August 10, 2017

Aethlon Medical Announces Fiscal 2018 First Quarter Results

SAN DIEGO, Aug. 10, 2017 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a therapeutic technology company focused on unmet needs in global health and biodefense, today announced results for its fiscal first quarter ended June 30, 2017.

The Company disclosed that it has finalized an Expedited Access Pathway (EAP) program submission that its regulatory advisors will now provide to the United States Food and Drug Administration (FDA). The submission requests that the Aethlon Hemopurifier® be included in the EAP program.

The FDA established the EAP program for medical devices that demonstrate the potential to address unmet medical needs for life threatening or irreversibly debilitating diseases or conditions that are subject to premarket approval applications (PMA), premarket notification (510[k]) or requests for De Novo designation. A criterion for EAP program eligibility includes medical devices that represent breakthrough technologies with the potential to address life threatening disease conditions for which no approved or cleared treatment alternatives exist.

The Hemopurifier has been designed for the single-use removal of viral pathogens from the circulatory system of infected individuals. The device is a candidate broad-spectrum treatment countermeasure against life-threatening viruses that are not addressed with approved antiviral drug therapies.

Previous treatment experience against a life-threatening virus not addressed with an approved antiviral drug includes the successful treatment of Ebola virus, for which Aethlon subsequently received FDA clearance of emergency-use and compassionate-use treatment protocols. Aethlon has also concluded an FDA-approved feasibility study to support the advancement of the Hemopurifier as a treatment countermeasure against life-threatening viruses that are not addressed with a market cleared therapy.

The Hemopurifier has also been validated in vitro to effectively capture a broad-spectrum of life-threatening viral pathogens, many of which are not treatable with approved antiviral drug agents. The capture validation of mosquito-borne viruses that are not addressed with an approved antiviral drug includes Chikunguya virus, Dengue virus, West Nile virus and Zika virus.

Beyond Ebola treatment experience, the capture validation of bioterror and pandemic threat viruses that are not addressed with an approved antiviral drug includes Lassa virus, MERS-CoV and Monkeypox virus, which is a surrogate for human Smallpox infection. Studies of Marburg virus are currently being conducted.

The capture validation of pandemic influenza viruses includes virulent H5N1 Bird-Flu virus, H1N1 Swine Flu virus and the reconstructed Spanish Flu virus of 1918.

The Hemopurifier has additionally been validated to capture latent viral pathogens that can contribute to increased mortality rates in immune-compromised individuals. Such validations include Cytomegalovirus, Epstein-Barr virus and Herpes-simplex virus-1. Based on previous preclinical and human clinical studies, Aethlon believes the Hemopurifier may also have utility in addressing drug-resistant viral strains that can emerge in HIV and Hepatitis-C infected individuals.

Aethlon is also advancing the Hemopurifier to fulfill the broad-spectrum treatment objectives of the 2016 Public Health Emergency Medical Countermeasure Enterprise (PHEMCE) initiative. The PHEMCE initiative defines the strategic plan of the U.S. government to protect its citizens against bioterror and pandemic threats. Based on preclinical and clinical studies, the Company believes the Hemopurifier to be most advanced broad-spectrum treatment candidate. Included among Aethlon's goals is the procurement of the Hemopurifier into the U.S. government's strategic national stockpile.

Financial Results

The net loss for the June 2017 quarter was $1.8 million, or $0.21 per share, compared to a net loss for the June 2016 quarter of $2.1 million, or $0.28 per share.

Consolidated operating expenses were $1.16 million in the June 2017 quarter compared to $1.14 million in the June 2016 quarter, an increase of approximately $20,000. This increase was primarily due to an increase in payroll and related expenses of approximately $290,000. However, the increase in payroll and related expenses was driven by a $230,000 increase in our non-cash, stock-based compensation due to the vesting of restricted stock units granted during the fiscal year.

Excluding that non-cash increase, our overall cash operating expenses actually decreased by approximately $210,000 from reductions in our professional fees and general and administrative expenses. Specifically, our professional fees decreased by approximately $225,000 and our general and administrative expenses declined by approximately $37,000.

The Company had other expense of approximately $685,000 in the June 2017 quarter compared to approximately $1 million in the June 2016 quarter, a decrease of approximately $315,000.

At June 30, 2017, the Company had a cash balance of approximately $327,000. The Company has an active At The Market financing facility to raise additional capital as needed.

The unaudited condensed consolidated balance sheet for June 30, 2017 and the unaudited condensed consolidated statements of operations for the quarters ended June 30, 2017 and 2016 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors on Thursday, August 10, 2017 at 1:30 p.m. PT (4:30 p.m. ET). To listen to the call by phone, interested parties within the U.S. should call 1-844-836-8741 and international callers should call 1-412-317-5442. All callers should ask for the Aethlon Medical Inc., conference call. The conference call will also be available through a live webcast at www.aethlonmedical.com. Details for the webcast may be found on the Company's IR events page at http://ir.aethlonmedical.com.

A replay of the call will be available approximately one hour after the end of the call through August 17, 2017. The replay can be accessed via Aethlon Medical's website or by dialing 1-877-344-7529 (domestic) or 1-412-317-0088 (international) or Canada Toll Free at 1-855-669-9658. The replay conference ID number is 10111295.

About Aethlon Medical, Inc.

Aethlon Medical develops immunotherapeutic technologies to combat infectious disease and cancer. To augment the body's natural immune defenses, the Aethlon Hemopurifier® reduces the presence of circulating viruses in infected individuals. The technology provides a first-line candidate defense against viruses that are not addressed with proven drug therapies, including natural occurring pandemic threats and agents of bioterrorism. The Hemopurifier® can also be deployed as a strategy to improve the benefit of approved antiviral drug regimens. At present, the Hemopurifier® is being advanced in the United States under an FDA approved clinical study. Aethlon Medical is also investigating the potential use of the Hemopurifier® to reduce the presence of tumor-derived exosomes, which contribute to immune-suppression and the spread of metastasis in cancer patients. Aethlon Medical is also the majority owner of Exosome Sciences, Inc. (ESI), which is focused on the discovery of exosomal biomarkers to diagnose and monitor cancer and neurological disorders, including Alzheimer's disease (AD) and Chronic Traumatic Encephalopathy (CTE). ESI's TauSome™ biomarker is being clinically evaluated as the basis for a blood-based test to identify CTE in living individuals. Additional information can be found online at www.AethlonMedical.com and www.ExosomeSciences.com. You can also connect with us on Twitter, LinkedIn, Facebook and Google+.

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, 2017, 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.
Condensed Consolidated Balance Sheet

ASSETS

	June 30, 2017 (unaudited)	March 31, 2017 (unaudited)
CURRENT ASSETS		
Cash	$327,206	$1,559,701
Prepaid expenses	38,450	37,551
TOTAL CURRENT ASSETS	365,656	1,597,252
Property and equipment, net	45,893	29,223
Patents, net	82,705	84,996
Other assets	14,897	14,897
TOTAL NONCURRENT ASSETS	143,495	129,116
TOTAL ASSETS	$509,151	$1,726,368

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY

CURRENT LIABILITIES		
Accounts payable	277,094	484,423
Due to related parties	48,366	57,866
Other current liabilities	82,845	69,467
TOTAL CURRENT LIABILITIES	408,305	611,756
NONCURRENT LIABILITIES		
Convertible notes payable, non-current portion, net	1,050,911	519,200
TOTAL NONCURRENT LIABILITIES	1,050,911	519,200
TOTAL LIABILITIES	1,459,216	1,130,956
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' (DEFICIT) EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 8,869,571 and 8,797,086 shares issued and outstanding as of June 30, 2017 and March 31, 2017, respectively	8,869	8,796
Additional paid-in capital	94,745,740	94,445,739
Accumulated deficit	(95,619,939)	(93,778,156)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY BEFORE NONCONTROLLING INTERESTS	(865,330)	676,379
Noncontrolling interests	(84,735)	(80,967)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	(950,065)	595,412
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$509,151	$1,726,368

AETHLON MEDICAL, INC.
Condensed Consolidated Statements of Operations
For the three month periods ended June 30, 2017 and 2016

	Three Months Ended 6/30/17 (unaudited)	**Three Months Ended 6/30/16 (unaudited)**
Government contract income	$ -	$ 4,635
Total revenues	-	4,635
OPERATING EXPENSES		
Professional fees	343,023	567,749
Payroll and related	630,227	344,987
General and administrative	186,999	223,551
Total operating expenses	1,160,249	1,136,287

OPERATING LOSS	(1,160,249)	(1,131,652)
OTHER (INCOME) EXPENSE		
Loss on share for warrant exchanges	119,789	-
Loss on debt extinguishment	376,909	616,889
Warrant repricing expense	-	345,841
Interest and other debt expenses	188,604	42,167
	685,302	1,004,897
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(1,845,551)	$(2,136,549)
Loss attributable to noncontrolling interests	(3,769)	(7,732)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(1,841,782)	$(2,128,817)
Basic and diluted net loss available to common stockholders per share	$ (0.21)	$ (0.28)
Weighted average number of common shares outstanding	8,805,522	7,622,393

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