February 1, 2018

Aethlon Medical Announces Fiscal 2018 Third Quarter Results

SAN DIEGO, Feb. 1, 2018 /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 third quarter ended December 31, 2017.

Recent Corporate Developments

Subsequent to the previously reported quarter, the Company:

- Substantially improved its balance sheet as the result of a $6 million equity placement, warrant exercises and use of its at-the-market financing facility;
- Expanded its intellectual property portfolio through patent issuances across the fields of infectious disease and exosome biology;
- Appointed Sabrina Martucci Johnson and Dr. Charles Fisher to its Board of Directors. Both have relevant experience in transitioning first-in-class therapeutic candidates to market. Dr. Fisher was also appointed non-executive Chairman of the Board.
- Submitted a pre-submission meeting request to the FDA to define the requirements to advance Hemopurifier® therapy toward market under the label indication allowed under an Expedited Access Pathway (EAP) award. Subsequently, the Hemopurifier® was transitioned by the FDA to a "Breakthrough Device" designation, which was established under the 21st Century Cures Act recently signed into law. Under this designation, the FDA allowed the following "indication for use": "The Hemopurifier® is a single-use device indicated for the treatment of life-threatening highly glycosylated viruses that are not addressed with an approved treatment."
- Obtained access to the H3N2 influenza virus to validate *in vitro*, the ability of the Hemopurifier® to capture the H3N2 virus. The Company previously collaborated with Battelle Memorial Research Institute to confirm capture of the H5N1 bird flu virus, the H1N1 swine flu virus and the reconstructed Spanish Flu of 1918 which caused 50-100 million deaths a century ago.
- Demonstrated the *in vitro* affinity of the Hemopurifier® to capture tumor-specific exosomes underlying metastatic melanoma as part of a Phase 1 contract award from the National Cancer Institute. The research team then demonstrated the ability to release captured exosomes for analysis and quantification purposes. Tumor-derived exosomes, which seed the spread of metastasis and contribute to immune suppression in cancer patients, represent another life-threatening glycosylated disease target that is not addressed with an approved therapy. Tumor-derived exosomes have also been

reported to cause the functional arrest of T cells, which could inhibit emerging immuno-oncology drugs and CAR-T therapies.

- Advanced the endeavors of its Exosome Sciences (ESI) biomarker subsidiary through the collaboration with Dr. Tsuneya Ikezu at Boston University (BU) that is actively conducting a proteomic analysis of exosomal protein cargos found in former NFL players as compared to non-contact sport control subjects. A goal of the collaboration is to also confirm whether the TauSome biomarker previously measured in the BU DETECT study is brain derived. ESI also agreed to provide TauSome quantification to support the BU DIAGNOSE CTE study, which is actively enrolling subjects. ESI further disclosed that a protocol modification has been submitted to the Institutional Review Board at the Translational Genomics Research Institute (TGEN) to modify the study enrollment questionnaire to be more consistent with the questionnaire that is being utilized in the BU DIAGNOSE study. In addition to quantifying the presence of the TauSome biomarker in blood plasma, the ESI/TGEN study will explore for the presence of the biomarker in urine and saliva. As compared to the previous DETECT study, the ESI/TGEN study will also seek enroll younger NFL subjects, including those that may be on current NFL rosters.

Third Quarter Financial Results

At December 31, 2017, the Company had a cash balance of approximately $5.6 million. The Company also raised approximately $1.4 million over the month of January 2018 through a combination of cash from warrant exercises and sales under the Company's At-The-Market financing agreement.

During the December 2017 quarter, the Company recorded $74,813 in revenues under its contract with the National Cancer Institute. The Company did not have any government contract revenue in the December 2016 quarter.

Consolidated operating expenses for both the three month periods ended December 31, 2017 and 2016 were approximately $1.24 million as increases in payroll and related expenses of approximately $28,000 and in professional fees of approximately $22,000 were largely offset by a decrease in general and administrative expenses of approximately $47,000.

The $28,000 increase in payroll and related expenses was due to a $17,000 increase in stock-based compensation and to an $11,000 increase in cash-based payroll and related expenses due to bonuses given to the Company's support and scientific staff.

The $22,000 increase in the Company's professional fees was due to increases various professional fees, including accounting and legal fees, which were partially offset decreases in scientific consulting expenses and business development expenses.

The $47,000 decrease in general and administrative expenses was primarily due to decreases in clinical trial expenses and in the cost of lab supplies.

The Company had other expense of approximately $56,000 in the third quarter of fiscal 2018 compared to other income of approximately $22,000 in the prior year period.

The net loss was approximately $1,215,000, or $(0.08) per share for the December 2017 quarter compared to a net loss of approximately $1,206,000, or $(0.15) for the December 2016 quarter.

The unaudited condensed consolidated balance sheet for December 31, 2017 and the unaudited condensed consolidated statements of operations for the three and nine month periods ended December 31, 2017 and 2016 follow at the end of this release.

Conference Call

Aethlon will hold a conference call for investors today, Thursday, February 1, 2018 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 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 is focused on addressing unmet needs in global health and biodefense. The Aethlon Hemopurifier® is a first-in-class therapeutic device designed to address life-threatening viral infections. The United States Food and Drug Administration (FDA) has designated the Hemopurifier® as a Breakthrough Device related to the treatment of life-threatening viruses that are not addressed with approved therapies.

In collaboration with leading government and non-government research institutes, Aethlon has validated the ability of the Hemopurifier® to capture a broad-spectrum of pandemic influenza viruses, mosquito-borne viruses and deadly hemorrhagic viruses. Based on its use to treat Ebola virus, the Hemopurifier® was named a "Top 25 Invention" and one of the "Eleven Most Remarkable Advances in Healthcare," by TIME Magazine.

Aethlon is also investigating the potential therapeutic 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. Additionally, Aethlon is 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). 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

	December 31, 2017 (unaudited)	March 31, 2017 (unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$5,610,799	$1,559,701
Prepaid expenses	14,537	37,551
TOTAL CURRENT ASSETS	5,625,336	1,597,252
Property and equipment, net	32,398	29,223
Patents, net	78,123	84,996
Other assets	14,897	14,897
TOTAL NONCURRENT ASSETS	125,418	129,116
TOTAL ASSETS	$5,750,754	$1,726,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	211,406	484,423
Due to related parties	64,466	57,866
Other current liabilities	60,534	69,467
TOTAL CURRENT LIABILITIES	336,406	611,756
NONCURRENT LIABILITIES		
Convertible notes payable, non-current portion, net	810,866	519,200
TOTAL NONCURRENT LIABILITIES	810,866	519,200
TOTAL LIABILITIES	1,147,272	1,130,956
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 15,367,658 and 8,797,086 shares issued and outstanding as of December 31, 2017 and March 31, 2017, respectively	15,368	8,796
Additional paid-in capital	102,820,906	94,445,739
Accumulated deficit	(98,138,853)	(93,778,156)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY BEFORE NONCONTROLLING INTERESTS	4,697,421	676,379
Noncontrolling interests	(93,939)	(80,967)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	4,603,482	595,412
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$5,750,754	$1,726,368

AETHLON MEDICAL, INC.
Condensed Consolidated Statements of Operations
For the three and nine month periods ended December 31, 2017 and 2016

	Three Months Ended 12/31/17 (unaudited)	Three Months Ended 12/31/16 (unaudited)	Nine Months Ended 12/31/17 (unaudited)	Nine Months Ended 12/31/16 (unaudited)
	$	$	$	$
Government contract income	74,813	-	74,813	392,073
Total revenues	74,813	-	74,813	392,073
OPERATING EXPENSES				
Professional fees	439,117	416,866	1,165,318	1,495,597
Payroll and related	663,245	635,698	1,911,553	2,793,888
General and administrative	136,078	182,982	557,991	696,662
Total operating expenses	1,238,440	1,235,546	3,634,862	4,986,147
OPERATING LOSS	(1,163,627)	(1,235,546)	(3,560,049)	(4,594,074)
OTHER (INCOME) EXPENSE				
Loss on share for warrant exchanges	-	-	130,214	-
(Gain) Loss on debt extinguishment	-	(58,691)	376,909	558,198
Warrant repricing expense	-	-	-	345,841
Interest and other debt expenses	55,912	36,565	306,495	115,308
	55,912	(22,126)	813,618	1,019,347
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(1,219,539)	$(1,213,420)	$(4,373,667)	$(5,613,421)
Loss attributable to noncontrolling interests	(4,532)	(7,689)	(12,972)	(23,088)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(1,215,007)	$(1,205,731)	$(4,360,695)	$(5,590,333)
Basic and diluted net loss available to common stockholders per share	$ (0.08)	$ (0.15)	$ (0.40)	$ (0.72)
Weighted average number of common shares outstanding	14,950,701	7,927,031	10,927,106	7,768,682

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