February 10, 2017

Aethlon Medical Announces Fiscal 2017 Third Quarter Results

SAN DIEGO, Feb. 10, 2017 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a developer of immunotherapeutic technologies to combat infectious disease and cancer, today announced results for its fiscal third quarter year ended December 31, 2016.

Aethlon's lead therapeutic candidate is the Aethlon Hemopurifier®, a first-in-class device that provides broad-spectrum elimination of infectious viruses and cancer-promoting exosomes from the circulatory system. In collaboration with its majority-owned Exosome Sciences, Inc. (ESI) subsidiary, the company is focused on the discovery of exosome-based biomarkers to diagnose and monitor a wide range of disease conditions.

Corporate activities during the quarter and the nine months fiscal year to date include:

- The Company disclosed that it will conduct an annual shareholder meeting on Thursday March 30th at the Houston Marriott located within the George Bush Intercontinental Airport. The meeting will begin at 3pm central time.
- As an FDA-approved feasibility study of Hemopurifier therapy is moving toward completion, the Company disclosed that it has initiated a dialog with the FDA related to guidance on potential market clearance pathways for Hemopurifier® therapy against:
    - Highly virulent viruses for which it is not feasible to conduct controlled humans studies. Primary indications include both virulent bioterror and pandemic threat viruses.
    - The Company is also seeking guidance related to the 21st Century Cures Act, which was signed into law in December. The law establishes new rules related to the priority advancement of medical devices that target diseases for which no FDA-approved therapies are available. As it relates to viral pathogens, many viruses known to be infectious to man are not treatable with an FDA approved therapy.
    - The Company also disclosed that it is seeking guidance on protocol design for studies against viral pathogens where it is feasible to conduct controlled human studies; the possibility of an expedited access pathway and the requirement for initiating oncology clinical studies related to reducing the presence of tumor-derived exosomes from the circulatory system of cancer patients.
- In regards to the feasibility study being conducted at DaVita Med Center in Houston, the Company disclosed that the clinical research team has not reported any device-related adverse events in enrolled subjects who met the study inclusion/exclusion criteria. Upon completion of the study, the Company will evaluate virus capture by the Hemopurifier during administered treatments.
- The Company also disclosed that its Exosome Sciences diagnostic subsidiary kicked-off an education and awareness program to support a clinical study involving retired

NFL players and candidate blood test to detect and monitor Chronic Traumatic Encephalopathy (CTE) in living individuals. During Super Bowl week in Houston, the Company conducted more than 35 interviews with the media, including CBS Sports, the NFL Network, Fox News and a multitude of radio stations. Company management also meet with numerous former players, including the heads of various NFL Alumni Chapters as a means to educate and enhance the enrollment in the study, which is expected to kick-off in the second quarter of 2017.

- The Company also disclosed that it has completed a validation study related to the capture of viruses associated with increased mortality in immune-suppressed sepsis and organ transplant patients. The study validated the *in vitro* capture of Cytomegalovirus (CMV), Epstein-Barr virus (EBV) and Herpes Simplex Viruses (HSV).
- The Company also provided an update on a study with the University of Pittsburgh Medical Center to detect the presence of CMV, EBV and HSV in blood samples obtained from intensive care unit patients who were suspected to have one of these latent viruses become reactivated. On January 11th, the Company disclosed that 10 subjects had been enrolled in the study. The Company has since received samples from 15 study participants.

Financial Results

At December 31, 2016, the Company had a cash balance of approximately $556 thousand. That cash position combined with capital generated under the $12.5 million At-The-Market financing agreement will continue to be used to fund our FDA-approved feasibility study in the U.S. and operations. The Company also raised approximately $577,000 in the December quarter through the issuance of convertible notes and has more than $11 million of the At-The-Market financing agreement available.

Consolidated operating expenses were $1.24 million in the third quarter of fiscal 2017 compared to $1.39 million in the prior year period. This decrease of approximately $150,000, or 10.8%, was primarily due to a reduction in general and administrative expenses of approximately $200,000, which was partially offset by increases in professional fees of $29,000 and in payroll and related expenses of $21,000.

The $21,000 increase in payroll and related expenses was due to a $255,000 increase in non-cash stock-based compensation, which was partially offset by a $234,000 decrease in cash-based compensation due to lower headcounts.

The Company had other income of $22 thousand in the third quarter of fiscal 2017 compared to other expense of $149 thousand in the prior year period.

Overall, the net loss for the third quarter of fiscal 2017 was $1,206,000, or $0.15 per share, compared to a net loss of $1,217,000, or $0.16 per share in the prior year period.

The unaudited condensed consolidated balance sheet for December 31, 2016 and the unaudited condensed consolidated statements of operations for the three and nine month periods ended December 31, 2016 and 2015 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors today, Friday, February 10, 2017 at 1:30

p.m. PT (4:30 p.m. ET). Investors may access the call by dialing 844-836-8741 (domestic) or 412-317-5442 (International). A live webcast of the call will be available from the Investor Relations section of www.aethlonmedical.com. A recording of the call will also be available by calling 412-317-0088; access code 10101248 beginning approximately two hours after the call, and will be available for one week. A webcast replay from today's call will also be available from the Investor Relations section of www.aethlonmedical.com approximately one hour after the call and will be available for up to three months.

About Aethlon Medical

Aethlon Medical (Nasdaq: AEMD) is a leading developer of immunotherapeutic technologies to combat infectious disease and cancer. To augment the body's natural immune defenses, the Aethlon Hemopurifier® eliminates life-threatening disease targets that are often shielded from the immune system and not well addressed by traditional drug therapies. The technology captures circulating viruses, bacterial toxins and cancer promoting exosomes through affinity attachment to a unique structure that cloaks these targets from immune detection. At present, the Hemopurifier® is being advanced under an FDA approved clinical study. Aethlon is also the majority owner of Exosome Sciences, Inc., a company focused on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. Additional information can be found online at www.AethlonMedical.com or you can connect with us on Twitter, LinkedIn, Facebook and Google+.

The Hemopurifier® in Cancer

Upwards of ninety percent of all cancer-related deaths are attributed to metastasis; the spread of cancer from a primary site of origin to other organs or areas of the body. The mechanism of how tumors metastasize to distant sites in the body has long been one of cancer's greatest mysteries. That mystery was recently solved when circulating particles known as tumor-derived exosomes were discovered to be the seeds that promote the spread and growth of cancer metastasis.

Aethlon initiated its tumor-derived exosome research at a time when the medical community believed exosomes were merely cellular debris with no biological function. Today, a therapeutic to address tumor-derived exosomes represents a significant unmet need in cancer care. Aethlon has demonstrated that the affinity mechanism of the Hemopurifier® can capture tumor-derived exosomes underlying several forms of cancer, including breast, ovarian and metastatic melanoma.

Beyond their role in metastasis, researchers have also published mounting evidence that tumor-derived exosomes contribute to tumorigenesis (the formation of cancer), cancer progression, angiogenesis (creation of blood vessels to fuel tumor growth), immune evasion, and resistance to radiation and chemotherapeutic drugs. Recent discoveries also reveal that exosomes may contribute to bacterial and viral pathogenesis, the progression of Alzheimer and Parkinson's diseases, the spread of prion proteins, and numerous inflammatory conditions.

The Hemopurifier® in Infectious Disease

Emerging pathogens pose a significant threat to mankind. Of the hundreds of viral pathogens known to be infectious to man, only a few are addressed with proven antiviral

drug or vaccine therapies. Beyond the looming threat of bioterrorism, a proliferation of international travel, urban crowding and global warming is expected to accelerate the emergence of future pandemics. In response, the U.S. Department of Health and Human Services (HHS) has established an initiative to support platform technology medical countermeasures with broad-spectrum capabilities. Based on preclinical studies and human treatment experiences, the Aethlon Hemopurifier® defines this initiative.

To date, Hemopurifier therapy has been administered to individuals infected with Ebola virus, Hepatitis C virus (HCV) and the Human Immunodeficiency virus (HIV). In the case of Ebola, a remarkable response to a single administration of Hemopurifier therapy (comatose physician with multiple organ failure at the time), led to Time Magazine naming the Hemopurifier to be one of the "Top 25 Inventions" as well as one of the "Eleven Most Remarkable Advances in Healthcare."

Beyond human treatment experiences, pre-clinical Hemopurifier studies have validated the broad-spectrum capture of numerous viral threats. These include: Chikungunya, Dengue and West Nile virus, as well as Vaccinia and Monkey pox, which serve as models for human Smallpox infection. Specific to pandemic influenza threats, Aethlon has validated the capture of H5N1 avian flu, H1N1 swine flu, and the reconstructed 1918 influenza virus, which represents a model for the strain of influenza that killed an estimated 50 million victims in 1918 and 1919. In vitro studies of other viral threats are ongoing.

Aethlon has also demonstrated that the Hemopurifier captures the bacteria toxins lipopolysaccharide (LPS) and lipoteichoic acid (LTA). These studies were conducted under a contract with the Defense Advanced Research Projects Agency (DARPA) related to the treatment of sepsis.

About Exosome Sciences

Exosome Sciences, Inc., in collaboration with majority shareholder Aethlon Medical (Nasdaq: AEMD), is focused on the discovery of exosomal biomarker candidates to diagnose and monitor life-threatening diseases. The proprietary Enzyme-Linked Lectin-Specific Assay (ELLSA™) serves as a platform to isolate exosomal biomarkers from a wide-range of bodily fluids. In preliminary studies, ELLSA™ demonstrated the ability to isolate exosomes from urine, which resulted in high-sensitivity detection of HIV-infection. Specific to neurological disorders, Exosome Sciences discovered TauSome™, an exosomal biomarker that may be the first non-invasive candidate to detect Chronic Traumatic Encephalopathy (CTE) in living individuals. In a study of former National Football League (NFL) players, TauSome levels were found to be significantly higher as compared to athlete control subjects who participated in non-contact sports. TauSome levels also correlated with cognitive decline based standardized tests of memory and psychomotor speed. Visit www.exosomesciences.com for additional details.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "estimate," or similar expressions constitute forward-looking statements. Such forward-looking statements are subject to significant risks and uncertainties and actual results may differ materially from the results anticipated in the forward-looking statements. Factors that may contribute to such

differences include, without limitation, the Company's ability to maintain its listing on the Nasdaq Capital Market, or any other national securities exchange, that the Company or its subsidiary will not be able to commercialize its products, that the FDA will not approve the initiation or continuation of the Company's clinical programs or provide market clearance of the Company's products, the Company's ability to raise capital when needed, the Company's ability to complete the development of its planned products, the Company's ability to manufacture its products either internally or through outside companies, the impact of government regulations, patent protection on the Company's proprietary technology, the ability of the Company to meet the milestones contemplated in its contract with DARPA, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. Additional factors that could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2016, and in the Company's other filings with the Securities and Exchange Commission. Except as may be required by law, the Company does not intend, nor does it undertake any duty, to update this information to reflect future events or circumstances.

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AETHLON MEDICAL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

ASSETS

	December 31, 2016	March 31, 2016
CURRENT ASSETS		
Cash	$628,615	$2,123,737
Accounts receivable	-	199,471
Prepaid expenses	32,440	53,294
TOTAL CURRENT ASSETS	661,055	2,376,502
Property and equipment, net	19,508	36,038

Patents, net	87,287	94,161
Other assets	21,747	22,415
TOTAL NONCURRENT ASSETS	128,542	152,614
TOTAL ASSETS	$789,597	$2,529,116
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	292,208	244,804
Due to related parties	58,362	145,112
Other current liabilities	23,546	136,695
TOTAL CURRENT LIABILITIES	374,116	526,611
NONCURRENT LIABILITIES		
Convertible notes payable, net of current portion	414,398	500,139
TOTAL NONCURRENT LIABILITIES	414,398	500,139
TOTAL LIABILITIES	788,514	1,026,750
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 7,783,815 and 7,622,393 issued and outstanding	7,783	7,621
Additional paid in capital	92,159,118	88,047,142
Deficit accumulated during the development stage	(92,092,376)	(86,502,043)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	74,525	1,552,720
Noncontrolling interests	(73,442)	(50,354)

TOTAL STOCKHOLDERS' EQUITY	1,083	1,502,366
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$789,597	$2,529,116

AETHLON MEDICAL, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

For the three and nine months ended December 31, 2016 and 2015

	Three Months Ended 12/31/16	**Three Months Ended 12/31/15**	**Nine Months Ended 12/31/16**	**Nine Months Ended 12/31/15**
Government contract revenue	$-	$301,033	$392,073	$681,907
OPERATING EXPENSES				
Professional fees	416,866	387,820	1,495,597	1,315,253
Payroll and related	635,698	614,731	2,793,888	1,670,809
General and administrative	182,982	382,612	696,662	994,305
	1,235,546	1,385,163	4,986,147	3,980,367
OPERATING LOSS	(1,235,546)	(1,084,130)	(4,594,074)	(3,298,460)
OTHER (INCOME) EXPENSE				
Debt extinguishment (gain) loss	(58,691)	-	558,198	-
Warrant repricing expense	-	-	345,841	-
Interest and other debt expenses	36,565	148,904	115,308	402,837
	(22,126)	148,904	1,019,347	402,837
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(1,213,420)	$(1,233,034)	$(5,613,421)	$(3,701,297)
Loss attributable to noncontrolling interests	(7,689)	(15,866)	(23,088)	(76,489)

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(1,205,731)	$(1,217,168)	$(5,590,333)	$(3,624,808)
Basic and diluted net loss available to common stockholders per share	$ (0.15)	$ (0.16)	$ (0.72)	$ (0.50)
Weighted average number of common shares outstanding	7,927,031	7,616,619	7,768,682	7,318,019

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