SECURITIES & EXCHANGE COMMISSION EDGAR FILING

PALATIN TECHNOLOGIES INC

Form: 10-Q

Date Filed: 2020-11-16

Corporate Issuer CIK: 911216

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 - Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-15543

PALATIN TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**95-4078884**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4B Cedar Brook Drive **Cranbury, New Jersey**	**08512**
(Address of principal executive offices)	(Zip Code)

(609) 495-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol**	**Name of Each Exchange on Which Registered**
Common Stock, par value $.01 per share	PTN	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☑
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date (November 13, 2020): 229,901,307

PALATIN TECHNOLOGIES, INC.

Table of Contents

Special Note Regarding Forward-Looking Statements

In this Quarterly Report on Form 10-Q (this "Quarterly Report") references to "we," "our," "us," the "Company" or "Palatin" means Palatin Technologies, Inc. and its subsidiary.

Statements in this Quarterly Report, as well as oral statements that may be made by us or by our officers, directors, or employees acting on our behalf, that are not historical facts constitute "forward-looking statements," which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The forward-looking statements in this Quarterly Report do not constitute guarantees of future performance. Investors are cautioned that statements that are not strictly historical facts contained in this Quarterly Report, including, without limitation, the following are forward looking statements:

- our business, financial condition, and results of operations may be adversely affected by global health epidemics, including the novel strain of coronavirus ("COVID-19") pandemic and its resurgence of cases in the United States, such as, for example, increase in costs of and delays in conducting human clinical trials and the performance of our contractors and suppliers, and reduction in our productivity or the productivity of our contractors and suppliers;
- our ability to successfully commercialize Vyleesi® (the trade name for bremelanotide) for the treatment of premenopausal women with hypoactive sexual desire disorder ("HSDD") in the United States, which may be adversely affected by delays or disruptions related to the ongoing COVID-19 pandemic;
- our ability to manage the infrastructure to successfully manufacture, through contract manufacturers, Vyleesi, and to develop the infrastructure to successfully market and distribute Vyleesi in the United States;
- our ability to meet post-marketing requirements of the U.S. Food and Drug Administration ("FDA") to conduct two additional studies and one additional clinical trial for Vyleesi;
- our expectations regarding the potential market size and market acceptance for Vyleesi for HSDD in the United States and elsewhere in the world;
- our expectations regarding performance of our exclusive licensees of Vyleesi for the treatment of premenopausal women with HSDD, which is a type of female sexual dysfunction ("FSD"), including:
  - Shanghai Fosun Pharmaceutical Industrial Development Co. Ltd. ("Fosun"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., for the territories of the People's Republic of China, Taiwan, Hong Kong S.A.R. and Macau S.A.R. (collectively, "China"), and
  - Kwangdong Pharmaceutical Co., Ltd. ("Kwangdong") for the Republic of Korea ("Korea");
- our expectations and the ability of our licensees to timely obtain approvals and successfully commercialize Vyleesi in countries other than the United States;
- estimates of our expenses, future revenue, and capital requirements;
- our ability to achieve profitability;
- our ability to obtain additional financing on terms acceptable to us, or at all, including unavailability of funds or delays in receiving funds as a result of the ongoing COVID-19 pandemic;
- our ability to advance product candidates into, and successfully complete, clinical trials;

- the initiation, timing, progress and results of future preclinical studies and clinical trials, and our research and development programs;
- the timing or likelihood of regulatory filings and approvals;
- our expectations regarding the clinical efficacy and utility of our melanocortin agonist product candidates for treatment of inflammatory and autoimmune related diseases and disorders, including ocular indications;
- our ability to compete with other products and technologies treating the same or similar indications as our product candidates;
- the ability of our third-party collaborators to timely carry out their duties under their agreements with us;
- the ability of our contract manufacturers to perform their manufacturing activities for us in compliance with applicable regulations;
- our ability to recognize the potential value of our licensing arrangements with third parties;
- the potential to achieve revenues from the sale of our product candidates;
- our ability to obtain adequate reimbursement from Medicare, Medicaid, private insurers, and other healthcare payers;
- our ability to maintain product liability insurance at a reasonable cost or in sufficient amounts, if at all;
- the performance of our management team, senior staff professionals, and third-party contractors and consultants;
- the retention of key management, employees, and third-party contractors;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology in the United States and throughout the world;
- our compliance with federal and state laws and regulations;
- the timing and costs associated with obtaining regulatory approval for our product candidates, including delays and additional costs related to the ongoing COVID-19 pandemic;
- the impact of fluctuations in foreign exchange rates;
- the impact of legislative or regulatory healthcare reforms in the United States;
- our ability to adapt to changes in global economic conditions as well as competing products and technologies; and
- our ability to remain listed on the NYSE American stock exchange.

Such forward-looking statements involve risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Our future operating results are subject to risks and uncertainties and are dependent upon many factors, including, without limitation, the risks identified under the caption “Risk Factors” and elsewhere in this Quarterly Report, and any of those made in our other reports filed with the U.S. Securities and Exchange Commission (the “SEC”). Except as required by law, we do not intend, and undertake no obligation, to publicly update forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PALATIN TECHNOLOGIES, INC.
and Subsidiary
Consolidated Balance Sheets
(unaudited)

	September 30, 2020	June 30, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 86,587,455	$ 82,852,270
Accounts receivable	5,044,372	-
Inventories	5,792,595	-
Prepaid expenses and other current assets	2,360,001	738,216
Total current assets	99,784,423	83,590,486
Property and equipment, net	126,772	140,216
Right-of-use assets	1,190,410	1,266,132
Other assets	56,916	56,916
Total assets	$ 101,158,521	$ 85,053,750
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 971,308	$ 715,672
Accrued expenses	3,823,682	2,899,097
Short-term operating lease liabilities	282,275	312,784
Other current liabilities	7,575,000	-
Total current liabilities	12,652,265	3,927,553
Long-term operating lease liabilities	911,775	953,348
Other long-term liabilities	10,619,000	-
Total liabilities	24,183,040	4,880,901
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock of $0.01 par value – authorized 10,000,000 shares; shares issued and outstanding designated as follows:		
Series A Convertible: authorized 264,000 shares: issued and outstanding 4,030 shares as of September 30, 2020 and June 30, 2020	40	40
Common stock of $0.01 par value – authorized 300,000,000 shares:		
issued and outstanding 229,855,417 shares as of September 30, 2020 and 229,258,400 shares as of June 30, 2020	2,298,554	2,292,584
Additional paid-in capital	396,816,565	396,079,127
Accumulated deficit	(322,139,678)	(318,198,902)
Total stockholders' equity	76,975,481	80,172,849
Total liabilities and stockholders' equity	$ 101,158,521	$ 85,053,750

The accompanying notes are an integral part of these consolidated financial statements.

PALATIN TECHNOLOGIES, INC.
and Subsidiary
Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,	
	2020	**2019**
REVENUES		
Product revenue, net	$ (288,560)	$ -
License and contract	-	97,379
	(288,560)	97,379
OPERATING EXPENSES		
Cost of products sold	25,200	-
Research and development	2,923,851	3,127,489
Selling, general and administrative	2,331,606	1,832,442
Gain on license termination agreement	(1,623,795)	-
Total operating expenses	3,656,862	4,959,931
Loss from operations	(3,945,422)	(4,862,552)
OTHER INCOME (EXPENSE)		
Investment income	12,135	370,654
Interest expense	(7,489)	(9,051)
Total other income, net	4,646	361,603
NET LOSS	$ (3,940,776)	$ (4,500,949)
Basic and diluted net loss per common share	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding used in computing basic and diluted net loss per common share	236,345,862	233,113,241

The accompanying notes are an integral part of these consolidated financial statements.

PALATIN TECHNOLOGIES, INC.
and Subsidiary
Consolidated Statements of Stockholders' Equity
(unaudited)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, June 30, 2020	4,030	$ 40	229,258,400	$ 2,292,584	$ 396,079,127	$ (318,198,902)	$ 80,172,849
Stock-based compensation	-	-	743,112	7,431	813,743	-	821,174
Withholding taxes related to restricted stock units	-	-	(146,095)	(1,461)	(76,305)	-	(77,766)
Net loss	-	-	-	-	-	(3,940,776)	(3,940,776)
Balance, September 30, 2020	4,030	$ 40	229,855,417	$ 2,298,554	$ 396,816,565	$ (322,139,678)	$ 76,975,481

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, June 30, 2019	4,030	$ 40	226,815,363	$ 2,268,154	$ 394,053,929	$ (295,772,879)	$ 100,549,244
Stock-based compensation	-	-	224,000	2,240	825,495	-	827,735
Sale of common stock , net of costs	-	-	657,894	6,579	573,151	-	579,730
Warrant repurchase	-	-	-	-	(1,333,497)	-	(1,333,497)
Net loss	-	-	-	-	-	(4,500,949)	(4,500,949)
Balance, September 30, 2019	4,030	$ 40	227,697,257	$ 2,276,973	$ 394,119,078	$ (300,273,828)	$ 96,122,263

The accompanying notes are an integral part of these consolidated financial statements.

PALATIN TECHNOLOGIES, INC.
and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended September 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,940,776)	$ (4,500,949)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	13,444	18,253
Cash received in excess of gain on termination agreement	10,376,205	-
Non-cash interest expense	-	438
Decrease in right-of-use asset	75,722	72,113
Stock-based compensation	821,174	827,735
Changes in operating assets and liabilities:		
Accounts receivable	(744,372)	60,168,591
Prepaid expenses and other assets	(1,621,785)	39,436
Inventories	25,200	-
Accounts payable	255,636	(446,964)
Accrued expenses	(1,375,415)	(1,269,232)
Operating lease liabilities	(72,082)	(72,113)
Net cash provided by operating activities	3,812,951	54,837,308
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(62,880)
Net cash used in investing activities	-	(62,880)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of withholding taxes related to restricted stock units	(77,766)	-
Payment on notes payable obligations	-	(832,851)
Warrant repurchases	-	(1,333,497)
Proceeds from the sale of common stock, net of costs	-	579,730
Net cash used in financing activities	(77,766)	(1,586,618)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,735,185	53,187,810
CASH AND CASH EQUIVALENTS, beginning of period	82,852,270	43,510,422
CASH AND CASH EQUIVALENTS, end of period	$ 86,587,455	$ 96,698,232
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 7,489	$ 8,132

The accompanying notes are an integral part of these consolidated financial statements.

(1) ORGANIZATION

Nature of Business - Palatin Technologies, Inc. ("Palatin" or the "Company") is a specialized biopharmaceutical company developing first-in-class medicines based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. The Company's product candidates are targeted, receptor-specific therapeutics for the treatment of diseases with significant unmet medical need and commercial potential.

Melanocortin Receptor System. The melanocortin receptor ("MCr") system is hormone driven, with effects on food intake, metabolism, sexual function, inflammation, and immune system responses. There are five melanocortin receptors, MC1r through MC5r. Modulation of these receptors, through use of receptor-specific agonists, which activate receptor function, or receptor-specific antagonists, which block receptor function, can have significant pharmacological effects.

The Company's lead product, Vyleesi®, was approved by the U.S. Food and Drug Administration ("FDA") in June 2019 and was being marketed in North America by AMAG Pharmaceuticals, Inc. ("AMAG") for the treatment of hypoactive sexual desire disorder ("HSDD") in premenopausal women pursuant to a license agreement between them for Vyleesi for North America, which was entered into on January 8, 2017 (the "AMAG License Agreement"). As disclosed in Note 5, the AMAG License Agreement was terminated effective July 24, 2020, and the Company is now marketing Vyleesi in North America.

The Company's new product development activities focus primarily on MC1r agonists, with potential to treat inflammatory and autoimmune diseases such as dry eye disease, which is also known as keratoconjunctivitis sicca, uveitis, diabetic retinopathy, and inflammatory bowel disease. The Company believes that the MC1r agonist peptides in development have broad anti-inflammatory effects and appear to utilize mechanisms engaged by the endogenous melanocortin system in regulation of the immune system and resolution of inflammatory responses. The Company is also developing peptides that are active at more than one melanocortin receptor, and MC4r peptide and small molecule agonists with potential utility in obesity and metabolic-related disorders, including rare disease and orphan indications.

Natriuretic Peptide Receptor System. The natriuretic peptide receptor ("NPR") system regulates cardiovascular functions, and therapeutic agents modulating this system have potential to treat cardiovascular and fibrotic diseases. The Company has designed and is developing potential NPR candidate drugs selective for one or more different natriuretic peptide receptors, including natriuretic peptide receptor-A ("NPR-A"), natriuretic peptide receptor B ("NPR-B"), and natriuretic peptide receptor C ("NPR-C").

Business Risks and Liquidity – Since inception, the Company has generally incurred negative cash flows from operations, and has expended, and expects to continue to expend, substantial funds to develop the capability to market and distribute Vyleesi in the United States and complete its planned product development efforts. As shown in the accompanying consolidated financial statements, the Company had an accumulated deficit as of September 30, 2020 of $322,139,678 and a net loss for the three months ended September 30, 2020 of $3,940,776, and the Company anticipates incurring significant expenses in the future as a result of spending on developing marketing and distribution capabilities for Vyleesi in the United States and spending on its development programs and will require substantial additional financing or revenues to continue to fund its planned developmental activities. To achieve sustained profitability, if ever, the Company, alone or with others, must successfully develop and commercialize its technologies and proposed products, conduct successful preclinical studies and clinical trials, obtain required regulatory approvals and successfully manufacture and market such technologies and proposed products. The time required to reach sustained profitability is highly uncertain, and the Company may never be able to achieve profitability on a sustained basis, if at all.

As of September 30, 2020, the Company's cash and cash equivalents were $86,587,455 and current liabilities were $12,652,265. Management intends to utilize existing capital resources for general corporate purposes and working capital, including establishing marketing and distribution capabilities for Vyleesi in the United States and preclinical and clinical development of the Company's MC1r and MC4r peptide programs and natriuretic peptide program, and development of other portfolio products.

Management believes that the Company's cash and cash equivalents as of September 30, 2020 will be sufficient to fund our current operating plans through at least December 2021. The Company will need additional funding to complete required clinical trials for its other product candidates and, assuming those clinical trials are successful, as to which there can be no assurance, to complete submission of required applications to the FDA. If the Company is unable to obtain approval or otherwise advance in the FDA approval process, the Company's ability to sustain its operations could be materially adversely affected.

The Company may seek the additional capital necessary to fund its operations through public or private equity offerings, collaboration agreements, debt financings or licensing arrangements. Additional capital that is required by the Company may not be available on reasonable terms, or at all.

In March 2020, the World Health Organization declared COVID-19, a disease caused by a novel strain of coronavirus, a pandemic. The Company has taken steps to ensure the safety and well-being of its employees and clinical trial patients to comply with guidance from federal, state and local authorities, while working to ensure the sustainability of its business operations as this unprecedented situation continues to evolve. In mid-March, the Company transitioned to a company-wide work from home policy. Business-critical activities continue to be subject to heightened precautions to ensure safety of employees. The Company continues to assess its policies, business continuity plans and employee support.

The Company continues to evaluate the impact of COVID-19 on the healthcare system and work with contract research organizations supporting its clinical, research, and development programs to mitigate risk to patients and its business and community partners, taking into account regulatory, institutional, and government guidance and policies.

The Company will receive a royalty on sales of Vyleesi by our licensees. We have licensed third parties to sell Vyleesi in China and Korea. The COVID-19 coronavirus could adversely impact the time required to obtain regulatory approvals to sell Vyleesi in China and Korea, which would delay when the Company receives royalty income from sales in those countries.

The Company cannot be certain what the overall impact of the COVID-19 pandemic, including the recent resurgence of cases in the United States, will be on its business and it has the potential to materially adversely affect its business, financial condition and results of operations and cashflows during fiscal 2021 and beyond.

Concentrations – Concentrations in the Company's assets and operations subject it to certain related risks. Financial instruments that subject the Company to concentrations of credit risk primarily consist of cash, cash equivalents and accounts receivable. The Company's cash and cash equivalents are primarily invested in one money market account sponsored by a large financial institution. For the three months ended September 30, 2020, the Company recorded a gain of $1,623,795 related to the termination of the AMAG License Agreement. In connection with the termination agreement, the Company has a receivable balance due from AMAG of $4,300,000 as of September 30, 2020. For the three months ended September 30, 2019, the Company reported $97,379 in revenue related to the AMAG License Agreement.

(2) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnote disclosures required to be presented for complete financial statements. In the opinion of management, these consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation. The results of operations for the three months ended September 30, 2020 may not necessarily be indicative of the results of operations expected for the full year.

The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2020, filed with the Securities and Exchange Commission ("SEC"), which includes consolidated financial statements as of June 30, 2020 and 2019 and for each of the fiscal years in the three-year period ended June 30, 2020.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of Palatin and its wholly-owned inactive subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash in banks and all highly liquid investments with a purchased maturity of less than three months. Cash equivalents consist of $86,396,008 and $82,406,697 in a money market account at September 30, 2020 and June 30, 2020, respectively.

Fair Value of Financial Instruments – The Company's financial instruments consist primarily of cash equivalents, accounts receivable and accounts payable. Management believes that the carrying values of cash equivalents, accounts receivable and accounts payable are representative of their respective fair values based on the short-term nature of these instruments.

Credit Risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. Total cash and cash equivalent balances have exceeded balances insured by the Federal Depository Insurance Company. Currently accounts receivable are due exclusively from AMAG.

Inventories – Inventory is stated at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis.

On a quarterly basis, the Company reviews inventory levels to determine whether any obsolete, expired, or excess inventory exists. If any inventory is expected to expire prior to being sold, has a cost basis in excess of its net realizable value, is in excess of expected sales requirements as determined by internal sales forecasts, or fails to meet commercial sale specifications, the inventory is written-down through a charge to cost of products sold. Once packaged, inventory has a shelf-life ranging from three to five years.

Property and Equipment – Property and equipment consists of office and laboratory equipment, office furniture and leasehold improvements and includes assets acquired under finance leases. Property and equipment are recorded at cost. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets, generally five years for laboratory and computer equipment, seven years for office furniture and equipment and the lesser of the term of the lease or the useful life for leasehold improvements. Amortization of assets acquired under finance leases is included in depreciation expense. Maintenance and repairs are expensed as incurred while expenditures that extend the useful life of an asset are capitalized. Accumulated depreciation and amortization was $2,466,289 and $2,452,845 as of September 30, 2020 and June 30, 2020, respectively.

Impairment of Long-Lived Assets – The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine recoverability of a long-lived asset, management evaluates whether the estimated future undiscounted net cash flows from the asset are less than its carrying amount. If impairment is indicated, the long-lived asset would be written down to fair value. Fair value is determined by an evaluation of available price information at which assets could be bought or sold, including quoted market prices, if available, or the present value of the estimated future cash flows based on reasonable and supportable assumptions.

Leases - At lease inception, the Company determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities in the consolidated financial statements. ROU assets represent the Company's right to use leased assets over the term of the lease. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term. For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses an estimate based on a hypothetical rate provided by a third party as the Company currently does not have issued debt. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause incremental costs to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to recognize an ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short term leases is included in general and administrative expense in the statement of operations. To the extent a lease arrangement includes both lease and non-lease components, the Company has elected to account for the components as a single lease component.

The Company has operating leases for office and laboratory space, which expire on June 30, 2025 and October 31, 2023, respectively. The Company also has operating leases for copier equipment that expire October 15, 2021 and phone equipment that expires on June 30, 2023.

Revenue Recognition – The Company principally sells Vyleesi to specialty pharmacies and payment is currently made within approximately 30 days. The specialty pharmacies subsequently resell the products to healthcare providers and patients. In addition to distribution agreements with customers, the Company enters into arrangements with healthcare providers and payers that provide for government-mandated and/or privately-negotiated rebates, chargebacks, and discounts with respect to the purchase of the Company's products.

Revenue from product sales is recognized when control is transferred to the customer, which occurs at the point in time when the goods are shipped. In instances when the Company performs shipping and handling activities, these are considered fulfillment activities, and accordingly, the costs are accrued when the related revenue is recognized.

The Company records product revenues net of allowances for direct and indirect fees, discounts, estimated chargebacks and rebates. Product sales are also subject to return rights, which have not been significant to date.

Gross product sales were offset by product sales allowances for the three months ended September 30, 2020 as follows:

Gross product sales	$ 809,100
Provision for product sales allowances and accruals	(1,097,660)
Net sales	$ (288,560)

For licenses of intellectual property, the Company assesses, at contract inception, whether the intellectual property is distinct from other performance obligations identified in the arrangement. If the licensing of intellectual property is determined to be distinct, revenue is recognized for nonrefundable, upfront license fees when the license is transferred to the customer and the customer can use and benefit from the license. If the licensing of intellectual property is determined not to be distinct, then the license will be bundled with other promises in the arrangement into one performance obligation. The Company needs to determine if the bundled performance obligation is satisfied over time or at a point in time. If the Company concludes that the nonrefundable, upfront license fees will be recognized over time, the Company will need to assess the appropriate method of measuring proportional performance.

Regulatory milestone payments are excluded from the transaction price due to the inability to estimate the probability of reversal. Revenue relating to achievement of these milestones is recognized in the period in which the milestone is achieved.

Sales-based royalty and milestone payments resulting from customer contracts solely or predominately for the license of intellectual property will only be recognized upon occurrence of the underlying sale or achievement of the sales milestone in the future and such sales-based royalties and milestone payments will be recognized in the same period earned.

The Company recognizes revenue for reimbursements of research and development costs under collaboration agreements as the services are performed. The Company records these reimbursements as revenue and not as a reduction of research and development expenses as the Company is the principal in the research and development activities based upon its control of such activities, which is considered part of its ordinary activities.

Development milestone payments are generally due 30 business days after the milestone is achieved. Sales milestone payments are generally due 45 business days after the calendar year in which the sales milestone is achieved. Royalty payments are generally due on a quarterly basis 20 business days after being invoiced.

Research and Development Costs – The costs of research and development activities are charged to expense as incurred, including the cost of equipment for which there is no alternative future use.

Accrued Expenses – Third parties perform a significant portion of the Company's development activities. The Company reviews the activities performed under all contracts each quarter and accrues expenses and the amount of any reimbursement to be received from its collaborators based upon the estimated amount of work completed. Estimating the value or stage of completion of certain services requires judgment based on available information. If the Company does not identify services performed for it but not billed by the service-provider, or if it underestimates or overestimates the value of services performed as of a given date, reported expenses will be understated or overstated.

Stock-Based Compensation – The Company charges to expense the fair value of stock options and other equity awards granted. Compensation costs for stock-based awards with time-based vesting are determined using the quoted market price of the Company's common stock on the date of grant or for stock options, the value determined utilizing the Black-Scholes option pricing model, and are recognized on a straight-line basis, while awards containing a market condition are valued using multifactor Monte Carlo simulations. Compensation costs for awards containing a performance condition are determined using the quoted price of the Company's common stock on the date of grant or for stock options, the value determined utilizing the Black Scholes option pricing model, and are recognized based on the probability of achievement of the performance condition over the service period. Forfeitures are recognized as they occur.

Income Taxes – The Company and its subsidiary file consolidated federal and separate-company state income tax returns. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences or operating loss and tax credit carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The Company has recorded and continues to maintain a full valuation allowance against its deferred tax assets based on the history of losses incurred and lack of experience projecting future product revenue and sales-based royalty and milestone payments.

Net Loss per Common Share - Basic and diluted loss per common share ("EPS") are calculated in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 260, *Earnings per Share*.

For the three months ended September 30, 2020 and 2019, no additional common shares were added to the computation of diluted EPS because to do so would have been anti-dilutive. The potential number of common shares excluded from diluted EPS during the three and nine months ended September 30, 2020 and 2019 was 38,526,609 and 37,497,717, respectively.

Included in the weighted average common shares used in computing basic and diluted net loss per common share are 6,444,353 and 5,978,150 vested restricted stock units that had not been issued as of September 30, 2020 and 2019, respectively, due to a provision in the restricted stock unit agreements to delay delivery.

(4) NEW AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-06, *Debt (Topic 470) and Derivatives and Hedging (Topic 815): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.* The amendments in this update address issues identified as a result of the complexity associated with applying U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. The guidance is effective for public entities for fiscal years beginning after December 15, 2021, and for interim periods within those fiscal years, with early adoption permitted. The guidance is applicable to the Company beginning July 1, 2022. The Company is currently evaluating the potential effects of this guidance on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application and simplify U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The guidance is effective for public entities for fiscal years beginning after December 15, 2020, and for interim periods within those fiscal years, with early adoption permitted. The guidance is applicable to the Company beginning July 1, 2021. The Company is currently evaluating the potential effects of this guidance on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.* This update provides clarification on the interaction between Revenue Recognition (Topic 606) and Collaborative Arrangements (Topic 808), including the alignment of unit of account guidance between the two topics. The guidance is effective for public entities for fiscal years beginning after December 15, 2019, and for interim periods within those fiscal years, with early adoption permitted. The guidance was applicable to the Company beginning July 1, 2020. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments,* which requires measurement and recognition of expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This is different from the current guidance as this will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets. The new guidance will be effective for the Company on July 1, 2023 with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

(5) AGREEMENTS WITH AMAG

On January 8, 2017, the Company entered into the AMAG License Agreement pursuant to which the Company granted AMAG (i) an exclusive license in all countries of North America (the "Territory"), with the right to grant sub-licenses, to research, develop and commercialize products containing Vyleesi (each a "Product", and collectively, "Products"), (ii) a non-exclusive license in the Territory, with the right to grant sub-licenses, to manufacture the Products, and (iii) a non-exclusive license in all countries outside the Territory, with the right to grant sub-licenses, to research, develop and manufacture (but not commercialize) the Products.

Following the satisfaction of certain conditions to closing, the AMAG License Agreement became effective on February 2, 2017, and AMAG paid the Company $60,000,000 as a one-time initial payment. Under the AMAG License Agreement, AMAG was required to reimburse the Company up to an aggregate amount of $25,000,000 for reasonable, documented, direct out-of-pocket expenses incurred by the Company following February 2, 2017, in connection with development and regulatory activities necessary to file a New Drug Application ("NDA") for Vyleesi for HSDD in the United States.

The Company determined there was no stand-alone value for the license, and that the license and the reimbursable direct out-of-pocket expenses, pursuant to the terms of the AMAG License Agreement, represented a combined unit of accounting which totaled $85,000,000. The Company recognized revenue of the combined unit of accounting over the arrangement using the input-based proportional method as the Company completed its development obligations. During the three months ended September 30, 2019, license and contract revenue included additional billings for AMAG related Vyleesi costs of $97,379.

On June 4, 2018, the FDA accepted the Vyleesi NDA for filing. The FDA's acceptance triggered a $20,000,000 milestone payment to Palatin from AMAG. As a result, the Company recognized $20,000,000 in revenue related to regulatory milestones in fiscal 2018. On June 21, 2019, the FDA granted approval of Vyleesi for use in the United States. The FDA's approval triggered a $60,000,000 milestone payment to Palatin from AMAG. As a result, the Company recognized $60,000,000 in revenue related to regulatory milestones in fiscal 2019.

Effective July 24, 2020, the Company entered into a termination agreement (the "Termination Agreement") with AMAG terminating the AMAG License Agreement. Under the terms of the Termination Agreement, the Company has regained all development and commercialization rights for Vyleesi in the Territory. AMAG made a $12,000,000 payment to the Company at closing of the Termination Agreement and will make a $4,300,000 payment to the Company on March 31, 2021. The Company recorded a liability related to estimated losses on inventory purchase commitments of $18,194,000 as well as accrued expenses for an inventory production run obligation assumed of $2,300,000. As a result, the Company recorded a net gain for the Termination Agreement of $1,623,795. The Company has assumed all Vyleesi manufacturing agreements, and AMAG has transferred information, data, and assets related exclusively to Vyleesi to the Company, including existing inventory with a fair value of $5,817,795.

Under the Termination Agreement, AMAG is providing certain transitional services to the Company for a period to ensure continued patient access to Vyleesi during the transition back to the Company. The Company is reimbursing AMAG for the agreed upon costs of the transition services.

(6) MANUFACTURING SUPPLY AGREEMENTS FOR VYLEESI:

Pursuant to the Termination Agreement, the Company assumed Vyleesi manufacturing contracts with Catalent Belgium S.A. ("Catalent"), a subsidiary of Catalent Pharma Solutions, Inc., to manufacture drug product and prefilled syringes and assemble prefilled syringes into an auto-injector device (the "Catalent Agreement"), Ypsomed AG ("Ypsomed"), to manufacture the auto-injector device (the "Ypsomed Agreement"), and Lonza Ltd. ("Lonza"), to manufacture the active pharmaceutical ingredient peptide (the "Lonza Agreement").

On September 29, 2020, the Company and Catalent entered into an agreement to terminate the Catalent Agreement (the "Catalent Termination Agreement") in consideration for a one-time payment of six million euros (€6,000,000) which was paid in October 2020 and accrued as part of the estimated losses on inventory purchase commitments assumed as part of the Termination Agreement as discussed in note 5.

The Company and Catalent then entered into a new Vyleesi manufacturing agreement (the "New Catalent Agreement") which includes reduced minimum annual purchase requirements (see note 13) as compared to the original Catalent Agreement and modification of other financial terms. The New Catalent Agreement provides that Catalent will provide manufacturing and supply services to Palatin related to production of Vyleesi, including that Catalent will supply specified minimums of Palatin's requirements for Vyleesi during the term of the New Catalent Agreement through August 21, 2025, unless earlier terminated in accordance with the terms of the New Catalent Agreement. The initial term of the New Catalent Agreement will be automatically extended for one 24-month period unless either party notifies the other of its desire to terminate as of the end of the initial term. The New Catalent Agreement also includes customary terms and conditions relating to forecasting and minimum commitments, ordering, delivery, inspection and acceptance, and termination, among other matters.

The term of the Lonza Agreement is through December 31, 2022. There are specified minimum purchase requirements under the Lonza Agreement, and under specified circumstances, termination fees may be payable upon termination of the Lonza Agreement by the Company (see note 13).

The initial term of the Ypsomed Agreement is through December 31, 2025, with automatic renewal for successive one-year periods unless either party terminates the Ypsomed Agreement by ten months' written notice prior to the expiration of the Ypsomed Agreement or any automatic renewal period. There are specified minimum purchase requirements under the Ypsomed Agreement, and under specified circumstances, termination fees may be payable upon termination of the Ypsomed Agreement by the Company (see note 13).

(7) AGREEMENT WITH FOSUN:

On September 6, 2017, the Company entered into a license agreement with Fosun ("Fosun License Agreement") for exclusive rights to commercialize Vyleesi in China. Under the terms of the agreement, the Company received $4,500,000 in October 2017, which consisted of an upfront payment of $5,000,000 less $500,000 that was withheld in accordance with tax withholding requirements in China and recorded as an expense during the year ended June 30, 2018. The Company will receive a $7,500,000 milestone payment when regulatory approval in China is obtained, provided that a commercial supply agreement for Vyleesi has been entered into. Palatin has the potential to receive up to $92,500,000 in additional sales related milestone payments and high single-digit to low double-digit royalties on net sales in the licensed territory. All development, regulatory, sales, marketing, and commercial activities and associated costs in the licensed territory will be the sole responsibility of Fosun.

(8) AGREEMENT WITH KWANGDONG:

On November 21, 2017, the Company entered into a license agreement with Kwangdong ("Kwangdong License Agreement") for exclusive rights to commercialize Vyleesi in Korea. Under the terms of the agreement, the Company received $417,500 in December 2017, consisting of an upfront payment of $500,000, less $82,500, which was withheld in accordance with tax withholding requirements in Korea and recorded as an expense during the year ended June 30, 2018. The Company will receive a $3,000,000 milestone payment based on the first commercial sale in Korea. Palatin has the potential to receive up to $37,500,000 in additional sales related milestone payments and mid-single-digit to low double-digit royalties on net sales in the licensed territory. All development, regulatory, sales, marketing, and commercial activities and associated costs in the licensed territory will be the sole responsibility of Kwangdong.

(9) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	September 30, 2020	June 30, 2020
Clinical / regulatory costs	$ 28,346	$ 43,625
Insurance premiums	78,654	84,741
Vyleesi contractual advances	1,500,000	-
Other	753,001	609,850
	$ 2,360,001	$ 738,216

(10) FAIR VALUE MEASUREMENTS

The fair value of cash equivalents is classified using a hierarchy prioritized based on inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value. A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets carried at fair value:

	Carrying Value	Quoted prices in active markets (Level 1)	Other quoted/observable inputs (Level 2)	Significant unobservable inputs (Level 3)
September 30, 2020:				
Money Market Account	$ 86,396,008	$ 86,396,008	$ -	$ -
June 30, 2020:				
Money Market Account	$ 82,406,697	$ 82,406,697	$ -	$ -

(11) ACCRUED EXPENSES

Accrued expenses consist of the following:

	September 30, 2020	June 30, 2020
Clinical / regulatory costs	$ 701,733	$ 1,722,729
Other research related expenses	511,803	586,185
Professional services	79,913	217,662
Inventory purchases	2,300,000	-
Other	230,233	372,521
	$ 3,823,682	$ 2,899,097

(12) NOTES PAYABLE:

On July 2, 2015, the Company closed on a $10,000,000 venture loan led by Horizon Technology Finance Corporation ("Horizon"). The debt facility was a four-year senior secured term loan that bore interest at a floating coupon rate of one-month LIBOR (floor of 0.50%) plus 8.50% and provided for interest-only payments for the first eighteen months followed by monthly payments of principal of $333,333 plus accrued interest through August 1, 2019. The lenders also received five-year immediately exercisable Series G warrants to purchase 549,450 shares of the Company's common stock exercisable at an exercise price of $0.91 per share. The Company recorded a debt discount of $305,196 equal to the fair value of these warrants at issuance, which were amortized to interest expense over the term of the related debt. This debt discount was offset against the note payable balance and was included in additional paid-in capital on the Company's balance sheet. In addition, a final incremental payment of $500,000 was due on August 1, 2019. This final incremental payment was accreted to interest expense over the term of the related debt and was included in other current liabilities on the consolidated balance sheet. The Company incurred $146,115 of costs in connection with the loan agreement. These costs were capitalized as deferred financing costs and were offset against the note payable balance. These debt issuance costs were amortized to interest expense over the term of the related debt. During the three months ended September 30, 2019, the loan matured, and on July 31, 2019, the Company made the final incremental payment of $500,000.

(13) COMMITMENTS AND CONTINGENCIES

As a result of the Termination Agreement and subsequent activity, the Company has certain supply agreements with manufacturers and suppliers, including the New Catalent Agreement, Lonza Agreement and Ypsomed Agreement. The Company is required to make certain payments for the manufacture and supply of Vyleesi. The following table summarizes the contractual obligations under the Catalent Termination Agreement, New Catalent Agreement, Lonza Agreement and Ypsomed Agreement as of September 30, 2020:

	Total	Current	1-3 Years	4-5 Years
Inventory purchase commitments	$ 18,667,000	$ 8,048,000	$ 8,226,000	$ 2,393,000

As of September 30, 2020, the Company has $7,575,000 and $10,619,000 accrued within other current and long-term liabilities, respectively, in the consolidated balance sheet related to estimated losses for firm commitment contractual obligations under these agreements. Losses on these firm commitment contractual obligations are recognized based upon the terms of the respective agreement and similar factors considered for the write-down of inventory, including expected sales requirements as determined by internal sales forecasts.

The Company is subject to numerous contingencies, such as product liability, arising in the ordinary course of business. Loss contingency provisions are recorded for probable losses when management is able to reasonably estimate the loss. Any outcome upon settlement that deviates from the Company's best estimate may result in additional expense or in a reduction in expense in a future accounting period. The Company records legal expenses associated with such contingencies as incurred.

(14) STOCKHOLDERS' EQUITY

Financing Transactions – On June 21, 2019, the Company entered into an equity distribution agreement with Canaccord Genuity LLC ("Canaccord") (the "2019 Equity Distribution Agreement"), pursuant to which the Company may, from time to time, sell shares of the Company's common stock at market prices by methods deemed to be an "at-the-market offering" as defined in Rule 415 promulgated under the Securities Act of 1933, as amended. The 2019 Equity Distribution Agreement and related prospectus is limited to sales of up to an aggregate maximum $40.0 million of shares of the Company's common stock. The Company pays Canaccord 3.0% of the gross proceeds as a commission.

Proceeds raised under the 2019 Equity Distribution Agreement are as follows:

	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019		Cumulative from inception	
	Shares	Proceeds	Shares	Proceeds	Shares	Proceeds
Gross proceeds	-	$ -	657,894	$ 664,670	9,460,509	$12,330,242
Fees	-	-	-	(19,940)	-	(369,908)
Expenses	-	-	-	(65,000)	-	(90,000)
Net proceeds	**-**	**$ -**	**657,894**	**$ 579,730**	**9,460,509**	**$11,870,334**

Stock Purchase Warrants – On September 13, 2019, the Company's Board of Directors approved a plan to offer to purchase and terminate certain outstanding common stock purchase warrants through privately negotiated transactions. The purchase and termination program has no time limit and may be suspended for periods or discontinued at any time.

During the three months ended September 30, 2019, the Company entered into several warrant termination agreements to repurchase and cancel the following previously issued Series H and Series J warrants for the following aggregate buyback prices:

	Warrants	Buyback price
Series H Warrants	474,045	$ 186,773
Series J Warrants	2,866,809	1,146,724
	3,340,854	$ 1,333,497

Stock Options – For the three months ended September 30, 2020 and 2019, the Company recorded stock-based compensation related to stock options of $481,822 and $344,160, respectively

A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term in Years	Aggregate Intrinsic Value
Outstanding - June 30, 2020	19,902,450	$ 0.76	7.4	$ 380,514
Granted	154,500	0.58		
Forfeited	-			
Exercised	-			
Expired	(14,000)	1.70		
Outstanding - September 30, 2020	20,042,950	$ 0.76	7.2	$ 269,535
Exercisable at September 30, 2020	10,790,450	$ 0.78	5.6	$ 211,601
Expected to vest at September 30, 2020	9,252,500	$ 0.74	9.0	$ 57,934

Stock options granted to the Company's executive officers and employees generally vest over a 48-month period, while stock options granted to its non-employee directors vest over a 12-month period.

Included in the options outstanding above are 1,994,500 and 188,084 performance-based options granted in June 2020 to executive officers and employees, respectively. The performance-based options vest on performance criteria relating to advancement of MC1r programs, including initiation of clinical trials and licensing of Vyleesi in additional countries or regions.

Also included in the options outstanding are 1,075,000 and 117,500 performance-based options granted in December 2017 to executive officers and employees, respectively, which vest during a performance period ending on December 31, 2020, if and upon either i) as to 100% of the target number of shares upon achievement of a closing price for the Company's common stock equal to or greater than $1.50 per share for 20 consecutive trading days, which is considered a market condition; or ii) as to thirty percent (30%) of the target number of shares, upon the acceptance for filing by the FDA of an NDA for Vyleesi for HSDD in premenopausal women during the performance period, which is considered a performance condition; iii) as to fifty percent (50%) of the target number of shares, upon the approval by the FDA of an NDA for Vyleesi for HSDD in premenopausal women during the performance period, which is also considered a performance condition; iv) as to twenty percent (20%) of the target number of shares, upon entry into a licensing agreement during the performance period for the commercialization of Vyleesi for FSD in at least two of the following geographic areas (a) four or more countries in Europe, (b) Japan, (c) two or more countries in Central and/or South America, (d) two or more countries in Asia, excluding Japan and China, and (e) Australia, which is also considered a performance condition. The fair value of these options was $602,760. The Company amortized the fair value over the derived service period of 1.1 years or upon the attainment of the performance condition. Pursuant to the FDA acceptance of the NDA filing of Vyleesi, 30% of the target number of options vested in June 2018 and 50% of the target number of options vested in June 2019 upon FDA approval of Vyleesi.

Restricted Stock Units – For the three months ended September 30, 2020 and 2019, the Company recorded stock-based compensation related to restricted stock units of $339,352 and $483,575, respectively.

A summary of restricted stock unit activity is as follows:

	RSUs
Outstanding at July 1, 2020	12,965,570
Granted	-
Forfeited	-
Vested	(743,112)
Outstanding at September 30,2020	12,222,458

Included in outstanding restricted stock units in the table above 6,444,353 vested shares that have not been issued as of September 30, 2020 due to a provision in the restricted stock unit agreements to delay delivery.

Time-based restricted stock units granted to the Company's executive officers, employees and non-employee directors generally vest over 48 months, 48 months, and 12 months, respectively.

In June 2020, the Company granted 1,203,500 performance-based restricted stock units to its executive officers and 113,484 performance-based restricted stock units to other employees which vest during a performance period ending June 24, 2024. The performance-based restricted stock units vest on performance criteria relating to advancement of MC1r programs, including initiation of clinical trials and licensing of Vyleesi in additional countries or regions.

In June 2019, the Company granted 438,000 performance-based restricted stock units to its executive officers and 182,725 performance-based restricted stock units to other employees which vest during a performance period ending June 24, 2023. The performance-based restricted stock units vest on performance criteria relating to advancement of MC1r programs, including initiation of clinical trials and licensing of Vyleesi in additional countries or regions.

In December 2017, the Company granted 1,075,000 performance-based restricted stock units to its executive officers and 670,000 performance-based restricted stock units to other employees which vest during a performance period, ending on December 31, 2020, if and upon either i) as to 100% of the target number of shares upon achievement of a closing price for the Company's common stock equal to or greater than $1.50 per share for 20 consecutive trading days, which is considered a market condition; or ii) as to thirty percent (30%) of the target number of shares, upon the acceptance for filing by the FDA of an NDA for Vyleesi for HSDD in premenopausal women during the performance period, which is considered a performance condition; iii) as to fifty percent (50%) of the target number of shares, upon the approval by the FDA of an NDA for Vyleesi for HSDD in premenopausal women during the performance period, which is also considered a performance condition; iv) as to twenty percent (20%) of the target number of shares, upon entry into a licensing agreement during the performance period for the commercialization of Vyleesi for FSD in at least two of the following geographic areas (a) four or more countries in Europe, (b) Japan, (c) two or more countries in Central and/or South America, (d) two or more countries in Asia, excluding Japan and China, and (e) Australia, which is also considered a performance condition. The fair value of these awards was $913,750 and $569,500, respectively. The Company amortized the fair value over the derived service period of 1.1 years or upon the attainment of the performance condition. Pursuant to the FDA acceptance of the NDA filing for Vyleesi, 30% of the target number of shares vested in June 2018. Pursuant to the FDA approval of Vyleesi, 50% of the target number of shares vested in June 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements filed as part of this report and the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended June 30, 2020.

The following discussion and analysis contain forward-looking statements within the meaning of the federal securities laws. You are urged to carefully review our description and examples of forward-looking statements included earlier in this Quarterly Report immediately prior to Part I, under the heading "Special Note Regarding Forward-Looking Statements." Forward-looking statements are subject to risk that could cause actual results to differ materially from those expressed in the forward-looking statements. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made in this Quarterly Report and our Annual Report on Form 10-K for the year ended June 30, 2020, as well as any of those made in our other reports filed with the SEC. You are cautioned not to place undue reliance on the forward-looking statements included herein, which speak only as of the date of this document. We do not intend, and undertake no obligation, to publish revised forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Critical Accounting Policies and Estimates

Our significant accounting policies, which are described in the notes to our consolidated financial statements included in this report and in our Annual Report on Form 10-K for the year ended June 30, 2020, have not changed during the three months ended September 30, 2020 with the exception of product revenue, inventory and purchase commitment liabilities. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported carrying value of inventory and purchase commitment liabilities. Actual results may differ from these estimates under different assumptions or conditions. In addition to the policies related to the carrying value of inventory and purchase commitment liabilities, we believe that our accounting policies and estimates relating to revenue recognition, accrued expenses and stock-based compensation are the most critical.

Overview

We are a specialized biopharmaceutical company developing first-in-class medicines based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. Our product candidates are targeted, receptor-specific therapeutics for the treatment of diseases with significant unmet medical need and commercial potential.

In January 2020, our North American licensee for Vyleesi® (bremelanotide injection), AMAG Pharmaceuticals, Inc. ("AMAG"), announced that it had completed a strategic review of its product portfolio and business strategy, and was pursuing options to divest its female health products, including Vyleesi. On July 27, 2020, Palatin and AMAG announced that they had mutually terminated the license agreement for Vyleesi effective July 24, 2020, and that we were assuming responsibility for manufacturing, marketing and distribution of Vyleesi in North America, including the United States.

Melanocortin Receptor System. The melanocortin receptor ("MCr") system is hormone driven, with effects on food intake, metabolism, sexual function, inflammation, and immune system responses. There are five melanocortin receptors, MC1r through MC5r. Modulation of these receptors, through use of receptor-specific agonists, which activate receptor function, or receptor-specific antagonists, which block receptor function, can have significant pharmacological effects.

Our lead product, Vyleesi, was approved by the FDA on June 21, 2019, and since July 24, 2020 we have been marketing Vyleesi in the United States. Prior to July 24, 2020, the product was marketed in North America by AMAG pursuant to a license agreement that was terminated on that date. Vyleesi, a melanocortin receptor agonist, is an "as needed" therapy used in anticipation of sexual activity and self-administered by premenopausal women with HSDD in the thigh or abdomen via a single-use subcutaneous auto-injector. The most common adverse events are nausea, flushing, injection site reactions, headache, and vomiting. Vyleesi is contraindicated in women with uncontrolled hypertension or known cardiovascular disease. In addition, the Vyleesi label includes precautions that it may cause (i) small, transient increases in blood pressure with a corresponding decrease in heart rate; (ii) focal hyperpigmentation (darkening of the skin on certain parts of the body), including the face, gums (gingiva) and breasts; and (iii) nausea.

Our current new product development activities focus primarily on peptides which are agonists at MC1r, and in some instances additional melanocortin receptors, with potential to treat inflammatory and autoimmune diseases such as dry eye disease, which is also known as keratoconjunctivitis sicca, uveitis, diabetic retinopathy and inflammatory bowel disease. We believe that the MC1r agonist peptides we are developing have broad anti-inflammatory effects and appear to utilize mechanisms engaged by the endogenous melanocortin system in regulation of the immune system and resolution of inflammatory responses. We are also developing peptides that are active at more than one melanocortin receptor, and MC4r peptide and small molecule agonists with potential utility in obesity and metabolic-related disorders, including rare disease and orphan indications.

Natriuretic Peptide Receptor System. The natriuretic peptide receptor ("NPR") system regulates cardiovascular functions, and therapeutic agents modulating this system have potential to treat fibrotic diseases, cardiovascular diseases, including reducing cardiac hypertrophy and fibrosis, heart failure, acute asthma, pulmonary diseases and hypertension. We have designed and are developing potential NPR candidate drugs selective for one or more different natriuretic peptide receptors, including natriuretic peptide receptor-A ("NPR-A"), natriuretic peptide receptor B ("NPR-B"), and natriuretic peptide receptor C ("NPR-C").

Pipeline Overview

The following chart illustrates the status of our drug development programs and Vyleesi, which has been approved by the FDA for the treatment of premenopausal women with acquired, generalized HSDD.

Our Strategy

Key elements of our business strategy include:

- Maximizing revenue from Vyleesi by marketing Vyleesi in the United States, supporting our existing licensees for China and South Korea, and seeking licensees for Vyleesi in the United States and additional regions;
- Assembling and maintaining a team to create, develop and commercialize MCr and NPR products addressing unmet medical needs;
- Entering into strategic alliances and partnerships with pharmaceutical companies to facilitate the development, manufacture, marketing, sale, and distribution of product candidates that we are developing;
- Partially funding our product development programs with the cash flow generated from existing license agreements, as well as any future research, collaboration, or license agreements; and
- Completing development and seeking regulatory approval of certain of our other product candidates.

We were incorporated under the laws of the State of Delaware on November 21, 1986 and commenced operations in the biopharmaceutical area in 1996. Our corporate offices are located at 4B Cedar Brook Drive, Cedar Brook Corporate Center, Cranbury, New Jersey 08512, and our telephone number is (609) 495-2200. We maintain an Internet site, where among other things, we make available free of charge on and through this website our Forms 3, 4 and 5, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) and Section 16 of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our website and the information contained in it or connected to it are not incorporated into this Quarterly Report on Form 10-Q. The reference to our website is an inactive textual reference only.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (*www.sec.gov*).

Results of Operations

Three months Ended September 30, 2020 Compared to the Three months Ended September 30, 2019:

Revenues – For the three months ended September 30, 2020 we recognized $(288,560) in product revenue, net of allowances as the result of our regaining all North American development and commercialization rights to Vyleesi in July 2020 (see notes 5 and 6 of our accompanying consolidated financial statements). For the three months ended September 30, 2020, we recognized no contract and license revenue compared to $97,379 for the three months ended September 30, 2019 pursuant to our prior license agreement with AMAG.

Research and Development – Research and development expenses were $2,923,851 and $3,127,489 for the three months ended September 30, 2020 and 2019, respectively. The decrease for the three months ended September 30, 2020, as compared to the three months ended September 30, 2019, is related to the overall decreases in program spending offset by higher compensation related expenses.

Research and development expenses related to our Vyleesi, PL3994, PL8177, MC1r, MC4r and other preclinical programs were $1,872,305 and $2,297,542 for the three months ended September 30, 2020 and 2019, respectively. The decrease is the result of timing of activities in research and development programs.

The amounts of project spending above exclude general research and development spending, which was $1,051,546 and $829,947 for the three months ended September 30, 2020 and 2019, respectively. The increase in general research and development spending for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 is primarily attributable to an increase in compensation related expenses.

Cumulative spending from inception to September 30, 2020 was approximately $311,600,000 on our Vyleesi program and approximately $157,400,000 on all our other programs (which include PL3994, PL8177, other melanocortin receptor agonists, other discovery programs and terminated programs). Due to various risk factors described in our Annual Report on Form 10-K for the year ended June 30, 2020, under “Risk Factors,” including the difficulty in currently estimating the costs and timing of future Phase 1 clinical trials and larger-scale Phase 2 and Phase 3 clinical trials for any product under development, we cannot predict with reasonable certainty when, if ever, a program will advance to the next stage of development or be successfully completed, or when, if ever, related net cash inflows will be generated.

Cost of Products Sold – Cost of products sold was $25,200 for the three months ended September 30, 2020.

Selling, General and Administrative – Selling, general and administrative expenses, which consist mainly of compensation and related costs, were $2,331,606 and $1,832,442 for the three months ended September 30, 2020 and 2019, respectively. The increase in selling, general and administrative expenses for the three months ended September 30, 2020 is primarily attributable to selling expenses related to Vyleesi and an increase in compensation related expenses.

Gain on License Termination Agreement - For the three months ended September 30, 2020, we recorded a gain of $1,623,795 as a result of the Vyleesi Termination Agreement. (see note 5 of the accompanying consolidated financial statements).

Other Income (Expense) – Total other income (expense), net was $4,646 and $361,603 for the three months ended September 30, 2020 and 2019, respectively. For the three months ended September 30, 2020 and 2019, we recognized $12,135 and $370,654, respectively, of investment income offset by $7,489 and $9,051, respectively, of interest expense. The decrease in investment income is a result of lower interest rates as a result of the COVID-19 pandemic.

Liquidity and Capital Resources

Since inception, we have generally incurred net operating losses, primarily related to spending on our research and development programs. We have financed our net operating losses primarily through debt and equity financings and amounts received under collaborative and license agreements.

Our product candidates are at various stages of development and will require significant further research, development and testing and some may never be successfully developed or commercialized. We may experience uncertainties, delays, difficulties, and expenses commonly experienced by early stage biopharmaceutical companies, which may include unanticipated problems and additional costs relating to:

- the development and testing of products in animals and humans;
- product approval or clearance;
- regulatory compliance;
- good manufacturing practices ("GMP") compliance;
- intellectual property rights;
- product introduction;
- marketing, sales, and competition; and
- obtaining sufficient capital.

Failure to enter into or successfully perform under collaboration agreements and obtain timely regulatory approval for our product candidates and indications would impact our ability to increase revenues and could make it more difficult to attract investment capital for funding our operations. Any of these possibilities could materially and adversely affect our operations and require us to curtail or cease certain programs.

During the three months ended September 30, 2020, net cash provided by operating activities was $3,812,951 compared to $54,837,308 for the three months ended September 2019. The difference in cash provided by operations for the nine months ended September 30, 2020 compared to the three months ended September, 2019 was primarily related to the timing of the receipt of payments related to our license agreement with AMAG, including payments related to the FDA's approval of Vylessi.

During the three months ended September 30, 2020, net cash used in investing activities was zero compared to $62,880 for the three months ended September 30, 2019 for the purchase of equipment.

During the three months ended September 30, 2020, net cash used in financing activities was $77,766, which consisted of payment of withholding taxes related to restricted stock units. During the three months ended September 30, 2019, net cash used in financing activities was $1,586,618, which consisted of payment on a note payable obligation of $832,851 and repurchase and cancellation of outstanding warrants of $1,333,497 offset by proceeds from the sale of common stock of $579,730 in our "at-the-market" offering program.

We have incurred cumulative negative cash flows from operations since our inception, and have expended, and expect to continue to expend in the future, substantial funds to develop the capability to market and distribute Vylessi and to complete our planned product development efforts. Continued operations are dependent upon our ability to generate future income from sales of Vylessi in the United States and from existing licenses, including royalties and milestones, to complete equity or debt financing activities and to enter into additional licensing or collaboration arrangements. As of September 30, 2020, our cash and cash equivalents were $86,587,455 and our current liabilities were $12,652,265.

We intend to utilize existing capital resources for general corporate purposes and working capital, establishing marketing and distribution capabilities for Vyleesi in the United States, preclinical and clinical development of our MC1r and MC4r peptide programs and natriuretic peptide program, and development of other portfolio products.

We believe that our existing capital resources will be adequate to fund our planned operations through at least December 2021. We will need additional funding to complete required clinical trials for our other product candidates and development programs and, if those clinical trials are successful (which we cannot predict), to complete submission of required regulatory applications to the FDA. However, the COVID-19 pandemic may negatively impact our operations, including possible effects on our financial condition, ability to access the capital markets on attractive terms or at all, liquidity, operations, suppliers, industry, and workforce. We will continue to evaluate the impact that these events could have on the operations, financial position, and the results of operations and cash flows during fiscal year 2021 and beyond.

We expect to incur significant expenses as we continue to develop marketing and distribution capability for Vylessi in the United States and continue to develop our natriuretic peptide and MC1r product candidates. These expenses, among other things, have had and will continue to have an adverse effect on our stockholders' equity, total assets and working capital.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

We have entered into various contractual obligations and commercial commitments. The following table summarizes our most significant contractual obligations as of September 30,2020:

	Total	Current	1 - 3 Years	4 - 5 Years
Inventory purchase commitments	$ 18,667,000	$ 8,048,000	$ 8,226,000	$ 2,393,000
Operating leases	1,190,410	282,275	474,839	433,296
	$ 19,857,410	$ 8,330,275	$ 8,700,839	$ 2,826,296

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required to be provided by smaller reporting companies.

Item 4. Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2020. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We may be involved, from time to time, in various claims and legal proceedings arising in the ordinary course of our business. We are not currently a party to any claim or legal proceeding.

Item 1A. Risk Factors.

This report and other documents we file with the SEC contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business, our beliefs, and our management's assumptions. These statements are not guarantees of future performance, and they involve certain risks, uncertainties and assumptions that are difficult to predict. You should carefully consider the risks and uncertainties facing our business.

There have been no material changes to our risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended June 30, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

As disclosed in the table below, 146,095 shares were withheld during the three months ended September 30, 2020 at the direction of the employees as permitted under the 2011 Stock Incentive Plan in order to pay the minimum amount of tax liability owed by the employees from the vesting of those units:

Fiscal Month Period	Total Number of Shares Purchased [1]	Weighted Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under Announced Plans or Programs
July 1, 2020 through July 31, 2020	-	$ -	-	-
August 1, 2020 through August 31, 2020	-	-	-	-
September 1, 2020 through September 30, 2020	146,095	0.53	-	-
Total	146,095	$ 0.53	-	-

[1] Consists solely of 146,095 shares that were withheld to satisfy tax withholding amounts due from employees upon the vesting of previously issued restricted stock units.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibits filed or furnished with this report:

Exhibit Number	Description	Filed Herewith	Form	Filing Date	SEC File No.
10.1	Termination and Release Agreement dated September 29, 2020, by and between Catalent Belgium S.A. and Palatin Technologies, Inc.	X			
10.2†	Commercial Supply Agreement dated September 29, 2020, by and between Catalent Belgium S.A. and Palatin Technologies, Inc.	X			
31.1	Certification of Chief Executive Officer.	X			
31.2	Certification of Chief Financial Officer.	X			
32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
101.INS	XBRL Instance Document.	X			
101.SCH	XBRL Taxonomy Extension Schema Document.	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X			

† Portions of the exhibit are omitted pursuant to Regulation S-K Item 601(b)(10). Palatin agrees to furnish to the U.S. Securities and Exchange Commission a copy of any omitted schedule and/or exhibit upon request. The confidential portions of this exhibit were omitted by means of marking such portions with asterisks because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Palatin Technologies, Inc.
(Registrant)

/s/ Carl Spana

Date: November 16, 2020

Carl Spana, Ph.D.
President and
Chief Executive Officer (Principal Executive Officer)

/s/ Stephen T. Wills

Date: November 16, 2020

Stephen T. Wills, CPA, MST
Executive Vice President, Chief Financial Officer and Chief Operating Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the "**Agreement**"), dated as of September 29, 2020 (the "**Effective Date**"), is by and between by and between Palatin Technologies, Inc., a New Jersey corporation, with a place of business at 4-B Cedar Brook Drive, Cranbury, New Jersey, USA 08512 ("**Palatin**"), and Catalent Belgium S.A., a Belgian company, with a place of business at Rue Font St. Landry, 10 Parc Mercator B-1120, Neder over Heembeek, Belgium ("**Catalent**").

RECITALS

A. Palatin and Catalent entered into that certain Commercial Supply Agreement dated June 10, 2016, as amended (the " **Commercial Supply Agreement**"), pursuant to which Catalent provides manufacturing and supply services to Palatin related to production of Bremelanotide (the " **Product**").

B. Pursuant to the Commercial Supply Agreement, Palatin has a Minimum Requirement to purchase a certain amount of Product during each Contract Year.

C. The Parties anticipate that, based on current projections, Palatin may be obligated to pay excess of Eleven Million Euros (€11.000.000,00) over the next few Contract Years due to shortfall of projected orders against the Minimum Requirement.

D. In consideration for a one-time settlement payment relating to the projected Minimum Requirement shortfall, the Parties now desire to terminate the Commercial Supply Agreement by mutual agreement, in accordance with the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration for the mutual promises and releases set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Catalent and Palatin hereby agree as follows:

1. **Settlement Payment.** Within thirty (30) days following the Effective Date, Palatin shall pay to Catalent Six Million Euros (€6.000.000,00) as a one-time settlement payment under this Agreement, which shall be non-refundable and payable against an invoice rendered by Catalent on or after the Effective Date. In consideration for the foregoing settlement payment, Catalent agrees to terminate the Commercial Supply Agreement as set forth in Section 2 below.

2. **Termination of Commercial Supply Agreement**. Effective upon Catalent's receipt of the settlement payment described in Section 1, the Commercial Supply Agreement shall terminate by mutual agreement of the parties with respect to all obligations other than those that survive pursuant to Section 16.5 of the Commercial Supply Agreement.

3. **Mutual Release**. For good and valuable consideration, the adequacy of which is acknowledged, effective upon Catalent's receipt of the settlement payment described in Section 1, each party hereby irrevocably and unconditionally covenants not to sue and releases, quits and forever discharges the other party and all of such party's stockholders, directors, officers, employees, agents, representatives, attorneys, successors and assigns, and any of its parent and affiliated companies and all persons acting by, through, under or in concert with any of them (collectively the "Releasees") from any and all complaints, claims, charges, liabilities, obligations, promises, agreements, contracts, suits, costs, debts, fees (including, but not limited to, any claims for attorneys' fees), expenses, sums of money, and causes of action of any nature whatsoever, whether known or unknown at this time (collectively, "Claims") to the extent arising out of or relating to the Commercial Supply Agreement, the Minimum Requirement, the settlement payment, any other Claims with respect to the Product, except for (a) any Claim to enforce this Agreement and (b) any Claim arising under Section 13 of the Commercial Supply Agreement or for which a party is entitled to indemnification under Section 13 of the Commercial Supply Agreement.

4. **Confidentiality**. The parties agree to keep strictly confidential the existence and terms of this Agreement and the discussions and negotiations relating to this Agreement, together with any related correspondence or documents save for (a) any disclosures required by law or any regulatory body whose rules a party (or its parent company) is bound to adhere; and (b) to the extent necessary to enforce this Agreement.

5. **Further Assurances**. The parties agree to execute, acknowledge and deliver such further instruments and to take all such other incidental acts as may be reasonably necessary or appropriate to carry out the purpose and intent of this Agreement.

6. **Entire Agreement**. This Agreement constitutes and contains the entire agreement and understanding between the parties concerning the subject matter hereof, and supersedes all prior negotiations, proposed agreements or understandings, if any, by and among the parties concerning the subject matter hereof.

7. **Modification**. This Agreement may be modified only in a written document signed by an authorized representative on behalf of each party.

8. **Assignment; Successors and Assigns**. This Agreement may not be assigned, whether in whole or in part, by a party (acting in its sole discretion) without the prior written consent of each other party (which consent shall not be unreasonably withheld). This Agreement shall inure to the benefit of and be binding on each of the parties and their respective successors and assigns.

9. **Governing Law**. This Agreement shall be interpreted and construed in accordance with the laws of the State of New Jersey, without application of its conflict of laws provisions.

10. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by fax or e-mail in an image format (e.g., .pdf file) shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused their authorized representatives to execute this Agreement as of the Effective Date.

CATALENT BELGIUM S.A.

By: /s/ Wim Blendeman
Name: Wim Blendeman
Title: General Manager

PALATIN TECHNOLOGIES, INC.

By: /s/ Stephen T. Wills
Name: Stephen T. Wills
Title: CFO

Portions of this Exhibit have been redacted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed. Information that was omitted has been noted in this document with a placeholder identified by the mark "[***]"

COMMERCIAL SUPPLY AGREEMENT

(Bremelanotide–Pre-filled syringe in auto-injector)

THIS COMMERCIAL SUPPLY AGREEMENT ("**Agreement**") is made as of this 29th day of September, 2020 ("**Effective Date**")

BETWEEN

(1) Palatin Technologies, Inc., a New Jersey corporation, with a place of business at 4-B Cedar Brook Drive, Cranbury, New Jersey, USA 08512 ("**Palatin**"); and

(2) Catalent Belgium S.A., a Belgian company, with a place of business at Rue Font St. Landry, 10 Parc Mercator B-1120, Neder over Heembeek, Belgium ("**Catalent**").

RECITALS

A. Palatin is a biopharmaceutical company that develops, tests and commercializes, directly or through third parties, pharmaceutical products.

B. Catalent is a leading provider of advanced technologies, and development, manufacturing and packaging services for pharmaceutical, biotechnology and consumer healthcare companies.

C. Palatin desires to engage Catalent to provide certain services to Palatin in connection with the processing of Palatin's Product (as defined below), and Catalent desires to provide such services, all pursuant to the terms and conditions set out in this Agreement.

THEREFORE, the parties agree as follows:

1. DEFINITIONS

The following terms have the following meanings in this Agreement:

1.1 "**Acknowledgement**" has the meaning set out in Clause 4.3.

1.2 "**Affiliate**" means (a) with respect to Palatin, any corporation or other business entity that, directly or indirectly, is controlled by, controls, or is under common control with Palatin; and (b) with respect to Catalent, Catalent, Inc., Catalent Pharma Solutions, Inc. and any corporation or other business entity controlled, directly or indirectly, by Catalent Pharma Solutions, Inc. For such purposes, "**control**" means the direct or indirect ownership of at least fifty percent (50%) of the voting interest in such corporation or other entity or the power in fact to control the management directions of such entity.

1.3 "**Agreement**" has the meaning set out in the introductory paragraph, and includes all its Attachments and other appendices (all of which are incorporated herein by reference).

1.4 “**Annual Product Maintenance Fee**” has the meaning set forth in Clause 7.1C.

1.5 “**API**” means the compound bremelanotide, as further described in the Specifications.

1.6 “**API Inventions**” has the meaning set out in Section 11.

1.7 “**Applicable Laws**” means, with respect to Palatin, all laws, statutes, statutory provisions or subordinate legislation, currently in effect or enacted or promulgated during the Term, and as amended from time to time, of each jurisdiction in which API or Product is produced, marketed, distributed, used or sold; and with respect to Catalent, cGMP and all other laws, statutes, statutory provisions and subordinate legislation, currently in effect or enacted or promulgated during the Term, and as amended from time to time, of the jurisdiction in which Catalent Processes Product.

1.8 “**Auto Injector Assembly Line**” means the Processing line expansion for auto injector assembly undertaken by Catalent pursuant to the Manufacturing Preparation and Services Agreement.

1.9 “**Batch**” means a defined quantity of Product that has been or is being Processed in accordance with the Specifications.

1.10 “**Catalent Defective Processing**” has the meaning set out in Clause 5.2.

1.11 “**Catalent**” has the meaning set out in the introductory paragraph. Catalent shall have the right to cause any of its Affiliates to perform any of its obligations hereunder, and Palatin shall accept such performance as if it were performance by Catalent.; *provided*, *however*, that Catalent shall remain fully liable for the performance by its Affiliate of Catalent’s obligations under this Agreement to the same extent as if Catalent had performed or failed to perform its obligations under this Agreement.

1.12 “**Catalent Indemnitees**” has the meaning set out in Clause 13.2.

1.13 “**Catalent IP**” has the meaning set out in Section 11.

1.14 “**cGMP**” means current Good Manufacturing Practices promulgated by the Regulatory Authorities in the jurisdictions included in Applicable Laws. This includes 2003/94/EEC Directive (as supplemented by Volume 4 of EudraLex published by the European Commission), as amended, if and as implemented in the relevant constituent country; and in the United States, this includes 21 C.F.R. Parts 210 and 211, as amended.

1.15 “**Change of Control**” means, with respect to a party: (a) any merger, reorganization, consolidation, or other business combination of such party with a third party that results in the voting securities of such party outstanding immediately prior thereto ceasing to represent at least fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization, consolidation, or other business combination; (b) a third party becoming the beneficial owner of fifty percent (50%) or more of the combined voting power of such party in a single transaction or series of related transactions; or (c) the sale, transfer, exchange or other disposition to a third party of all or substantially all of a party’s assets or business relating to this Agreement (whether alone or in connection with a sale, transfer, exchange or other disposition of other assets or businesses of such party).

1.16 “**Confidential Information**” has the meaning set out in Clause 10.1.

1.17 “**Contract Year**” means, with respect to the initial Contract Year, the period beginning on the Effective Date and ending on August 20, 2021, and, with respect to each successive Contract Year, each consecutive 12 month period beginning on August 21 and ending on August 20 of the following calendar year, as applicable.

1.18 “**CPR**” has the meaning set out in Clause 18.10.

1.19 “**Defective Product**” has the meaning set out in Clause 5.2.

1.20 “**Discloser**” has the meaning set out in Clause 10.1.

1.21 “**Effective Date**” has the meaning set out in the introductory paragraph.

1.22 **“Equipment**” means any equipment to be supplied by Catalent to use in the Processing, including any equipment procured under the Manufacturing Preparation and Services Agreement.

1.23 “**Exception Notice**” has the meaning set out in Clause 5.2.

1.24 “**Facility**” means Catalent’s facility in Brussels, Belgium or such other Catalent facility as mutually agreed by the parties.

1.25 “**FDA**” means the United States Food and Drug Administration or any successor thereto.

1.26 “**Firm Commitment**” has the meaning set out in Clause 4.2.

1.27 “**Invention**” has the meaning set out in Section 11.

1.28 “**Losses**” has the meaning set out in Clause 13.1.

1.29 “**Manufacturing Preparation and Services Agreement**” means that certain manufacturing preparation and services agreement, dated as of June 10, 2016 between Catalent and Palatin.

1.30 “**Minimum Requirement**” has the meaning set out in Clause 4.1.

1.31 “**Palatin**” has the meaning set out in the introductory paragraph, or any successor or permitted assign.

1.32 “**Palatin Indemnitees**” has the meaning set out in Clause 13.1.

1.33 “**Palatin IP**” has the meaning set out in Section 11.

1.34 “**Palatin-supplied Materials**” means any materials to be supplied by or on behalf of Palatin to Catalent for Processing, as provided in Attachment C, including API, Ypsomed auto injector components and parts, and reference standards.

1.35 “**Price**” shall have the meaning set forth in Attachment D hereto.

1.36 “**Process**” or “**Processing**” means the compounding, filling, producing, manufacturing, assembling and packaging (clinical, secondary or retail packaging) of Palatin-supplied Materials and Raw Materials into Product by Catalent, in accordance with the Specifications and under the terms of this Agreement.

1.37 “**Processing Date**” means the day on which the first step of physical Processing is scheduled to occur, as identified in an Acknowledgement.

1.38 “**Process Inventions**” has the meaning set out in Section 11.

1.39 “**Product**” means the pharmaceutical product containing the API, as more specifically described in the Specifications.

1.40 “**Product Maintenance Services**” has the meaning set out in Clause 2.3.

1.41 “**Purchase Order**” has the meaning set out in Clause 4.3.

1.42 “**Quality Agreement**” has the meaning set out in Clause 9.6.

1.43 “**Raw Materials**” means all raw materials, supplies, components, syringes, and packaging necessary to manufacture and ship Product in accordance with the Specifications, as provided in Attachment C, but excluding Palatin-supplied Materials.

1.44 “**Recall**” has the meaning set out in Clause 9.5.

1.45 “**Recipient**” has the meaning set out in Clause 10.1.

1.46 “**Regulatory Approval**” means any approvals, permits, product and/or establishment licenses, registrations or authorizations, including European marketing authorizations and applications and U.S. Investigational New Drug applications, New Drug Applications and Abbreviated New Drug Applications, as applicable, of any Regulatory Authorities that are necessary or advisable in connection with the development, manufacture, testing, use, storage, exportation, importation, transport, promotion, marketing, distribution or sale of API or Product in the Territory.

1.47 “**Regulatory Authority**” means the regulatory bodies or agencies in the Territory that are responsible for (A) the regulation (including pricing) of any aspect of pharmaceutical or medicinal products intended for human use or (B) health, safety or environmental matters generally. This includes the European Medicines Agency; and in the United States, this includes the United States Food and Drug Administration.

1.48 “**Representatives**” of an entity means such entity’s duly-authorized officers, directors, employees, agents, accountants, attorneys or other professional advisors.

1.49 “**Review Period**” has the meaning set out in Clause 5.2.

1.50 “**Required Disclosure**” has the meaning set out in Clause 5.2.

1.51 “**Rolling Forecast**” has the meaning set out in Clause 4.2.

1.52 “**Specifications**” means the procedures, requirements, standards, quality control testing and other data and the scope of services as set out in Attachment C, as modified from time to time in accordance with Section 8.

1.53 “**Supply Failure**” has the meaning set forth in Clause 4.7.

1.54 “**Term**” has the meaning set out in Clause 16.1.

1.55 “**Territory**” means the European Union and the United States and its territories and possessions, those countries that are listed in Attachment E, and any other country that the parties agree in writing to add to this definition of Territory in an amendment to this Agreement; provided, however, that Territory shall not be amended to include countries that are targeted by the comprehensive sanctions, restrictions or embargoes administered by the United Nations, European Union, United Kingdom, or the United States. Catalent shall not be obliged to Process Products for sale in any of such countries if it is prevented from doing so, or would be required to obtain or apply for special permission to do so, due to any restrictions (such as embargoes) imposed on it by any governmental authorities, including without limitation, those imposed by the U.S. Office of Foreign Asset Control.

1.56 “**Uncured Supply Failure**” has the meaning set out in Clause 4.7.

1.57 “**Unit Pricing**” has the meaning set out in Clause 7.1B.

1.58 “**Validation Services**” has the meaning set out in Clause 2.1.

1.59 “**Vendor**” has the meaning set out in Clause 3.2B.

2. VALIDATION, PROCESSING & RELATED SERVICES

2.1 Validation Services. Catalent shall perform the Product qualification, validation and stability services set out in Attachment A (the “**Validation Services**”).

2.2 Supply and Purchase of Product. Catalent shall Process Product in accordance with the Specifications, Applicable Laws and this Agreement. Except as set forth in Clause 4.7, Palatin and its Affiliates shall purchase [***] from Catalent [***] of Palatin’s and its Affiliates’ requirements of Product in the Territory in accordance with this Agreement.

2.3 Product Maintenance Services. Palatin will receive the product maintenance services set out in Attachment B (the “**Product Maintenance Services**”).

2.4 Other Related Services.

A. Catalent shall provide any other Product-related services as the parties may agree in writing (the “ **Services**”). The Services to be performed by Catalent under this Agreement shall be detailed in individual statements of work in the form attached hereto as Attachment F, each of which, upon acceptance and execution by both parties, will be binding on both parties and incorporated into the Agreement (each a “**Statement of Work**”). In addition to a description of the Services to be provided, each Statement of Work shall include a schedule for completion of the Statement of Work, a fee and payment schedule, and such other information as is necessary for Catalent to perform the relevant Services, including any Palatin-supplied Materials required to complete the Services and the respective responsibilities of the parties. Catalent shall not initiate work or incur fees or expenses chargeable to Palatin until a Statement of Work has been fully executed.

B. Either party may request a written amendment to any Statement of Work prior to the completion of Services. Any such request shall detail the requested changes to the applicable task, responsibility, duty, pricing, time line or other matter and shall be promptly reviewed by the other party. Such amendment will become effective upon the execution by both parties. Both parties shall act in good faith and promptly when considering an amendment requested by the other party. Without limiting the foregoing, Palatin shall not unreasonably withhold approval of an amendment if the proposed changes in pricing or time lines result from, among other appropriate reasons, forces outside the reasonable control of Catalent or changes in the assumptions upon which the initial pricing or time lines were based. Catalent shall not be obligated to perform any modified Services, and shall not initiate any additional or supplemental Services, until an amendment has been executed by the parties with respect to such modified, additional or supplemental Services.

C. Each Statement of Work, together with any associated amendments, shall constitute a unique agreement and shall stand alone with respect to any other Statement of Work. Each fully signed Statement of Work, together with any associated amendments, will be subject to the terms of this Agreement and will be incorporated herein and form part of this Agreement.

D. Any Statement of Work hereunder may be terminated in whole or in part [***] by Palatin. Upon termination of a Statement of Work, neither Catalent nor Palatin will have any further obligations under such Statement of Work, except that:

(1) Catalent will terminate all affected Services in progress in an orderly manner as soon as practical and in accordance with a schedule agreed to by Palatin and as permitted by Applicable Laws, unless Palatin specifies in the notice of termination that Services in progress should be completed;

(2) Catalent will deliver or, at Palatin's option and sole expense, dispose of, any Palatin-supplied Materials in its possession or control and all deliverables developed through the date of termination;

(3) Palatin will pay Catalent any unpaid amounts due and owing Catalent for (i) all Services performed up to the date of termination, (ii) all reimbursable costs and expenses actually incurred as of the date of termination in accordance with the Statement of Work, and (iii) all non-cancelable commitments made in the performance of the Services, in each case including any costs incurred to wind down and cease any ongoing Services; and

(4) with respect to any advance payments made by Palatin for the Services in excess of amounts payable by Palatin pursuant to Section 2.4(D)(3), Catalent will promptly refund such amounts to Palatin for Services not rendered.

E. Notwithstanding the foregoing, nothing in this Agreement will obligate either party to enter into any Statement of Work under this Agreement. Unless otherwise expressly agreed in the applicable Statement of Work, in the event of a conflict between the terms and conditions of the Agreement and the Statement of Work, the terms of the Agreement shall take precedence and control.

3. MATERIALS, EQUIPMENT AND AUTO INJECTOR ASSEMBLY LINES

3.1 Palatin-supplied Materials.

A. Palatin shall supply to Catalent for Processing, at [***]cost, all Palatin-supplied Materials, in quantities sufficient to meet Palatin's requirements for Product. Palatin shall deliver DDP (Incoterms 2010) such items and associated certificates of analysis to the Facility no later than [***] (but not earlier than [***] unless otherwise agreed by Catalent) before the Processing Date. Palatin shall be responsible at its cost for securing necessary export or import, or similar clearances, permits or certifications required in respect of such supply. Catalent shall use Palatin-supplied Materials solely for Processing. To the extent not previously provided, Palatin shall provide to Catalent, prior to delivery of any Palatin-supplied Materials, a copy of all associated material safety data sheets, safe handling instructions, health and environmental information, and any regulatory certifications or authorizations that may be required under Applicable Laws relating to the API and Product, and shall promptly provide any updates thereto.

B. Within [***] following receipt of Palatin-supplied Materials, Catalent shall inspect such items to verify their identity. Unless otherwise expressly required by the Specifications, Catalent shall have no obligation to test such items to confirm that they meet the associated specifications or certificate of analysis or otherwise; but in the event that Catalent detects a nonconformity with Specifications, Catalent shall give Palatin prompt notice of such nonconformity. Catalent shall not be liable for any defects in Palatin-supplied Materials, or in Product as a result of defective Palatin-supplied Materials unless Catalent failed to properly perform the foregoing obligations. Catalent shall follow Palatin's reasonable written instructions in respect of return or disposal of defective Palatin-supplied Materials.

C. Palatin shall retain title to Palatin-supplied Materials at all times, and Palatin shall bear the risk of loss thereof, except in the event of losses related to Catalent's gross negligence or willful misconduct, in which case Catalent's liability shall be limited pursuant to Section 14 below.

3.2 Raw Materials.

A. Catalent shall procure Raw Materials only from vendors that are approved in writing by Palatin or otherwise qualified in accordance with the provisions of the Quality Agreement. Catalent shall be responsible for procuring Raw Materials as necessary to meet the Firm Commitment. Catalent shall not be liable for any delay in delivery of Product if (i) Catalent is unable to obtain, in a timely manner, a particular Raw Material necessary for Processing and (ii) Catalent placed orders for such Raw Materials promptly following receipt of Palatin's Firm Commitment. In the event that any Raw Material becomes subject to purchase lead time beyond the Firm Commitment time frame, the parties will negotiate in good faith an appropriate amendment to this Agreement, including Clause 4.2.

B. In certain instances, Palatin may require a specific supplier, manufacturer or vendor (" **Vendor**") to be used for Raw Material. In such an event, (i) such Vendor will be identified in the Specifications and (ii) the Raw Materials from such Vendor shall be deemed Palatin-supplied Materials for purposes of this Agreement. If the cost of the Raw Material from any such Vendor (other than a Vendor specified in the Specifications as of the Effective Date) is greater than Catalent's costs for the same raw material of equal quality from other vendors, Catalent shall add the difference between Catalent's cost of the Raw Material and the Vendor's cost of the Raw Material to the Unit Pricing. Palatin will be responsible for all reasonable, out-of-pocket costs incurred by Catalent associated with qualification of any such Vendor who has not been previously qualified by Catalent.

C. In the event of (i) a Specification change for any reason, (ii) obsolescence of any Raw Material or (iii) termination or expiry of this Agreement, Palatin shall bear the cost of any unused Raw Materials (including packaging), so long as Catalent (a) purchased such Raw Materials in quantities consistent with Palatin's then current Firm Commitment and any minimum purchase obligations required by the vendor and (b) used commercially reasonable efforts to mitigate such costs by using any such unused Raw Materials in the manufacture of other products.

3.3 Artwork and Labeling. Palatin shall provide, or approve prior to Catalent's procurement of applicable Raw Material, all artwork, advertising and labeling information necessary for Processing, if any. Such artwork, advertising and labeling information is and shall remain the exclusive property of Palatin, and Palatin shall be solely responsible for the content thereof. Such artwork, advertising and labeling information or any reproduction thereof may not be used by Catalent, during or after the Term, in any manner other than performing its obligations hereunder.

3.4 [***].

3.5 Auto Injector Assembly Line. With respect to all equipment and components of the Auto Injector Assembly Line, notwithstanding any amounts that Palatin contributes to the purchase of equipment and components in connection with the establishment of such Auto Injector Assembly Line, Catalent shall solely own all right, title and interest in and to such line, and all equipment and components relating thereto, and shall bear the risk of loss thereof. [***] The parties shall work together in good faith to plan and schedule such Palatin priority access based on a combination of Palatin's (i) Rolling Forecasts and Firm Commitment and (ii) Minimum Requirements for the applicable Contract Year(s). In the event that during a Contract Year(s), Catalent uses the Auto Injector Assembly Line for another Catalent customer in keeping with the priority access requirements set forth in this Clause 3.5, then [***] .

4. MINIMUM REQUIREMENT, FORECASTS & PURCHASE ORDERS

4.1 Minimum Requirement. During each Contract Year, Palatin (or its Affiliates or licensees) shall purchase the minimum number of units of Product set out on Attachment D ("**Minimum Requirement**"). If during any Contract Year Palatin purchases a number of units of Product that is less than the Minimum Requirement (the difference, a "**Purchase Shortfall**"), then within [***] after the end of such Contract Year, Palatin shall pay Catalent an amount equal to [***].

4.2 Forecast. On or before [***], and thereafter on a [***], Palatin shall furnish to Catalent a written [***] rolling forecast of the quantities of Product that Palatin intends to order from Catalent during such period ("**Rolling Forecast**"); provided that to the extent feasible at least [***] of the total number of units purchased in the relevant Contract Year shall be purchased in each of the first and second six months of such relevant Contract Year. The [***] of such Rolling Forecast shall constitute a binding commitment to purchase the quantities of Product specified therein ("**Firm Commitment**") and [***] of the Rolling Forecast shall be non-binding, good faith estimates.

4.3 Purchase Orders.

A. Concurrently with the submission of each Rolling Forecast, Palatin shall submit to Catalent a binding, non-cancelable purchase order for Product, specifying the Batch size (to the extent the Specifications permit Batches of different sizes) and the requested delivery date for each Batch ("**Purchase Order**"); *provided*, that each Purchase Order shall be for not less than the Firm Commitment (but only to the extent the Firm Commitment was not covered in a previous Purchase Order). Purchase Orders for quantities of Product in excess of the Firm Commitment shall be submitted by Palatin at least [***] in advance of the delivery date requested in the Purchase Order.

B. Within [***] after receipt of a Purchase Order, Catalent shall issue a written acknowledgement (" **Acknowledgement**") that it accepts or rejects such Purchase Order. Each acceptance Acknowledgement shall either confirm the delivery date set out in the Purchase Order or provide a reasonable alternative delivery date (which, in any event, shall be [***]), and shall include the Processing Date. Catalent may reject any Purchase Order in excess of the Firm Commitment or otherwise not given in accordance with this Agreement; *provided*, *however*, that Catalent shall use its commercially reasonable efforts to supply Palatin with quantities of Product which are up to [***] in excess of the quantities specified in the Firm Commitment, subject to Catalent's other supply commitments and manufacturing, packaging and equipment capacity. A properly submitted Purchase Order shall be deemed [***] within [***] after receipt of such Purchase Order.

C. In the event of a conflict between the terms of any Purchase Order or Acknowledgement and this Agreement, the terms of this Agreement shall control unless the terms of the Purchase Order expressly override the terms set forth herein.

4.4 Catalent's Cancellation of Purchase Orders. Notwithstanding Clause 4.5, Catalent reserves the right to cancel all, or any part of, a Purchase Order upon written notice to Palatin, and Catalent shall have no further obligations or liability with respect to such Purchase Order, if Palatin refuses or fails to timely supply conforming Palatin-supplied Materials in accordance with Clause 3.1 and such failure is not cured within [***] after the giving of written notice of such failure. Any such cancellation of Purchase Orders shall not constitute a breach of this Agreement by Catalent nor shall it absolve Palatin of its obligation in respect of the Minimum Requirement.

4.5 Palatin's Modification or Cancellation of Purchase Orders .

A. Palatin may modify the delivery date or quantity of Product in a Purchase Order only by submitting a written change order to Catalent at least [***] in advance of the earliest Processing Date covered by such change order. To the extent the change order modifies the delivery date or modifies the quantity of Product in a Purchase Order, such change order shall be effective and binding against Catalent only upon the written approval of Catalent, and notwithstanding the foregoing, Palatin shall remain responsible for the Firm Commitment.

B. Changes to or postponement of any Batch of Product by Palatin will not reduce or in any way affect Palatin's Minimum Requirement obligations set out in Clause 4.1.

4.6 Unplanned Delay or Elimination of Processing. Catalent shall use commercially reasonable efforts to meet the Purchase Orders, subject to the terms and conditions of this Agreement. Catalent shall provide Palatin with as much advance notice as practicable, and shall provide at least [***]advance notice where possible, if Catalent determines that any Processing will be delayed or eliminated for any reason.

4.7 Supply Failure. For purposes of this Agreement, a " **Supply Failure**" shall mean a failure by Catalent to supply Product meeting the Specifications, subject to Clauses 5.2, 5.3 and 5.4, in the quantities ordered by Palatin (subject to the limitations and terms set forth in Clauses 4.3 and 4.4) for [***] , where such failure is [***] . In the event of [***] (such event, an "**Uncured Supply Failure**"), Palatin shall have the right [***] . In the event of such Uncured Supply Failure, [***] , the parties shall meet to discuss in good faith how to equitably manage any Minimum Requirement for the then current Contract Year, [***] .

4.8 Observation of Processing. In addition to Palatin's audit right pursuant to Clause 9.4, Palatin may send [***] Representatives to the Facility to observe Processing for a maximum of [***] (unless otherwise agreed by Catalent in writing), upon at least [***] prior notice, at reasonable times during regular business hours. Such Palatin Representatives shall abide by all Catalent safety rules and other applicable policies and procedures, and Palatin shall be responsible for such compliance. Palatin shall defend, indemnify and hold harmless Catalent for any action, omission or other activity of such Palatin Representatives while on Catalent's premises. Palatin's Representatives shall be required to sign Catalent's standard visitor confidentiality agreement prior to being allowed access to the Facility.

5. TESTING; SAMPLES; RELEASE

5.1 Batch Records and Data; Release .

A. Subject to Clause 5.1B, unless otherwise agreed to by the parties in writing, within [***] after Catalent completes Processing of a Batch, Catalent shall provide Palatin with copies of executed Batch records prepared in accordance with the Specifications; *provided*, that if testing reveals an out-of-Specification result, Catalent shall provide such Batch records within [***] after resolution of the out-of-Specification result. After Catalent completes Processing of a Batch, Catalent shall also provide Palatin or its designee with a certificate of analysis for such Batch. Issuance of a certificate of conformance/analysis constitutes release of the Batch by Catalent to Palatin. Palatin shall be responsible for final release of Product (including testing), at its cost, to the market.

B. If testing reveals an out-of-Specification result with respect to a Batch, Catalent shall report such result to Palatin as soon as practicable, and in any event within [***] after obtaining such result. Within [***] after resolution of the out-of-Specification result, Catalent shall provide Palatin a written report detailing the cause of such out-of-Specification result and the manner in which it was resolved. Catalent shall provide Palatin with such further information as Palatin reasonably requests with respect to such out-of-Specification result.

5.2 Testing; Rejection. Following Palatin's receipt of a shipment of a Batch, Palatin or Palatin's designee may test samples of such Batch to confirm that the Specifications have been met. Unless within [***] after Palatin's receipt of a Batch ("**Review Period**"), Palatin or its designee notifies Catalent in writing (an "**Exception Notice**") that such Batch is not in compliance with Clause 12.1A (" **Defective Product**"), and provides a sample of the alleged Defective Product, the Batch shall be deemed accepted by Palatin and Palatin shall have no right to reject such Batch. Upon timely receipt of an Exception Notice from Palatin, Catalent shall in its sole discretion conduct an appropriate investigation to determine whether or not it agrees with Palatin that Product is Defective Product and to determine the cause of any nonconformity. If Catalent agrees that Product is Defective Product and determines that the cause of nonconformity is attributable to Catalent's negligence or willful misconduct ("**Catalent Defective Processing**"), then Clause 5.4 shall apply.

5.3 Discrepant Results. If the parties disagree as to whether Product is Defective Product and/or whether the cause of the nonconformity is Catalent Defective Processing, without regard to whether Catalent conducts an appropriate investigation as provided in Clause 5.2, and this is not resolved within [***] of the Exception Notice date, the parties shall cause a mutually acceptable independent third party to review records, test data and to perform comparative tests and/or analyses on samples of the alleged Defective Product and its components, including Palatin-supplied Materials. The independent party's results as to whether or not Product is Defective Product and the cause of any nonconformity shall be final and binding. Unless otherwise agreed to by the parties in writing, the costs associated with such testing and review shall be borne by Catalent if Product is Defective Product attributable to Catalent Defective Processing, and by Palatin in all other circumstances. For avoidance of doubt, where the cause of nonconformity cannot be determined or assigned, it shall be deemed not Catalent Defective Processing.

5.4 Defective Processing. Catalent shall, [***] either (A) [***] or (B) [***] . This shall be Palatin's sole and exclusive remedy under this Agreement for Defective Product attributable to Catalent Defective Processing, other than as provided in Clause 4.7, 9.5 and 13.1 of this Agreement.

6. DELIVERY

6.1 Delivery. Catalent shall deliver Product Ex Works (Incoterms 2010) the Facility promptly following Catalent's release of Product. Catalent shall segregate and store all Product until tender of delivery. Title to Product shall transfer to Palatin upon Catalent's tender of delivery. Palatin shall qualify or validate at least three carriers to ship Product and then designate the priority of such qualified carriers to Catalent, and Catalent shall not, without Palatin's prior written consent, utilize any other carrier for purposes of delivering Product to Palatin or its designees. Catalent shall include with each shipment of Product the applicable Purchase Order number, the Batch number and the quantity of Product.

6.2 Storage Fees. If Catalent performs in accordance with the Purchase Order, and Palatin fails to take delivery of any Product on any agreed delivery date, Catalent shall store such Product and Palatin shall be invoiced on the first day of each month following such scheduled delivery for reasonable storage costs. All such storage shall be under conditions set forth in the Specifications. For each such Batch of stored Product, risk of loss shall transfer to Palatin upon placement into storage and Catalent shall have the right to ship such Product to Palatin within two months after billing.

6.3 Bill and Hold. From time to time, at Palatin's request, the agreed delivery date of the Purchase Order may be extended under a bill and hold arrangement as more fully set forth below. For each such Batch of stored Product, Palatin agrees that: (A) Palatin has made a fixed commitment to purchase the Product, (B) risk of loss for such Product passes to Palatin upon placement into storage, (C) such Product shall be on a bill and hold basis for legitimate business purposes, (D) Palatin shall identify a fixed delivery date for the Product and (E) Palatin shall agree to be invoiced and to pay such invoice in accordance with the payment terms set forth in Clause 7.3 of this Agreement. Upon making a request for a bill and hold arrangement, Palatin shall provide Catalent with a letter confirming items (A) through (E) of this Clause 6.3 for each Batch of stored Product.

7. PAYMENTS; LICENSING; CHANGE OF CONTROL

7.1 Fees. In consideration for Catalent performing services hereunder:

A. Palatin shall pay to Catalent the fees for Validation Services set out on Attachment A. Catalent shall submit an invoice to Palatin for such fees upon the completion of the relevant phase of the Validation Services.

B. Palatin shall pay Catalent the unit pricing for Product set out on Attachment D ("**Unit Pricing**"). Catalent shall submit an invoice to Palatin for such fees upon tender of delivery of Product as provided in Clause 6.1.

C. Except as provided in Clause 3.5, Palatin shall pay Catalent the annual fees for Product Maintenance Services set out on Attachment D (the "**Annual Product Maintenance Fee**"). Catalent shall submit an invoice to Palatin for such Annual Product Maintenance Fee payable upon [***] and upon each anniversary of such date thereafter during the Term.

D. Other Fees. Palatin shall pay Catalent for all other fees and expenses of Catalent owing in accordance with the terms of this Agreement, including pursuant to Clauses 2.4, 4.1, 6.2, 9.2.1 and 16.4. Catalent shall submit an invoice to Palatin for such fees as and when appropriate. All such invoices shall contain sufficient detail and appropriate itemization of fees and expenses (with copies of supporting documentation for expenses provided upon written request), and shall reference the applicable Palatin purchase order number. Catalent shall remit all invoices to the following address:

By Mail:
Palatin Technologies, Inc.
4-B Cedar Brook Drive
Cranbury, New Jersey 08512 USA
Attn: Accounts Payable

By electronic mail:
accountspayable@palatin.com

7.2 Unit Pricing Adjustment. From and after [***] , the Unit Pricing shall be adjusted [***] , effective as of [***] . Catalent shall give Palatin written notice of such adjustment by [***] . The written notice shall specify the basis for each adjustment in the Price, including increases or decreases in the cost of Raw Materials, continuous improvement benefits and any increase or decrease of any other component of Unit Pricing. The amount of any increase in the cost of components of Unit Pricing other than Raw Materials shall not exceed [***] . The cost of Raw Materials shall be passed through to Palatin [***] . To manage the cost of Raw Materials, Palatin, at its option, may negotiate the terms of a supply agreement with any supplier of Raw Materials, including but not limited to [***] with respect to the supply of [***] .

7.3 Payment Terms. Payment of all Catalent invoices shall be due [***] after the later of (A) the date of the invoice and (B) the date of delivery. Palatin shall make payment in euros. Unless an invoice is disputed by Palatin in good faith, if any payment is not received by Catalent by its due date, then Catalent may charge interest on the outstanding sum from the due date (both before and after any judgment) at [***] per month until paid in full (or, if less, the maximum amount permitted by Applicable Laws). Further, if Palatin shall fail to make any payment when due other than for an invoice disputed by Palatin in good faith, and shall not have cured such non-payment within [***] after receiving from Catalent written notice of non-payment, then Catalent shall have the right, at its option, to suspend any further performance hereunder until such default is corrected, without thereby releasing Palatin from its obligations under this Agreement.

7.4 Taxes. All taxes, duties and other levies assessed (excluding tax based on net income) on or in connection with Palatin-supplied Materials, services or Product in connection with provision or sale to Catalent or Palatin, shall be reimbursed by Palatin to Catalent (and shall be included in invoices) and all charges are exclusive of any applicable taxes, duties and levies which shall be added to invoices directed at Palatin.

7.5 Palatin and Third Party Expenses . Except as may be expressly covered by Product Maintenance Service fees, Palatin shall be responsible for 100% of its own and all third-party expenses associated with the development, Regulatory Approvals and commercialization of Product, including regulatory filings and post-approval marketing studies.

8. CHANGES TO SPECIFICATIONS

All Specifications and any changes thereto agreed to by the parties from time to time shall be in writing, dated and signed by the parties. Any change to the Process shall be deemed a Specification change. No change in the Specifications shall be implemented by Catalent, whether requested by Palatin or requested or required by any Regulatory Authority, until the parties have agreed in writing to such change, the implementation date of such change, and any increase or decrease in costs, expenses or fees directly resulting from such change (including any change to Unit Pricing). Catalent shall respond promptly to any request made by Palatin for a change in the Specifications, and both parties shall use commercially reasonable, good faith efforts to agree to the terms of such change in a timely manner. As soon as reasonably practicable after a request is made for any change in Specifications, Catalent shall notify Palatin of the costs associated with such change and shall provide such supporting documentation as Palatin may reasonably require. Palatin shall pay all direct costs associated with such agreed upon changes. If there is a conflict between the terms of this Agreement and the terms of the Specifications, this Agreement shall control unless the parties mutually agree that the terms of the Specifications expressly override the terms set forth herein. Catalent reserves the right to postpone effecting changes to the Specifications until such time as the parties agree to and execute the required written amendment.

9. RECORDS; REGULATORY MATTERS

9.1 Record Keeping. Catalent shall maintain materially complete and accurate Batch, laboratory data, reports and other technical records relating to Processing in accordance with Catalent standard operating procedures and all Applicable Laws. Such information shall be maintained for a period of at least [***] from the relevant finished Product expiry date or longer if required under Applicable Laws or the Quality Agreement.

9.2 Regulatory Compliance. Catalent shall obtain and maintain all permits and licences with respect to general Facility operations required by any Regulatory Authority in the jurisdiction in which Catalent Processes Product. Palatin shall obtain and maintain all other Regulatory Approvals and other authorizations and certificates, including those necessary for Catalent to commence Processing. During the Term, Catalent will assist Palatin with all regulatory matters relating to Processing, at Palatin's request and sole expense. Catalent reserves the right to assess Palatin for any regulatory fees that may be established by any Regulatory Authority subsequent to the Effective Date of this Agreement, which fees result directly from Catalent's formulation, development, manufacturing, processing, filing, packaging, storing or testing of the Product or Palatin-supplied Materials. Except as required under Applicable Laws or by any governmental agency, Palatin shall not identify Catalent in any regulatory filing or submission without Catalent's prior written consent. Such consent shall not be unreasonably withheld and shall be memorialized in a writing signed by authorized representatives of both parties. Upon Catalent's written request, Palatin shall provide Catalent with a copy of any Regulatory Approvals required to distribute, market and sell Product in one or more countries within the Territory. If Palatin is unable to provide such information, Catalent shall have no obligation to deliver Product to Palatin, notwithstanding anything to the contrary in this Agreement. The parties intend and commit to cooperate to allow each party to satisfy its obligations under Applicable Laws relating to Processing under this Agreement.

9.2.1 GDUFA Fees. Palatin shall reimburse Catalent for any fees Catalent may be required to pay pursuant to the US Generic Drug User Fee Amendments of 2012 ("**GDUFA Fees**"), [***] . GDUFA Fees are assessed on Catalent when an Abbreviated New Drug Application (" **ANDA**") applicant identifies Catalent in an ANDA application filed with FDA. GDUFA Fees are assessed by the FDA annually and shall be paid by Palatin annually, where applicable. Prior to October 1st of each year, and where applicable, Catalent will invoice Palatin for [***] the annual GDUFA Fees Catalent incurs for each Catalent manufacturing or packaging facility identified in any Palatin ANDA(s) pursuant to FDA regulations (this includes but is not limited to any Catalent facility which manufactured or packaged Palatin's registration batches).

9.3 Governmental Inspections and Requests. Catalent shall promptly advise Palatin if an authorized agent of any Regulatory Authority (A) notifies Catalent that it intends to or does visit the Facility for the purpose of reviewing the Processing or (B) takes any regulatory action with respect to the Product or the Processing. Catalent shall promptly provide to Palatin a report of the result of any such inspection by any Regulatory Authority to the extent directly related to the Processing of the Product and furnish to Palatin a copy of all written information provided by such Regulatory Authority to the extent specifically and directly related to the Processing of the Product, if any, within 10 days of Catalent's receipt of such information, in each case redacted as appropriate to protect any Confidential Information of Catalent and/or confidential information Catalent's other customers. Palatin acknowledges that it may not direct the manner in which Catalent fulfills its obligations to permit inspection by and to communicate with Regulatory Authorities. Notwithstanding the foregoing, Catalent shall not initiate or participate in any communications with any Regulatory Authority concerning the Product or the Processing thereof without prior consultation with Palatin, unless Catalent (i) reasonably believes it is required by Applicable Law to make the communication under conditions that make such prior consultation impossible or impractical, in which case Catalent shall promptly thereafter notify Palatin in writing of the nature and content of the communication, or (ii) is requested to do so by Palatin. If any inspection by Regulatory Authorities is related to the Processing of the Product, Palatin shall reimburse Catalent for all reasonable and documented costs associated with such inspection attributable to the Processing of the Product. If deficiencies are identified in connection with any inspection by Regulatory Authorities related to or otherwise affecting the Processing of the Product, Catalent shall use commercially reasonable efforts to correct all such deficiencies in a timely manner. Catalent shall advise Palatin periodically of progress being made with respect to such deficiencies and notify Palatin, in writing, upon completion of any corrective action taken.

9.4 Palatin Facility Audits. During the Term, Palatin's Representatives shall be granted access upon [***] prior notice, at reasonable times during regular business hours, to (A) the portion of the Facilities where Catalent performs Processing, (B) relevant personnel involved in Processing and (C) Processing records described in Clause 9.1, in each case solely for the purpose of verifying that Catalent is Processing in accordance with cGMPs, the Specifications and the Product master Batch records. Palatin may not conduct an audit under this Clause 9.4 more than [***] ; provided, that additional inspections may be conducted in the event there is a material quality or compliance issue concerning Product or its Processing. Palatin's Quality Assurance Manager will arrange Palatin audits with Catalent Quality Management. Audits shall be designed to minimize, to the extent reasonably possible, disruption of operations at the applicable Facility. Palatin's Representatives shall be required to sign Catalent's standard visitor confidentiality agreement prior to being allowed access to the Facility. Such Representatives shall comply with the Facility's rules and regulations. Palatin shall defend, indemnify and hold harmless Catalent for any action or activity of such Representatives while on Catalent's premises.

9.5 Recall. If Catalent believes a recall, field alert, Product withdrawal or field correction (" **Recall**") may be necessary with respect to any Product supplied under this Agreement, Catalent shall promptly notify Palatin. Catalent will not act to initiate a Recall without the express prior written approval of Palatin, unless otherwise required by Applicable Laws. If Palatin believes a Recall may be necessary with respect to any Product supplied under this Agreement, Palatin shall promptly notify Catalent and Catalent shall provide all necessary cooperation and assistance to Palatin. Palatin shall provide Catalent with an advance copy of any proposed submission to a Regulatory Authority in respect of any Recall, and shall consider in good faith any comments from Catalent. The cost of any Recall shall be borne by Palatin, and Palatin shall reimburse Catalent for expenses incurred in connection with any Recall, in each case unless such Recall is caused solely by Catalent's breach of its obligations under this Agreement with respect to Processing, violation of Applicable Laws or its negligence or willful misconduct, then such cost shall be borne by Catalent; *provided*, *however*, that for purposes hereof, such Catalent cost shall be limited to reasonable, actual and documented administrative costs incurred by Palatin (or its Affiliates, licensees or distributors) for such Recall and, subject to Section 14, replacement of the Product subject to Recall in accordance with Section 5.

9.6 Quality Agreement. Within six months after the Effective Date, and in any event prior to the first Processing of Product hereunder, the parties shall negotiate in good faith and enter into a quality or technical agreement (the "**Quality Agreement**"). The Quality Agreement shall in no way determine liability or financial responsibility of the parties for the responsibilities set out therein. In the event of a conflict between any of the provisions of this Agreement and the Quality Agreement with respect to quality-related activities, including compliance with cGMP, the provisions of the Quality Agreement shall govern. In the event of a conflict between any of the provisions of this Agreement and the Quality Agreement with respect to any commercial matters, including allocation of risk, liability and financial responsibility, the provisions of this Agreement shall govern.

9.7 Quality Assurance/Quality Control Standards. Upon Palatin's written request, Catalent shall deliver to Palatin copies of Catalent's quality assurance/quality control investigations, deviations, out-of-Specification notifications and change controls relevant to the Processing of Product. Catalent shall notify Palatin of any material changes made to any of the foregoing or any Specifications during the Term.

10. CONFIDENTIALITY AND NON-USE

10.1 Definition. As used in this Agreement, the term " **Confidential Information**" includes all information furnished by or on behalf of Catalent or Palatin (the "**Discloser**"), its Affiliates or any of its or their respective Representatives, to the other party (the " **Recipient**"), its Affiliates or any of its or their respective Representatives, whether furnished before, on or after the Effective Date and furnished in any form, including written, verbal, visual, electronic or in any other media or manner and information acquired by observation or otherwise during any site visit at the other party's facility. Confidential Information includes all proprietary technologies, know-how, trade secrets, discoveries, inventions and any other intellectual property (whether or not patented), analyses, compilations, business or technical information and other materials prepared by either party, their respective Affiliates, or any of its or their respective Representatives, containing or based in whole or in part on any information furnished by the Discloser, its Affiliates or any of its or their respective Representatives. Confidential Information also includes the existence of this Agreement and its terms.

10.2 Exclusions. Notwithstanding Clause 10.1, Confidential Information does not include information that (A) is or becomes generally available to the public or within the industry to which such information relates other than as a result of a breach of this Agreement, (B) is already known by the Recipient at the time of disclosure as evidenced by the Recipient's written records, (C) becomes available to the Recipient on a non-confidential basis from a source that is entitled to disclose it on a non-confidential basis or (D) was or is independently developed by or for the Recipient without reference to the Confidential Information of the Discloser as evidenced by the Recipient's written records.

10.3 Mutual Obligation. The Recipient agrees that it will not use the Discloser's Confidential Information except in connection with the performance of its obligations hereunder and will not disclose, without the prior written consent of the Discloser, Confidential Information of the Discloser to any third party, except that the Recipient may disclose the Discloser's Confidential Information to any of its Affiliates and its or their respective Representatives that (A) need to know such Confidential Information for the purpose of performing under this Agreement, (B) are advised of the contents of this Clause and (C) are bound to the Recipient by obligations of confidentiality at least as restrictive as the terms of this Clause. Each party shall be responsible for any breach of this Clause by its Affiliates or any of its or their respective Representatives.

10.4 Permitted Disclosure. The Recipient may disclose the Discloser's Confidential Information to the extent required under Applicable Laws or by the rules of any stock exchange on which the securities of the Discloser are listed in each case upon the reasonable advice of Recipient's legal counsel; *provided*, that prior to making any such legally required disclosure, the Recipient shall give the Discloser as much prior notice of the requirement for and contents of such disclosure as is practicable under the circumstances and use reasonable efforts to limit the scope of any such disclosure and to obtain confidential treatment of all Confidential Information disclosed pursuant to such requirement. Any such disclosure, however, shall not relieve the Recipient of its confidentiality obligations as set forth in this Section 10.

10.5 Disclosure of this Agreement. A public disclosure of this Agreement or the Manufacturing Preparation and Services Agreement is permitted if, upon the reasonable advice of legal counsel of the party making the public disclosure, it is required by law (a "**Required Disclosure**"), including without limitation in a filing with the US Securities and Exchange Commission or the NYSE MKT, provided that the party making the public disclosure shall provide copies of the Required Disclosure to the non-disclosing party reasonably in advance of such filing or other disclosure for the non-disclosing party's review and comment (but not approval). Each party shall consider in good faith any comments provided by the other party with respect to the content of the Required Disclosure, including with respect to the redaction of this Agreement and any other agreement that is to be filed or otherwise publicly disclosed in connection with the Required Disclosure, and shall incorporate such comments or redactions in the Required Disclosure if doing so does not interfere with the disclosing party's ability to comply with any requirements under applicable law or any request or requirement of the US Securities and Exchange Commission or the NYSE MKT.

10.6 No Implied License. Except as expressly set out in Clause 10.1, the Recipient will obtain no right of any kind or license under any Confidential Information of the Discloser, including any patent application or patent, by reason of this Agreement. All Confidential Information will remain the sole property of the Discloser, subject to Section 11.

10.7 Return of Confidential Information. Upon expiry or termination of this Agreement, the Recipient will (and will cause its Affiliates and its and their respective Representatives to) cease its use and, upon written request, within [***] either return or destroy (and certify as to such destruction) all Confidential Information of the Discloser, including any copies thereof, except for a single copy which may be retained for the sole purpose of ascertaining compliance with its obligations under this Agreement and any copies remaining on the Recipient's standard computer back-up devices.

10.8 Survival. The obligations of confidentiality and non-use contained in this Section 10 will terminate [***] after the expiry or termination of this Agreement, except with respect to trade secrets, for which the obligations of confidentiality and non-use contained in this Section 10 will continue for so long as such information remains a trade secret under applicable law.

11. INTELLECTUAL PROPERTY

For purposes hereof, "**Palatin IP**" means all intellectual property and embodiments thereof owned by or licensed to Palatin as of the Effective Date or developed by Palatin other than in connection with this Agreement; "**Catalent IP**" means all intellectual property and embodiments thereof owned by or licensed to Catalent as of the Effective Date or developed by Catalent other than in connection with this Agreement; "**Invention**" means any intellectual property developed by either party or jointly by the parties in connection with this Agreement; [***] . The parties shall cooperate to achieve the allocation of rights to Inventions anticipated herein and each party shall be solely responsible for costs associated with the protection of its intellectual property.

12. REPRESENTATIONS AND WARRANTIES

12.1 Catalent. Catalent represents, warrants and undertakes to Palatin that:

A. at the time of delivery by Catalent as provided in Clause 6.1, all Product shall have been Processed in accordance with Applicable Laws and in conformance with the Specifications and the Quality Agreement and will not be adulterated, misbranded or mislabeled within the meaning of Applicable Laws; *provided*, that Catalent shall not be liable for defects attributable to Palatin-supplied Materials (including artwork, advertising and labeling);

B. Catalent will comply with all Applicable Laws applicable to Catalent's performance under this Agreement and its use of any Palatin-supplied Materials;

C. To Catalent's knowledge, there are no patents owned by others, or trade secrets or other proprietary rights of others, that would be infringed by the Catalent IP in Catalent's performance of the Agreement;

D. Catalent and its employees, affiliates, contractors, and agents have never been (i) debarred or (ii) convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the Federal Food, Drug, and Cosmetic Act; and

E. Catalent will not release any Batch of Product if the required certificates of conformance indicate that Product does not comply with the Specifications.

12.2 Palatin. Palatin represents, warrants and undertakes to Catalent that:

A. all Palatin-supplied Materials shall have been produced in accordance with Applicable Laws, shall comply with all applicable specifications, including the Specifications, shall not be adulterated, misbranded or mislabeled within the meaning of Applicable Laws, and shall have been provided in accordance with the terms and conditions of this Agreement;

B. the content of all artwork provided to Catalent shall comply with all Applicable Laws;

C. all Product delivered to Palatin by Catalent will be held, used and disposed of by or on behalf of Palatin in accordance with all Applicable Laws, and Palatin will otherwise comply with all laws, rules, regulations and guidelines applicable to Palatin's performance under this Agreement;

D. Palatin will not release any Batch of Product if the required certificates of conformance indicate that Product does not comply with the Specifications and if Palatin does not hold all necessary Regulatory Approvals to market and sell the Product;

E. Palatin has all necessary authority to use and to permit Catalent to use pursuant to this Agreement all intellectual property related to Product or Palatin-supplied Materials (including artwork), and the Processing of the foregoing, including any copyrights, trademarks, trade secrets, patents, inventions and developments; to Palatin's knowledge, there are no patents owned by others related to the Palatin IP utilized with the Product that would be infringed or misused by Palatin's performance of the Agreement; and, to Palatin's knowledge, no trade secrets or other proprietary rights of others related to the Palatin IP utilized with the Product would be infringed or misused by Palatin's performance of this Agreement; and

F. to Palatin's knowledge, the work to be performed by Catalent under this Agreement will not violate or infringe upon any trademark, tradename, copyright, patent, trade secret, or other intellectual property or other right held by any person or entity.

12.3 Mutual: No transactions or dealings under this Agreement shall be conducted with or for an individual or entity that is designated as the target of any sanctions, restrictions or embargoes administered by the United Nations, European Union, United Kingdom, or the United States.

12.4 Limitations. Save as expressly set out in this Agreement, neither party gives any representation or warranty in respect of the subject matter of this Agreement, and all representations and warranties that may be implied (by statute or otherwise) are hereby excluded to the maximum extent permitted by law.

13. INDEMNIFICATION

13.1 Indemnification by Catalent. Catalent shall defend, indemnify and hold harmless Palatin, its Affiliates, and their respective directors, officers and employees ("**Palatin Indemnitees**") from and against any and all claims, losses, demands, liabilities, damages, costs and expenses (including reasonable attorneys' fees and reasonable investigative costs) in connection with any claim or action by any third party ("**Losses**") arising out of or resulting from (A) any breach of its representations, warranties or obligations set out in this Agreement, (B) any negligence or willful misconduct by Catalent or (C) any actual or alleged infringement or violation of any patent, trade secret, copyright, trademark or other proprietary rights of a third party by the Catalent IP used in Catalent's performance of its obligations under this Agreement, but for the avoidance of doubt not with respect to any such infringement or violation due to Palatin IP, API Inventions or Palatin-supplied Materials; in each case except to the extent that any of the foregoing arises out of or results from any Palatin Indemnitee's negligence, willful misconduct or breach of this Agreement.

13.2 Indemnification by Palatin. Palatin shall defend, indemnify and hold harmless Catalent, its Affiliates, and their respective directors, officers and employees ("**Catalent Indemnitees**") from and against any and all Losses arising out of or resulting from (A) any breach of its representations, warranties or obligations set out in this Agreement, (B) any manufacture, packaging, sale, promotion, distribution or use of or exposure to Product or Palatin-supplied Materials, including product liability or strict liability, (C) Palatin's exercise of control over the Processing, to the extent that Palatin's instructions or directions violate Applicable Laws, (D) the conduct of any clinical trials utilizing Product or API, (E) any actual or alleged infringement or violation of any third party patent, trade secret, copyright, trademark or other proprietary rights by intellectual property or other information provided by Palatin, including Palatin-supplied Materials, or (F) any negligence or willful misconduct by Palatin; in each case except to the extent that any of the foregoing arises out of or results from any Catalent Indemnitee's negligence, willful misconduct or breach of this Agreement.

13.3 Indemnification Procedures. All indemnification obligations in this Agreement are conditioned upon the indemnified party (A) promptly notifying the indemnifying party of any claim or liability of which the indemnified party becomes aware (including a copy of any related complaint, summons, notice or other instrument); *provided*, that failure to provide such notice within a reasonable period of time shall not relieve the indemnifying party of any of its obligations hereunder except to the extent the indemnifying party is prejudiced by such failure, (B) cooperating with the indemnifying party in the defense of any such claim or liability and any related settlement negotiations (at the indemnifying party's expense) and (C) not compromising or settling any claim or liability without prior written consent of the indemnifying party.

14. LIMITATIONS OF LIABILITY

14.1 TOTAL LIABILITY. CATALENT'S TOTAL LIABILITY UNDER THIS AGREEMENT SHALL IN NO EVENT EXCEED [***] .

14.2 INDIRECT DAMAGES. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL LOSS OR DAMAGES, OR FOR LOSS OF REVENUES, PROFITS OR DATA, ARISING OUT OF PERFORMANCE UNDER THIS AGREEMENT, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

15. INSURANCE

Each party shall, at its own cost and expense, obtain and maintain in full force and effect during the Term the following in US dollars or foreign currency equivalent: (A) Commercial General Liability Insurance with a per-occurrence limit of not less than [***] ; (B) Products and Completed Operations Liability Insurance with a per-occurrence limit of not less than [***] ; and (C) All Risk Property Insurance, including transit coverage, in an amount equal to the full replacement value of its property while in, or in transit to, a Catalent facility as required under this Agreement. Each party may self-insure all or any portion of the required insurance as long as, together with its Affiliates, its US GAAP or foreign currency equivalent net worth is greater than [***] or its annual EBITDA (earnings before interest, taxes, depreciation and amortization) is greater than [***] . Each required insurance policy, other than self-insurance, shall be obtained from an insurance carrier with an A.M. Best rating of at least A- VII. If any of the required policies of insurance are written on a claims made basis, such policies shall be maintained throughout the Term and for a period of at least [***] thereafter. Each party shall obtain a waiver of subrogation clause from its property insurance carriers in favor of the other party, and such waivers will operate the same whether insurance is carried through third parties or self-insured. Upon the other party's written request from time to time, each party shall promptly furnish to the other party a certificate of insurance or other evidence of the required insurance.

16. TERM AND TERMINATION

16.1 Term. This Agreement shall commence on the Effective Date and shall continue until the end of the fifth Contract Year (the " **Initial Term**"), unless earlier terminated in accordance with Clause 16.3 (the Initial Term as may be extended in accordance with Clause 16.2, the "**Term**").

16.2 Renewal. The Initial Term shall automatically be extended for one 24-month period unless at least [***] prior to the end of the Initial Term one party gives the other party written notice of its desire to terminate as of the end of the Initial Term.

16.3 Termination. This Agreement may be terminated:

A. by either party if steps are taken by or against the other party for the appointment of a liquidator, an administrator, a receiver, administrative receiver, manager, interim receiver, trustee, trustee in bankruptcy, nominee or supervisor or the other party proposes or enters into an agreement or arrangement with its creditors generally or makes an assignment for the benefit of its creditors generally, or otherwise suffers or permits the taking of any steps for adjudicating it to be bankrupt or insolvent and any such process, if reasonably shown to be warranted, frivolous or vexatious, is not withdrawn, dismissed or discharges within [***] , or any equivalent or similar action to the above in consequence of the insolvency of that party is taken in any jurisdiction and is not withdrawn, dismissed or discharged in the circumstances described above;

B. by either party if the other party materially breaches any of the provisions of this Agreement and such breach is not cured within [***] after the giving of written notice requiring the breach to be remedied; *provided*, that in the case of a failure of Palatin to make payments in accordance with the terms of this Agreement, Catalent may terminate this Agreement if such payment breach is not cured within [***] of receipt of notice of non-payment from Catalent;

C. by Palatin pursuant to Clause 4.7; and

D. by Palatin upon notice and payment of the termination penalty provided in Clause 16.4D.

16.4 Effect of Termination. Expiry or termination of this Agreement shall be without prejudice to any rights or obligations that accrued to the benefit of either party prior to such expiry or termination. In the event of a termination of this Agreement:

A. Catalent shall promptly return to Palatin, at Palatin's expense and direction, all remaining inventory of Product and Palatin-supplied Materials; *provided*, that all outstanding undisputed invoices have been paid in full;

B. Palatin shall pay Catalent all undisputed invoiced amounts outstanding, plus, upon receipt of an undisputed invoice(s), amounts for any (i) Product that has been shipped pursuant to Purchase Orders but not yet invoiced, (ii) Product Processed pursuant to Purchase Orders that has been completed but not yet shipped, and (iii) in the event that this Agreement is terminated for any reason other than by Palatin pursuant to Clause 16.3A, 16.3B or 16.3C, all Product in process of being Processed pursuant to Purchase Orders (or, alternatively, Palatin may instruct Catalent to complete such work in process, and the resulting completed Product shall be governed by clause (ii)); and

C. In the event that this Agreement is terminated for any reason other than by Palatin pursuant to Clause 16.3A, 16.3B or 16.3C, Palatin shall pay Catalent for all out-of-pocket costs and expenses incurred, and all noncancellable commitments made, in connection with Catalent's performance of this Agreement, so long as such costs, expenses or commitments were made by Catalent consistent with Palatin's then current Firm Commitment and any minimum purchase obligations required by the vendor; *provided, however*, that notwithstanding the foregoing, Palatin shall have no obligation to pay Catalent for costs, expenses or commitments made with respect to Product in process of being Processed pursuant to Purchase Orders (it being understood that the amounts payable pursuant to Clause 16.4B(ii) shall fully compensate Catalent with respect to such Product in process).

D. If this Agreement is terminated by Palatin pursuant to Clause 16.3D or for any reason other than pursuant to Clause 16.3B or 16.3C, then Palatin shall pay Catalent a termination penalty in accordance with the following schedule:

Date of Termination	**Amount of Termination Penalty**
During Contract Year 1	[***]
During Contract Year 2	[***]
During Contract Year 3	[***]

16.5 Survival. The rights and obligations of the parties shall continue under Sections 11 (Intellectual Property), 13 (Indemnification), 14 (Limitations of Liability), 17 (Notice), 18 (Miscellaneous); under Clauses 10 (Confidentiality and Non-Use) and 15 (Insurance), in each case to the extent expressly stated therein; and under Clauses 7.3 (Payment Terms), 7.4 (Taxes), 7.5 (Palatin and Third Party Expenses), 9.1 (Record Keeping), 9.5 (Recall), 12.4 (Limitations on Warranties), 16.4 (Effect of Termination) and 16.5 (Survival), in each case in accordance with their respective terms if applicable, notwithstanding expiry or termination of this Agreement.

17. NOTICE

All notices and other communications hereunder shall be in writing and shall be deemed given: (A) when delivered personally or by hand; (B) when delivered by facsimile transmission (receipt verified); (C) when received or refused, if sent by registered or certified or recorded post (return receipt requested), postage prepaid; or (D) when delivered by courier service; in each case, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice; *provided*, that notices of a change of address shall be effective only upon receipt thereof):

To Palatin:
Palatin Technologies, Inc.
4-B Cedar Brook Drive
Cranbury, New Jersey 08512 USA
Attn: Chief Financial Officer
Facsimile: (609) 495-2202

With a copy to:
Thompson Hine LLP
335 Madison Avenue, 12th Floor
New York, New York 10017 USA
Attn: Faith Charles, Esq.
Facsimile: (212) 344-6101

To Catalent:
Catalent Belgium S.A.
Rue Font St. Landry
10 Parc Mercator B-1120
Neder over Heembeek, Belgium
Attn: General Manager
Facsimile: 32-2-788-39-59

With a copy to:
Catalent Pharma Solutions
14 Schoolhouse Road
Somerset, NJ 08873 USA
Attn: General Counsel (Legal Department)
Facsimile: +1 (732) 537-6491

18. MISCELLANEOUS

18.1 Entire Agreement; Amendments. This Agreement, together with the Quality Agreement and each Purchase Order and Statement of Work, constitutes the entire understanding between the parties, and supersedes any contracts, agreements or understandings (oral or written) of the parties, with respect to the subject matter hereof. For the avoidance of doubt, this Agreement does not supersede any existing generally applicable confidentiality agreement between the parties as it relates to time periods prior to the date hereof or to business dealings not covered by this Agreement. No term of this Agreement may be amended except upon written agreement of both parties, unless otherwise expressly provided in this Agreement.

18.2 Captions; Certain Conventions. The headings used in this Agreement are for convenience only and are not to be interpreted or construed as a substantive part of this Agreement. Unless otherwise expressly provided herein or the context of this Agreement otherwise requires, (A) words of any gender include each other gender, (B) words such as “herein”, “hereof”, and “hereunder” refer to this Agreement as a whole and not merely to the particular provision in which such words appear, (C) words using the singular shall include the plural, and vice versa, (D) the words “include(s)” and “including” shall be deemed to be followed by the phrase “but not limited to”, “without limitation” or words of similar import, (E) the word “or” shall be deemed to include the word “and” (e.g., “and/or”) and (F) references to “Clause” or other subdivision, or to an Attachment or other appendix, without reference to a document are to the specified provision or Attachment of this Agreement. This Agreement shall be construed as if it were drafted jointly by the parties.

18.3 Further Assurances. The parties agree to execute such further instruments and to undertake such other acts as may be reasonably necessary or appropriate to give full effect to the terms of this Agreement.

18.4 No Waiver. In no event shall any delay, failure or omission (in whole or in part) in enforcing, exercising or pursuing any right, power, privilege, claim or remedy conferred by or arising under this Agreement or by law, be deemed to be or construed as a waiver of that or any other right, power, privilege, claim or remedy in respect of the circumstances in question, or operate so as to bar the enforcement of that, or any other right, power, privilege, claim or remedy, in any other instance at any time or times subsequently.

18.5 Severability. If any term of this Agreement is declared invalid or unenforceable by a court or other body of competent jurisdiction, the remaining terms of this Agreement will continue in full force and effect.

18.6 Independent Contractors. The relationship of the parties is that of independent contractors, and nothing in this Agreement is intended to create or will be construed as creating between the parties the relationship of joint venture, co-partners, employer/employee or principal/agent.

18.7 Successors and Assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other party; *provided*, *however*, that either party may, without the other party’s consent, assign this Agreement in its entirety to an Affiliate or to a successor to substantially all of the business or assets of the assigning party or the assigning party’s business unit responsible for performance under this Agreement.

18.8 Third Party Rights. This Agreement shall not confer any rights or remedies upon any person or entity other than the parties to this Agreement and their respective successors and permitted assigns, and a person or entity who is not a party to this Agreement has no rights to enforce any term of this Agreement.

18.9 Governing Law. This Agreement and the legal relations between the parties in connection herewith shall be governed by, and construed in accordance with, the laws of the State of New Jersey, USA, without regard to the conflict of law principles thereof. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

18.10 Alternative Dispute Resolution. Any dispute that arises between the parties in connection with this Agreement shall first be presented to the senior executives of the parties for consideration and resolution. If such executives cannot reach a resolution of the dispute within a reasonable time, not to exceed 30 days unless otherwise agreed by the parties in writing, then such dispute shall be submitted to arbitration by the International Institute for Conflict Prevention and Resolution, 575 Lexington Avenue, 21st Floor, New York, NY 10022 (“**CPR**”) by one arbitrator mutually agreed upon by the Parties. If no agreement can be reached within 30 days after names of potential arbitrators have been proposed by the CPR, then the CPR will choose one arbitrator having reasonable experience in commercial transactions of the type provided for in this Agreement. The arbitration shall take place in the English language in New York City, New York, in accordance with the CPR administered arbitration rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. Unless otherwise agreed to by the parties in writing, the arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed. The arbitrator’s decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages.

18.11 Prevailing Party. In any dispute resolution proceeding between the parties in connection with this Agreement, the prevailing party will be entitled to recover its reasonable attorney's fees and costs in such proceeding from the other party.

18.12 Publicity. Neither party will make any press release or other public disclosure regarding this Agreement or the transactions contemplated hereby without the other party's express prior written consent, except as required under Applicable Laws, by any governmental agency or by the rules of any stock exchange on which the securities of the disclosing party are listed, in which case the party required to make the press release or public disclosure shall use commercially reasonable efforts to obtain the approval of the other party as to the form, nature and extent of the press release or public disclosure prior to issuing the press release or making the public disclosure. Notwithstanding the foregoing, the parties hereto intend to make a jointly agreed press release with respect to the Agreement within 60 days after the Effective Date or at such other time as mutually agreed by the parties.

18.13 Right to Dispose. If Catalent requests in writing from Palatin direction with respect to disposal of any inventories of Product, Palatin-supplied Materials, Palatin Equipment, other equipment, samples or other items belonging to Palatin and is unable to obtain a response from Palatin within 90 days after making such request, Catalent shall be entitled in its sole discretion to dispose of all such items.

18.14 Force Majeure. Except as to payments required under this Agreement, neither party shall be liable in damages for, nor shall this Agreement be capable of termination by reason of, any delay in such party's performance, or breach of its obligations, hereunder if such delay or breach is caused by events beyond such party's reasonable control, including acts of God, law or regulation or other action or failure to act of any government or agency thereof, war or insurrection, civil commotion, destruction of production facilities or materials by earthquake, fire, flood or weather, labor disturbances, epidemic or failure of suppliers, public utilities or common carriers. If the events shall continue unabated for 90 days, then both parties shall meet to discuss and negotiate in good faith what modifications to this Agreement should result from such events.

18.15 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by fax or e-mail in an image format (e.g., .pdf file) shall be as effective as delivery of a manually executed counterpart of this Agreement.

(signature page follows)

IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement effective as of the Effective Date.

CATALENT BELGIUM S.A.

By: /s/ Wim Blendeman
Name: Wim Blendeman
Title: General Manager

PALATIN TECHNOLOGIES, INC.

By: /s/ Stephen T. Wills
Name: Stephen T. Wills
Title: CFO

ATTACHMENT A

VALIDATION SERVICES

[To be agreed by the parties within ninety (90) days following the Effective Date and, when agreed to, to form a part of this Agreement. Attachment to reflect standard Catalent quotation format, including pricing. If no validation services are desired, state "N/A" on this page.]

ATTACHMENT B

PRODUCT MAINTENANCE SERVICES

[***]

ATTACHMENT C

SPECIFICATIONS

[***]

ATTACHMENT D

PRICING, FEES AND MINIMUM REQUIREMENT

[***]

ATTACHMENT E

COUNTRIES INCLUDED IN TERRITORY

Canada

Kosovo
Former Yugoslav Republic of Macedonia

Turkey

Albania
Andorra
Bosnia and Herzegovina
Iceland
Liechtenstein
Monaco
Montenegro
Norway
San Marino
Serbia
Switzerland
Vatican City State

Armenia
Azerbaijan
Belarus
Georgia
Kazakhstan
Kyrgyzstan
Moldova
Russia
Tajikistan
Ukraine
Uzbekistan
Turkmenistan
Mongolia
Vietnam

People's Republic of China
Taiwan
Hong Kong S.A.R.
Macau S.A.R.
Republic of Korea

ATTACHMENT E

FORM STATEMENT OF WORK

[***]

Certification of Chief Executive Officer

I, Carl Spana, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Palatin Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly presents in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

/s/ Carl Spana

Carl Spana, President and Chief Executive Officer

Certification of Chief Financial Officer

I, Stephen T. Wills, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Palatin Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly presents in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

/s/ Stephen T. Wills

Stephen T. Wills, Executive Vice President, Chief Financial Officer and Chief Operating Officer

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Carl Spana, President and Chief Executive Officer of Palatin Technologies, Inc., hereby certify, to my knowledge, that the Quarterly Report on Form 10-Q for the period ended September 30, 2020 of Palatin Technologies, Inc. (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Palatin Technologies, Inc.

Dated: November 16, 2020

/s/ Carl Spana

Carl Spana, President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Stephen T. Wills, Executive Vice President, Chief Financial Officer and Chief Operating Officer of Palatin Technologies, Inc., hereby certify, to my knowledge, that the Quarterly Report on Form 10-Q for the period ended September 30, 2020 of Palatin Technologies, Inc. (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Palatin Technologies, Inc.

Dated: November 16, 2020

/s/ Stephen T. Wills

Stephen T. Wills, Executive Vice President, Chief Financial Officer and Chief Operating Officer (Principal Financial Officer)