August 11, 2016

Aethlon Medical Announces Fiscal 2017 First Quarter Results

SAN DIEGO, Aug. 11, 2016 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), a developer of immunotherapeutic technologies to combat infectious disease and cancer, today announced results for its fiscal first quarter year ended June 30, 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 to date include:

- Earlier today, the Company announced that its researchers have completed in vitro studies that demonstrate the rapid capture of Zika virus by the Aethlon Hemopurifier®.
- On August 10th, the Company disclosed that it entered into an agreement with the Defense Advanced Research Projects Agency to validate the in vitro capture of the Middle East Respiratory Syndrome Coronavirus with the Aethlon Hemopurifier®
- On June 28th, the Company announced that it had entered into a $12.5 million At-The-Market financing agreement.
- Continued U.S. clinical progression -- The Company has recruited the fifth patient in a 10-patient feasibility study that was approved by the FDA to advance the Hemopurifier® as a broad-spectrum treatment countermeasure against infectious viral pathogen.
- New Research and Development – the Company filed a patent application on August 3rd related to a cerebral spinal fluid processing system to treat neurological and central nervous system disorders.

Financial Results

At June 30, 2016, the Company had a cash balance of approximately $1.3 million. That cash position will continue to be used to fund our FDA-approved feasibility study in the U.S. and operations.

The Company recorded revenues of $5 thousand from its government contracts in fiscal 2016 compared to $192 thousand in the first quarter of fiscal 2016. The decrease was due to the achievement of a milestone under our DARPA contract in the prior year period.

Consolidated operating expenses were $1.1 million in the first quarter of fiscal 2017 compared to $1.3 million in the prior year period. This decrease of $146,191, or 11.4%, was due to decreases in payroll and related expenses of $113,241 and in general and

administrative expenses of $62,473, which were partially offset by an increase in professional fees of $29,523.

The Company had other expense of $1.0 million in the first quarter of fiscal 2017 compared to $126 thousand in the prior year period. The increase was due to a debt extinguishment expense of $616 thousand and warrant repricing expense of $345 thousand with no comparable expenses in prior year period. The increase in other expenses was slightly offset by an $84 thousand decrease in interest and other debt expenses.

Overall, the net loss for the first quarter of fiscal 2017 was $2.1 million, or $0.28 per share, compared to a net loss of $1.2 million, or $0.18 per share in the prior year period.

The unaudited condensed consolidated balance sheet for June 30, 2016 and the unaudited condensed consolidated statements of operations for the quarters ended June 30, 2016 and 2015 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors on Thursday, August 11, 2016 at 1:30 p.m. PT (4:30 p.m. ET). Investors may access the call by dialing 412-317-5442 (domestic) or 844-836-8741 (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 10090997 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 thirty days.

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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Condensed Consolidated Statements of Operations

For the three months ended June 30, 2016 and 2015

	Three Months Ended 6/30/16	Three Months Ended 6/30/15
Government contract revenue	$4,635	$192,508
OPERATING EXPENSES		
Professional fees	567,749	538,226
Payroll and related	344,987	458,228
General and administrative	223,551	286,025
	1,136,287	1,282,479
OPERATING LOSS	(1,131,652)	(1,089,971)
OTHER (INCOME) EXPENSE		
Debt extinguishment expense	616,889	-
Warrant repricing expense	345,841	-
Interest and other debt expenses	42,167	126,688
	1,004,897	126,688
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(2,136,549)	$(1,216,659)
Loss attributable to noncontrolling interest	(7,732)	(33,623)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(2,128,817)	$(1,183,036)
Basic and diluted net loss available to common stockholders per share	$ (0.28)	$ (0.18)
Weighted average number of common shares outstanding	7,622,393	6,720,484

AETHLON MEDICAL, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

ASSETS

	June 30, 2016	March 31, 2016
CURRENT ASSETS		
Cash	$1,294,259	$2,123,737
Accounts receivable	-	199,471
Prepaid expenses	23,500	53,294
TOTAL CURRENT ASSETS	1,317,759	2,376,502
Property and equipment, net	29,656	36,038
Patents, net	91,870	94,161
Other assets	21,747	22,415
TOTAL NONCURRENT ASSETS	143,273	152,614
TOTAL ASSETS	$1,461,032	$2,529,116

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	381,967	244,804
Due to related parties	28,250	145,112
Other current liabilities	58,747	136,695
TOTAL CURRENT LIABILITIES	468,964	526,611
NONCURRENT LIABILITIES		
Convertible notes payable, non-current portion, net	616,817	500,139

TOTAL NONCURRENT LIABILITIES	616,817	500,139
TOTAL LIABILITIES	1,085,781	1,026,750
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Common stock, par value of $0.001, 10,000,000 shares authorized; 7,622,393 and 6,657,046 issued and outstanding	7,621	7,621
Additional paid in capital	89,056,576	88,047,142
Deficit accumulated during the development stage	(88,630,860)	(86,502,043)
TOTAL STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	433,337	1,552,720
Noncontrolling interests	(58,086)	(50,354)
TOTAL STOCKHOLDERS' EQUITY	375,251	1,502,366
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,461,032	$2,529,116

To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/aethlon-medical-announces-fiscal-2017-first-quarter-results-300312637.html

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