surgeon or physician a three dimensional reconstruction of the patient's actual anatomy so that surgery can be accurate, able to be reproduced, and safer.

CEOCFO: What is the role of pathfinder?

Mr. Cloar: Pathfinder is the actual company that produces the navigation equipment and preoperative planning. Preoperative planning is essential because within liver surgery, when the surgeons are actually resecting the tumor, they need to make sure that they allow enough liver to be left behind so the patient can survive. Planning guides the surgeon through his

surgical plan and it confirms accurately what is left after he takes the tumor out and in the sense, enabling a safer procedure. That has been translated into the navigational component for the actual execution of the surgical plan in surgery. Pathfinder is the producer, marketer and seller of those pieces of equipment.

CEO CFO: Are there competitors?

Mr. Cloar: There is one competitor within the soft tissue navigation as we define it. That is a small research group in Switzerland. There really is not anyone focused in surgery anywhere to solve these issues in and around soft tissue navigation. There are plenty of competitors within the navigation space, namely Medtronic and a company called BrainLab. Both are very good companies but primarily their focus is more on rigid areas in areas of neural surgery such as spine, as well as ear, nose, throat and orthopedics.

CEO CFO: Why has soft tissue been neglected and what is it that Pathfinder has figured out to allow you to make these tools available?

Mr. Cloar: The markets where people came into were more through cranial neuro surgery and that is where people like Medtronic have focused their time and efforts. The reason no one has spent any time up until now on soft tissue navigation is simply because it is a difficult problem to solve. If you are navigating a bony structure, you can register or orient yourself and get accuracy based upon a very rigid surface like the cranium or spine. Pathfinder has developed proprietary ways to register and account for deformation within the actual organ itself, that allows us to give the surgeon a more accurate view of the anatomy than anyone else can based upon those proprietary algorithms and methods.

CEO CFO: Why did you start with the liver?

Mr. Cloar: That was when the company started. It is a company that was

spun out of Vanderbilt University and I think it had much to do with the primary interest of the surgeons. Our surgeons that invented and started this company were focused on liver surgery, so I think that is how we got started on liver. It also a deadly diagnosis and I think with more accurate and better tools we can contribute to extending lives of patients along with their surgeons and physicians that treat them.

CEO CFO: How might your system be useful in other areas?

Mr. Cloar: There are some exciting things going on in the area of pancreatic cancer. There is a surgeon at the University of Louisville by the name

“There is a surgeon at the University of Louisville by the name Robert Martin who is doing a great deal of surgical treatment in and around pancreatic cancer using ablation technology, which are needles placed into a tumor to ablate them. He is using a unique technology to place it into the tumor in the pancreas to treat the cancer and hopefully give that patient extended life. The precision around placement of needles within many of these procedures is critical. That is where technology like Pathfinder allows the surgeon or physician to accurately and reproducibly place needles into a tumor in relationship to themselves, within planes of orientation that they need to maintain to get an optimized outcome. That is where Pathfinder comes in.”- Jim Cloar

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CEO CFO: How long has the product been available?

Mr. Cloar: Pathfinder started quite some time ago but I would say the product in the company has not been a commercial enterprise for more than about a year and a half. I have been here about seven months and we are making tremendous strides on the commercial side.

CEO CFO: How do you reach the appropriate customers and what is the ‘aha’ moment when they get it and want the equipment?

Mr. Cloar: How we reach the doctors, physicians and surgeons that we deal with are in a myriad of ways. First is through their own medical education courses where we are brought in to do training with them and give them exposure. Secondly, we are affiliated and associated with some of the top cancer centers in the world and certainly in the United States such as Memorial Sloan Kettering, Barnes Jewish, University of Louisville, University of North Carolina and others. When you are working with the top people, they are training surgeons of the future and there are key opinion leaders in the marketplace that people respect. I think when they go and talk about their procedures and how they are addressing the clinical needs of the patients and they are using

this technology, there is a logical question of how they find out more about this. The real ‘aha’ moment is when there is a challenge in surgery around viewing the anatomy, understanding the location of the tumor. For example, when a patient is given chemotherapy treatments before surgery, they do that quite often to shrink the size of tumors. To shrink the size of tumors, you intervention or surgical approach can be smaller and less invasive. Many times, the tumor will not be easily seen in surgery with the use of ultrasound as their imaging modality to find the tumor. When they use this ultrasound technology by itself, many of times the tumors disappear because they become small and

the tissue differentiation because of the chemo treatments becomes less apparent. Therefore, it is very difficult to find out where they are supposed to either cut this thing out or ablate it in many cases. What our technology does is, because we orient the preoperative images with the current interoperative ultrasound, it will guide the surgeon back to where that tumor was where he can make an educated and accurate assessment of what he needs to do from here.

CEO CFO: How does this get to the forefront for hospitals?

Mr. Cloar: Our pricing is competitive in the marketplace to other modalities such as ultrasound. We do not replace ultrasound, we are an enhancer to ultrasound and we make ultrasound as an imaging modality better or we give the physicians surgeon the ability to make better use of CT or MRI preoperative images. What we really are in the current healthcare environment is quality assurance to make sure that the surgery is the best and most accurately possible so further interventions do not have to occur. It is critical going forward that if we are going to have interventions then they have to be done in the most optimal way the first time. Secondly is, as minimally invasive technologies continue to grow in every form of medicine, the ability to understand where you are in three-dimensional anatomy without actually seeing it which is critical. Surgeons are using smaller incisions, they are using less invasive tools to perform these procedures and shrink incisions to reduce tissue destruction. Our technology helps the surgeon orient him or herself in three-dimensional space in relationship to the anatomy and in relationship to where he or she wants to see without actually having their eyes on it because they are doing it through smaller incisions or they are looking through scopes, so we enabled those kinds of things.

CEO CFO: Are you going it alone or with partnerships? What is the strategy?

Mr. Cloar: The strategy is we have partners and they are seeking partners. We recently announced a part-

nership with Neurologica, which is a great exciting technology that is an interoperative CT Scanner, heretofore CT Scanners have been something you do in radiology and you bring those preoperative images into surgery. Neurologica allows you to do interoperative CT, which gives you more accurate assessment information inter-operatively versus just relying upon preoperative images. I think there is a strong partnership there. We are well down the road to partnering with a number of people outside the United States from a distribution standpoint where our technology is synergistic to what those people are dealing with in the regions and countries. Lastly, we certainly have discussions with companies like ablation companies where integration and working together would provide them enhancement to their technology and give their physicians another way to more accurately and increase accuracy of what they are trying to accomplish. We are really at this point seven months into focusing on worldwide distribution. The incidence and prevalence of liver cancer outside the US is much more dramatic than in the US especially in Asia. We are also talking with ablation and ultrasound companies where we can work together to provide the surgeon and physician more seamless solutions for his or her procedures.

CEO CFO: What are some of the most important things you have learned from other ventures, which you are able to bring to the table at Pathfinder?

Mr. Cloar: I spent my previous fourteen years with Medtronic and the last four running their navigation imaging division. One thing you learn is that service is as important as the actual technology itself to make sure that technology is appropriately applied in a way in surgery to accomplish the surgical plan for the surgeon, physician and patient. I think that building a foundation of clinical evidence and rationale is critical to these new technologies because the hospital and healthcare environment needs solutions like ours in cases that can save time in the operating room and shorten hospital stays by enabling lesson-

based procedures. I really think the combination of technology, service and having the appropriate scientific evidence to back that up is critical.

CEO CFO: How well is Pathfinder Therapeutics funded to go through the next steps?

Mr. Cloar: We have a very dedicated board that has provided appropriate financing for this company at each stage of its lifecycle. Right now, we are funded and we are working on some financing with the current board to continue. Next year in 2013, we are going to be seeking an additional financial partner. Our revenues are growing. Our cash burn is in check, so we are in a good position. In our next round of financing, which will take us through cash flow positive, we will seek the right partner for the company to bring in not only the financing but the expertise as well.

CEO CFO: Why should the business and investment community pay attention to Pathfinder Therapeutics?

Mr. Cloar: I strongly believe whether it be a liver, pancreas, spine, brain, cardiac, women's health, etcetera, that navigation is going to be a central technology used to develop the procedures of the future. Secondly, patients are increasingly educated on what is the most advanced technologies and procedures to treat their self, their families and friends. In order for hospitals and programs to maintain competitiveness, they need to balance bringing in exciting technology, but they have to make sure it makes a difference. The main reasons for that I think at this point are increased patient care. Secondly, navigation with whatever field you are using it in is an enabler of less invasive, less tissue destruction, and quicker return to function. Thirdly, it is the cutting-edge of technology to maintain a program. To be relevant in the marketplace, you need to bring technologies that increasingly consumers worldwide are seeking to address their underlying pathology and diagnosis.



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