November 2, 2017

Aethlon Medical Announces Fiscal 2018 Second Quarter Results

SAN DIEGO, Nov. 2, 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 second quarter ended September 30, 2017.

Key Recent Developments

EAP – In September 2017, the United States Food and Drug Administration (FDA) granted an Expedited Access Pathway (EAP) designation to the Company to support the advancement of the Aethlon Hemopurifier® to treat life-threatening viruses. On October 25, 2017, the FDA published guidance that indicates the Hemopurifier and other EAP devices will now be advanced under a "Breakthrough Device" designation, which FDA is establishing as a result of the 21st Century Cures Act that was signed into law on December 13, 2016. The FDA Breakthrough Device designation was established to facilitate more rapid patient access to breakthrough technologies with the potential to address life threatening disease conditions for which no approved or cleared treatment alternatives exist.

The FDA agreed to the following "indication for use" in its EAP submission; "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."

NCI Contract -- In September 2017, the National Cancer Institute (NCI) has awarded the Company a government contract. The title of the SBIR Topic 359 Phase I contract is "Device Strategy for Selective Isolation of Oncosomes and Non-Malignant Exosomes." The NCI Phase I contract period runs from September 15, 2017 through June 14, 2018. The total amount of the firm fixed price contract is $299,250.

Public Offering -- In October 2017, the Company completed a public offering of common stock and warrants that raised net proceeds of $5,289,735. Additionally, during the September quarter, the Company raised $1,648,411 in net proceeds from sales under its At the Market offering facility.

Financial Results

The net loss for the September 2017 quarter was $1.3 million, or $0.14 per share, compared to a net loss for the September 2016 quarter of $2.3 million, or $0.29 per share.

Consolidated operating expenses were $1.24 million in the September 2017 quarter compared to $2.61 million in the September 2016 quarter, a decrease of approximately $1.37 million. This decrease was due to a reduction in payroll and related expenses of approximately $1.19 million, a decrease in professional fees of approximately $128,000 and

a reduction in general and administrative expenses of approximately $55,000.

The $1.19 million decrease in payroll and related expenses was primarily due to a $1.24 million decrease in stock-based compensation. The decrease in stock-based compensation was due to the upfront vesting percentage of the RSU grants to our officers and directors in August 2016. The cash-based payroll and related expenses increased by approximately $45,000 due to headcount additions in our scientific staff.

The Company had other expense of approximately $72,000 in the September 2017 quarter compared to approximately $37,000 in the September 2016 quarter, an increase of approximately $35,000.

At September 30, 2017, the Company had a cash balance of approximately $920,000. In October 2017, the Company completed a public offering that raised net proceeds of approximately $5.3 million.

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

Conference Call

Aethlon will hold a conference call for investors on Thursday, November 2, 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 November 9, 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 10114031.

About Aethlon Medical, Inc.

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® to an Expedited Access Pathway (EAP) 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+.

Forward Looking Statements

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. Forward-looking statement includes statements relating to the public offering and the satisfaction of closing conditions relating to the public offering, as well as general economic and market factors. 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

	September 30, 2017 (unaudited)	March 31, 2017 (unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$920,072	$1,559,701
Prepaid expenses	91,737	37,551
TOTAL CURRENT ASSETS	1,011,809	1,597,252
Property and equipment, net	38,858	29,223
Patents, net	80,414	84,996
Other assets	14,897	14,897
TOTAL NONCURRENT ASSETS	134,169	129,116
TOTAL ASSETS	$1,145,978	$1,726,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	275,579	484,423
Due to related parties	48,616	57,866
Other current liabilities	21,743	69,467
TOTAL CURRENT LIABILITIES	345,938	611,756
NONCURRENT LIABILITIES		
Convertible notes payable, non-current portion, net	780,579	519,200
TOTAL NONCURRENT LIABILITIES	780,579	519,200
TOTAL LIABILITIES	1,126,517	1,130,956
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value of $0.001, 30,000,000 shares authorized; 9,618,909 and 8,797,086 shares issued and outstanding as of September 30, 2017 and March 31, 2017, respectively	9,618	8,796
Additional paid-in capital	97,023,094	94,445,739
Accumulated deficit	(96,923,845)	(93,778,156)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY BEFORE NONCONTROLLING INTERESTS	108,867	676,379
Noncontrolling interests	(89,406)	(80,967)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	19,461	595,412
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$1,145,978	$1,726,368

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

	Three Months Ended 9/30/17 (unaudited)	Three Months Ended 9/30/16 (unaudited)	Six Months Ended 9/30/17 (unaudited)	Six Months Ended 9/30/16 (unaudited)
	$	$	$	$
Government contract income	-	387,438	-	392,073
Total revenues	-	387,438	-	392,073
OPERATING EXPENSES				
Professional fees	383,178	510,982	726,201	1,078,731
Payroll and related	618,081	1,813,003	1,248,308	2,158,190
General and administrative	234,914	290,131	421,913	513,681
Total operating expenses	1,236,173	2,614,116	2,396,422	3,750,602
OPERATING LOSS	(1,236,173)	(2,226,678)	(2,396,422)	(3,358,529)
OTHER (INCOME) EXPENSE				
Loss on share for warrant exchanges	10,425	-	130,214	-
Loss on debt extinguishment	-	-	376,909	616,889
Warrant repricing expense	-	-	-	345,841
Interest and other debt expenses	61,979	36,576	250,583	78,743
	72,404	36,576	757,706	1,041,473
NET LOSS BEFORE NONCONTROLLING INTERESTS	$(1,308,577)	$(2,263,254)	$(3,154,128)	$(4,400,002)
Loss attributable to noncontrolling interests	(4,671)	(7,668)	(8,439)	(15,400)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(1,303,906)	$(2,255,586)	$(3,145,689)	$(4,384,602)
Basic and diluted net loss available to common stockholders per share	$ (0.14)	$ (0.29)	$ (0.35)	$ (0.57)
Weighted average number of common shares outstanding	9,032,157	7,756,883	8,939,624	7,690,369

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