May 8, 2017

# Mateon Provides Corporate Update and Reports First Quarter 2017 Financial Results

SOUTH SAN FRANCISCO, Calif., May 08, 2017 (GLOBE NEWSWIRE) -- Mateon Therapeutics, Inc. (OTCQX:MATN), a biopharmaceutical company developing vascular disrupting agents (VDAs) for the treatment of orphan oncology indications, today provided a corporate update and reported financial results for the three months ended March 31, 2017.

**Recent Corporate Highlights**

•Announced results of the first interim analysis from the phase 2/3 FOCUS Study of CA4P in platinum-resistant ovarian cancer.

- Two of nine (22%) patients treated with CA4P had partial responses compared to one of eleven (9%) in the control arm. The magnitude of the responses was larger for patients treated with CA4P, with reductions of approximately 76% and 64% in lesion size compared to a reduction of 46% for the patient receiving control.
- No significant safety issues were identified in the interim analysis.

•Expect results from the second interim analysis (n=40) of the FOCUS Study in August 2017.

•Presented data from phase 2 monotherapy study in neuroendocrine tumors (NETs) and announced initiation of an investigator-sponsored phase 1 clinical trial in NETs using CA4P in combination with everolimus (AFINITOR®).

•Announced data from the third cohort of phase 1b study of OXi4503 in patients with relapsed/refractory acute myeloid leukemia (AML), showing that one patient (25%) in the cohort had a complete remission and two other patients demonstrated evidence of AML blast reduction following one cycle.

"I am excited about the progress we are making in both our CA4P and OXi4503 clinical development programs, including initial indications of efficacy for each of these investigational drugs," stated William D. Schwieterman, M.D., Mateon's President and Chief Executive Officer. "Our pipeline is advancing well, and we remain confident in the significant prospects for these promising product candidates. Additional clinical data read-outs are planned for each of these investigational drugs over the balance of 2017, and we look forward to receiving and announcing these results."

**Financial Results for the First Quarter of 2017**

For the three months ended March 31, 2017, Mateon reported a net loss of $4.0 million, compared to a net loss of $3.3 million for the three months ended March 31, 2016. Research and development expenses increased to $2.8 million for the three months ended March 31, 2017 compared to $2.0 million for the three months ended March 31, 2016, primarily due to costs associated with the ongoing clinical trials. General and administrative expenses decreased to $1.1 million for the three months ended March 31, 2017 compared to $1.4 million for the three months ended March 31, 2016.

At March 31, 2017, Mateon had cash and short-term investments of $8.3 million.

**About Mateon**

Mateon Therapeutics, Inc. is a biopharmaceutical company seeking to realize the full potential of vascular targeted therapy (VTT) in oncology. VTT includes vascular disrupting agents (VDAs) such as the investigational drugs that Mateon is developing, and anti-angiogenic agents (AAs), a number of which are FDA-approved and widely used in cancer treatment. These two approaches have distinct yet complementary mechanisms of action.

At Mateon, we believe that we can significantly improve cancer therapy by employing these two complementary approaches simultaneously. When utilized this way, VDAs obstruct existing blood vessels in the tumor leading to significant central tumor cell death while AAs prevent the formation of new tumor blood vessels.

Mateon is committed to leveraging our intellectual property and the product development expertise of our highly skilled management team to enable VTT to realize its true potential and to bring much-needed new therapies to cancer patients worldwide.

Safe Harbor Statement

Certain statements in this news release, including, but not limited to, those concerning the advancement of CA4P and OXi4503, the results of clinical trials, the potential significance of this data and its relation to other clinical and pre-clinical studies, and timing for the results from the second interim analysis of the FOCUS Study are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. They can be affected by inaccurate assumptions Mateon might make or by known or unknown risks and uncertainties, including, but not limited to: the Company's need to raise additional funds in the near term to conduct and complete its clinical and pre-clinical trials; the uncertainties as to the future success of ongoing and planned clinical trials; and the unproven safety and efficacy of products under development or that may be developed in the future. Consequently, no forward-looking statement can be guaranteed, and actual results may vary materially. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in Mateon's reports to the Securities and Exchange Commission, including Mateon's reports on Forms 10-Q, 8-K and 10-K. However, Mateon undertakes no obligation to publicly update forward-looking statements, whether because of new information, future events or otherwise.

**Balance Sheet Data (in thousands)**

| | March 31, 2017 (Unaudited) | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Cash and short-term investments | $ 8,344 | $ 12,047 |
| Prepaid clinical trial expenses | 1,542 | 1,946 |
| Other assets | 289 | 121 |
| Total assets | $ 10,175 | $ 14,114 |
| **Liabilities and stockholders' equity** | | |
| Accounts payable and accrued liabilities | 1,393 | 1,614 |
| Total stockholders' equity | 8,782 | 12,500 |
| Total liabilities and stockholders' equity | $ 10,175 | $ 14,114 |

**Income Statement Data (in thousands, except per share amounts) (unaudited)**

| | Three months ended March 31, 2017 | 2016 |
|---|---|---|
| Operating expenses: | | |
| Research and development | $ 2,848 | $ 1,980 |
| General and administrative | 1,122 | 1,372 |
| Total operating expenses | 3,970 | 3,352 |
| Loss from operations | (3,970) | (3,352) |
| Interest income | 14 | 28 |
| Other expense, net | (2) | (1) |
| Net loss | $ (3,958) | $ (3,325) |
| Basic and diluted net loss per share attributable to common stock | $ (0.15) | $ (0.13) |
| Weighted-average number of common shares outstanding | 26,545 | 26,545 |

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