FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2016

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)

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 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

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

As of February 9, 2017, 137,947,082 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

PALATIN TECHNOLOGIES, INC.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q, 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 on Form 10-Q do not constitute guarantees of future performance. Investors are cautioned that statements that are not strictly historical statements contained in this Quarterly Report on Form 10-Q, including, without limitation, the following are forward looking statements:

- estimates of our expenses, future revenue and capital requirements;
- our ability to obtain additional financing on terms acceptable to us, or at all;
- 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 completion of required clinical trials and studies and validation of methods and controls used to manufacture Rekynda™ (our trade name for bremelanotide) for the treatment of premenopausal women with hypoactive sexual desire disorder, or HSDD, which is a type of female sexual dysfunction, or FSD;
- our expectation regarding the timing of our regulatory submissions for approval of Rekynda for HSDD in the United States and Europe;
- our expectation regarding performance of our exclusive licensee of Rekynda for North America, AMAG Pharmaceuticals, Inc., or AMAG;
- the potential for commercialization of Rekynda for HSDD in North America by AMAG and other product candidates, if approved, by us;
- our expectations regarding the potential market size and market acceptance for Rekynda for HSDD and our other product candidates, if approved for commercial use;
- our ability to compete with other products and technologies similar to 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 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;
- our compliance with federal and state laws and regulations;
- the timing and costs associated with obtaining regulatory approval for our product candidates;
- 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; and
- our ability to remain listed on the NYSE MKT.

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 in this report, in our Annual Report on Form 10-K for the year ended June 30, 2016, and in our other Securities and Exchange Commission (SEC) filings.

We expect to incur losses in the future as a result of spending on our planned development programs and results may fluctuate significantly from quarter to quarter.

Rekynda™ is a trademark of Palatin Technologies, Inc. Palatin Technologies® is a registered trademark of Palatin Technologies, Inc.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2016	June 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,114,581	$ 8,002,668
Available-for-sale investments	1,375,959	1,380,556
Prepaid expenses and other current assets	838,260	1,313,841
Total current assets	14,328,800	10,697,065
Property and equipment, net	82,540	97,801
Other assets	56,916	63,213
Total assets	$ 14,468,256	$ 10,858,079
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	$ 4,706,014	$ 713,890
Accrued expenses	7,446,825	7,767,733
Notes payable, net of discount and debt issuance costs	7,427,445	5,374,951
Capital lease obligations	28,214	27,424
Total current liabilities	19,608,498	13,883,998
Notes payable, net of discount and debt issuance costs	10,210,275	14,106,594
Capital lease obligations	-	14,324
Other non-current liabilities	607,488	439,130
Total liabilities	30,426,261	28,444,046
Stockholders' deficiency:		
Preferred stock of $0.01 par value – authorized 10,000,000 shares:		
Series A Convertible: issued and outstanding 4,030 shares as of December 31, 2016 and June 30, 2016	40	40
Common stock of $0.01 par value – authorized 300,000,000 shares:		
issued and outstanding 133,423,837 shares as of December 31, 2016 and 68,568,055 shares as of June 30, 2016, respectively	1,334,238	685,680
Additional paid-in capital	349,204,164	325,142,509
Accumulated other comprehensive loss	(2,006)	(1,944)
Accumulated deficit	(366,494,441)	(343,412,252)
Total stockholders' deficiency	(15,958,005)	(17,585,967)
Total liabilities and stockholders' deficiency	$ 14,468,256	$ 10,858,079

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 December 31,		Six Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
REVENUES:				
License revenue	$ -	$ -	$ -	$ -
OPERATING EXPENSES:				
Research and development	8,134,575	11,272,307	19,360,659	21,870,021
General and administrative	1,306,300	1,356,117	2,515,646	2,556,054
Total operating expenses	9,440,875	12,628,424	21,876,305	24,426,075
Loss from operations	(9,440,875)	(12,628,424)	(21,876,305)	(24,426,075)
OTHER INCOME (EXPENSE):				
Interest income	5,991	8,234	12,636	23,974
Interest expense	(594,535)	(629,494)	(1,218,520)	(1,257,502)
Total other income (expense), net	(588,544)	(621,260)	(1,205,884)	(1,233,528)
NET LOSS	$(10,029,419)	$(13,249,684)	$(23,082,189)	$(25,659,603)
Basic and diluted net loss per common share	$ (0.06)	$ (0.08)	$ (0.13)	$ (0.16)
Weighted average number of common shares outstanding used in computing basic and diluted net loss per common share	177,798,511	156,358,586	171,823,390	156,268,094

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

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Net loss	$(10,029,419)	$(13,249,684)	$(23,082,189)	$(25,659,603)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	515	(9,389)	(62)	(9,389)
Total comprehensive loss	$(10,028,904)	$(13,259,073)	$(23,082,251)	$(25,668,992)

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

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

	Six Months Ended December 31,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(23,082,189)	$(25,659,603)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	15,261	22,193
Non-cash interest expense	160,711	161,478
Stock-based compensation	853,241	800,748
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	481,877	229,186
Accounts payable	3,992,124	1,269,795
Accrued expenses	(320,908)	(445,111)
Other non-current liabilities	168,358	173,913
Net cash used in operating activities	(17,731,525)	(23,447,401)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(1,387,022)
Purchases of property and equipment	-	(17,695)
Net cash used in investing activities	-	(1,404,717)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligations	(13,534)	(12,748)
Payment of withholding taxes related to restricted stock units	-	(131,959)
Payment on notes payable obligations	(2,000,000)	-
Proceeds from the sale of common stock and warrants, net of costs	23,856,972	19,834,278
Proceeds from the issuance of notes payable and warrants	-	10,000,000
Payment of debt issuance costs	-	(146,115)
Net cash provided by financing activities	21,843,438	29,543,456
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,111,913	4,691,338
CASH AND CASH EQUIVALENTS, beginning of period	8,002,668	27,299,268
CASH AND CASH EQUIVALENTS, end of period	$ 12,114,581	$ 31,990,606
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 891,717	$ 922,111
Issuance of warrants in connection with debt financing	-	305,196
Unrealized loss on available-for-sale investments	62	9,389
Non-cash equity financing costs in accrued expenses	50,861	-

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

PALATIN TECHNOLOGIES, INC.

and Subsidiary

Notes to Consolidated Financial Statements
(unaudited)

(1) ORGANIZATION:

Nature of Business – Palatin Technologies, Inc. (Palatin or the Company) is a biopharmaceutical company developing targeted, receptor-specific peptide therapeutics for the treatment of diseases with significant unmet medical need and commercial potential. Palatin's programs are based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. The melanocortin system is involved in a large and diverse number of physiologic functions, and therapeutic agents modulating this system may have the potential to treat a variety of conditions and diseases, including sexual dysfunction, obesity and related disorders, cachexia (wasting syndrome) and inflammation-related diseases. The natriuretic peptide receptor system has numerous cardiovascular functions, and therapeutic agents modulating this system may be useful in treatment of acute asthma, heart failure, hypertension and other cardiovascular diseases.

The Company's primary product in development is Rekynda™, the Company's trade name for bremelanotide, for the treatment of hypoactive sexual desire disorder (HSDD), which is a type of female sexual dysfunction (FSD). The Company also has drug candidates or development programs for cardiovascular diseases, inflammatory diseases, obesity and dermatologic diseases.

As discussed in Note 12, on January 8, 2017 the Company entered into an exclusive license agreement (License Agreement) with AMAG Pharmaceuticals, Inc. (AMAG) for Rekynda for North America. The License Agreement became effective on February 2, 2017 (Effective Date), and the Company received an upfront payment of $60,000,000 pursuant to the License Agreement on the Effective Date.

Key elements of the Company's business strategy include using its technology and expertise to develop and commercialize therapeutic products; entering into alliances and partnerships with pharmaceutical companies to facilitate the development, manufacture, marketing, sale and distribution of product candidates that the Company is developing; and partially funding its product candidate development programs with the cash flow generated from third parties.

Going Concern – Since inception, the Company has incurred negative cash flows from operations, and has expended, and expects to continue to expend, substantial funds to complete its planned product development efforts. As shown in the accompanying consolidated financial statements, the Company had an accumulated deficit as of December 31, 2016 of $366,494,411 and incurred a net loss for the three and six months ended December 31, 2016 of $10,029,419 and $23,082,189, respectively. The Company anticipates incurring additional losses in the future as a result of spending on its development programs and will require substantial additional financing to continue to fund its planned developmental activities. To achieve 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 profitability is highly uncertain, and the Company may never be able to achieve profitability on a sustained basis, if at all. As discussed in Note 11, on December 6, 2016, the Company closed on an underwritten public offering of units resulting in gross proceeds of $16,500,000, with net proceeds, after deducting underwriting discounts and commissions and offering expenses, of $15,386,075.

As of December 31, 2016, the Company's cash, cash equivalents and investments were $13,490,540 before giving effect to receipt of $60,000,000 from AMAG pursuant to the License Agreement discussed in Note 12, and current liabilities were $19,608,498. The Company intends to utilize existing capital resources for general corporate purposes and working capital, including required ancillary studies with Rekynda for HSDD preparatory to filing a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA), and preclinical and clinical development of our other product candidates and programs, including natriuretic peptide receptor and melanocortin receptor programs.

Management believes that the Company's existing capital resources will be adequate to fund its planned operations through at least the fiscal year ending June 30, 2018. The Company will also 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 would 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.

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 and cash equivalents and available-for-sale investments. The

Company's cash and cash equivalents are primarily invested in one money market account sponsored by a large financial institution. For the three and six months ended December 31, 2016, and 2015, the Company had no revenues reported.

(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 and six months ended December 31, 2016 may not necessarily be indicative of the results of operations expected for the full year.

The accompanying 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, 2016, filed with the SEC, which includes consolidated financial statements as of June 30, 2016 and 2015 and for each of the fiscal years in the three-year period ended June 30, 2016.

(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 amount 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 $11,939,046 and $7,782,243 in a money market account at December 31, 2016 and June 30, 2016, respectively.

Investments – The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on the contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for--sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of other comprehensive (loss) income.

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.

Fair Value of Financial Instruments – The Company's financial instruments consist primarily of cash equivalents, available-for-sale investments, accounts payable and notes payable. Management believes that the carrying values of cash equivalents, available-for-sale investments and accounts payable are representative of their respective fair values based on the short-term nature of these instruments. Management believes that the carrying amount of its notes payable approximates fair value based on the terms of the notes.

Credit Risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Total cash and cash equivalent balances have exceeded insured balances by the Federal Depository Insurance Company (FDIC).

Property and Equipment – Property and equipment consists of office and laboratory equipment, office furniture and leasehold improvements and includes assets acquired under capital 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 capital 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.

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.

Revenue Recognition – Under our license, co-development and commercialization agreement with Gedeon Richter (Note 5), we received consideration in the form of a license fee and development milestone payment.

Revenue resulting from license fees is recognized upon delivery of the license for the portion of the license fee payment that is non-contingent and non-refundable, if the license has standalone value. Revenue resulting from the achievement of development milestones is recorded in accordance with the accounting guidance for the milestone method of revenue recognition.

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 our development activities. We review the activities performed under significant contracts each quarter and accrue expenses and the amount of any reimbursement to be received from our 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 we do not identify services performed for us but not billed by the service-provider, or if we underestimate or overestimate 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. The Company determines the value of stock options utilizing the Black-Scholes option pricing model. Compensation costs for share-based awards with pro-rata vesting are determined using the quoted market price of the Company's common stock on the date of grant and allocated to periods on a straight-line basis, while awards containing a market condition are valued using multifactor Monte Carlo simulations.

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 a valuation allowance against its deferred tax assets based on the history of losses incurred.

Net Loss per Common Share – Basic and diluted earnings 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," which includes guidance pertaining to the warrants, issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering, that are exercisable for nominal consideration and, therefore, are to be considered in the computation of basic and diluted net loss per common share. The Series A 2012 warrants issued on July 3, 2012 to purchase up to 31,988,151 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series B 2012 warrants issued on July 3, 2012 to purchase up to 35,488,380 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series C 2014 warrants to purchase up to 24,949,325 shares of common stock were exercisable starting at December 23, 2014 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on December 23, 2014.

The Series E 2015 warrants to purchase up to 21,917,808 shares of common stock were exercisable starting at July 2, 2015 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on July 2, 2015.

The Series I 2016 warrants to purchase up to 2,218,045 shares of common stock were exercisable starting at August 4, 2016 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on August 4, 2016 (Note 11).

As of December 31, 2016 and 2015, common shares issuable upon conversion of Series A Convertible Preferred Stock, the exercise of outstanding options and warrants (excluding the Series A 2012, Series B 2012, Series C 2014, Series E 2015 and Series I 2016 warrants issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering), and the vesting of restricted stock units amounted to an aggregate of 57,174,473, and 34,901,635 shares, respectively. These share amounts have been excluded from the calculation of net loss per share as the impact would be anti-dilutive.

(4) NEW AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS:

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, 2020. Early adoption will be available on July 1, 2019. The Company is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Improvement to Employee Share-Based Payment Accounting*, which amends the current guidance related to stock compensation. The updated guidance changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The update to the standard is effective for the Company on July 1, 2017, with early application permitted. The Company is evaluating the effect that the new guidance will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases, Related to the Recognition of Lease Assets and Lease Liabilities*. The new guidance requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability, other than leases that meet the definition of a short term lease, and requires expanded disclosures about leasing arrangements. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from the current guidance. Lessor accounting is similar to the current guidance, but updated to align with certain changes to the lessee model and the new revenue recognition standard. The new guidance is effective for the Company on July 1, 2019, with early adoption permitted. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities*. The new guidance relates to the recognition and measurement of financial assets and liabilities. The new guidance makes targeted improvements to GAAP impacting equity investments (other than those accounted for under the equity method or consolidated), financial liabilities accounted for under the fair value election, and presentation and disclosure requirements for financial instruments, among other changes. The new guidance is effective for the Company on July 1, 2018, with early adoption prohibited other than for certain provisions. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes,* which simplifies the balance sheet classification of deferred taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the new guidance. The new guidance is effective for the Company on July 1, 2017, with early adoption permitted as of the beginning of an interim or annual reporting period. The new guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures. However, at the present time the Company has recorded a valuation allowance against its deferred tax assets based on the history of losses incurred.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. In August 2015, the FASB issued a clarification that debt issuance costs related to line-of-credit arrangements were not within the scope of the new guidance and therefore should continue to be accounted for as deferred assets in the balance sheet, consistent with existing GAAP. The Company adopted the retrospective guidance as of July 1, 2016. As a result of the adoption of ASU No. 2015-03, we made the following adjustments to the June 30, 2016 consolidated balance sheet: a $110,441 decrease to prepaid expenses and other current assets, a $83,215 decrease to other assets, a $110,441 decrease to the current portion of notes payable, net of discounts and debt issuance costs, and a $83,215 decrease to the long-term portion of notes payable, net of discounts and debt issuance costs.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern: Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in this update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The new standard is effective for the Company for its fiscal year ending June 30, 2017. The Company is evaluating the effect of the standard, if any, on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB voted to defer the effective date of the new standard until fiscal years beginning after December 15, 2017 with early application permitted for fiscal years beginning after December 15, 2016. With the deferral, the new standard is effective for the Company on July 1, 2018, with early adoption permitted one year prior. The standard permits the use of either the retrospective or cumulative effect transition method. In addition, in April 2016 the FASB issued ASU No. 2016-10, *Identifying Performance Obligations and Licensing*, which addresses various issues associated with identifying performance obligations, licensing of intellectual property, royalty considerations, and other matters. ASU No. 2016-10 is effective in connection with ASU No. 2014-09. The Company is evaluating the effect that these standards will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of these standards on its ongoing financial reporting.

(5) AGREEMENT WITH GEDEON RICHTER:

In August 2014, the Company entered into a license, co-development and commercialization agreement with Gedeon Richter on Rekynda for FSD in Europe and selected countries. On September 16, 2015, the Company and Gedeon Richter mutually and amicably agreed to terminate the license, co-development and commercialization agreement. In connection with the termination of the license agreement, all rights and licenses to co-develop and commercialize Rekynda for FSD indications granted by the Company under the license agreement to Gedeon Richter terminated and reverted to the Company, and neither party is expected to have any future material obligations under the license agreement. Neither the Company nor Gedeon Richter incurred any early termination penalties or other payment or reimbursement obligations as a result of the termination of the license agreement.

The Company viewed the delivery of the license for Rekynda as a revenue generating activity that is part of its ongoing and central operations. The other elements of the agreement with Gedeon Richter were considered non-revenue activities associated with the collaborative arrangement. The Company believes the license had standalone value from the other elements of the collaborative arrangement because it conveyed all of the rights necessary to develop and commercialize Rekynda in the licensed territory. For the three and six months ended December 31, 2016, and 2015, the Company had no revenues reported.

(6) PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets consist of the following:

	December 31, 2016	June 30, 2016
Clinical study costs	$ 643,429	$ 1,146,975
Insurance premiums	29,619	23,010
Other	165,212	143,856
	$ 838,260	$ 1,313,841

(7) INVESTMENTS:

The following summarizes the carrying value of our available-for-sale investments, which consist of corporate debt securities:

	December 31, 2016	June 30, 2016
Cost	$ 1,387,022	$ 1,387,022
Amortization of premium	(9,057)	(4,522)
Gross unrealized loss	(2,006)	(1,944)
Fair value	$ 1,375,959	$ 1,380,556

(8) 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 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)
December 31, 2016:				
Money market account	11,939,046	11,939,046	-	-
TOTAL	$ 11,939,046	$ 11,939,046	$ -	$ -
June 30, 2016:				
Money market account	7,782,243	7,782,243	-	-
TOTAL	$ 7,782,243	$ 7,782,243	$ -	$ -

(9) ACCRUED EXPENSES:

Accrued expenses consist of the following:

	December 31, 2016	June 30, 2016
Rekynda program costs	$ 7,072,200	$ 6,983,581
Other research related expenses	182,575	69,609
Professional services	120,371	231,482
Other	71,679	483,061
	$ 7,446,825	$ 7,767,733

(10) NOTES PAYABLE:

Notes payable consist of the following:

	December 31, 2016	June 30, 2016
Notes payable under venture loan	$ 18,000,000	$ 20,000,000
Unamortized related debt discount	$ (228,121)	$ (324,800)
Unamortized debt issuance costs	(134,159)	(193,655)
Notes payable	$ 17,637,720	$ 19,481,545
Less: current portion	7,427,445	5,374,951
Long-term portion	$ 10,210,275	$ 14,106,594

On July 2, 2015, the Company closed on a $10,000,000 venture loan led by Horizon Technology Finance Corporation (Horizon). The debt facility is a four-year senior secured term loan that bears interest at a floating coupon rate of one-month LIBOR (floor of 0.50%) plus 8.50% and provides for interest-only payments for the first eighteen months followed by monthly payments of principal payments 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 Palatin common stock exercisable at an exercise price of $0.91 per share. The Company has recorded a debt discount of $305,196 equal to the fair value of these warrants at issuance, which is being amortized to interest expense over the term of the related debt. This debt discount will offset against the note payable balance and is included in additional paid-in capital on the Company's balance sheet at December 31, 2016 and June 30, 2016. In addition, a final incremental payment of $500,000 is due on August 1, 2019, or upon early repayment of the loan. This final incremental payment is being accreted to interest expense over the term of the related debt. The Company incurred approximately $146,000 of costs in connection with the loan agreement. These costs were capitalized as deferred financing costs and are offset against the note payable balance. These debt issuance costs are being amortized to interest expense over the term of the related debt. In addition, if the Company repays all or a portion of the loan prior to the applicable maturity date, it will pay the lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance, equal to 3% if the prepayment occurs on or before 18 months after the funding date thereof or 1% if the prepayment occurs more than 18 months after, but on or before 30 months after, the funding date.

On December 23, 2014, the Company closed on a $10,000,000 venture loan which was led by Horizon. The debt facility is a four year senior secured term loan that bears interest at a floating coupon rate of one-month LIBOR (floor of 0.50%) plus 8.50%, and provides for interest-only payments for the first eighteen months followed by monthly payments of principal payments of $333,333 plus accrued interest through January 1, 2019. The lenders also received five-year immediately exercisable Series D 2014 warrants to purchase 666,666 shares of common stock exercisable at an exercise price of $0.75 per share. The Company recorded a debt discount of $267,820 equal to the fair value of these warrants at issuance, which is being amortized to interest expense over the term of the related debt. This debt discount is offset against the note payable balance and included in additional paid-in capital on the Company's balance sheet at December 31, 2016, and June 30, 2016. In addition, a final incremental payment of $500,000 is due on January 1, 2019, or upon early repayment of the loan. This final incremental payment is being accreted to interest expense over the term of the related debt. The Company incurred $209,000 of costs in connection with the loan agreement. These costs were capitalized as deferred financing costs and are offset against the note payable balance. These debt issuance costs are being amortized to interest expense over the term of the related debt. In addition, if the Company repays all or a portion of the loan prior to the applicable maturity date, it will pay the lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance, equal to 3% if the prepayment occurs on or before 18 months after the funding date thereof or 1% if the prepayment occurs more than 18 months after, but on or before 30 months after, the funding date.

The Company's obligations under the 2015 amended and restated loan agreement, which includes the 2014 venture loan, are secured by a first priority security interest in substantially all of its assets other than its intellectual property. The Company also has agreed to specified limitations on pledging or otherwise encumbering its intellectual property assets.

The 2015 amended and restated loan agreement include customary affirmative and restrictive covenants, but does not include any covenants to attain or maintain specified financial metrics. The loan agreement includes customary events of default, including payment defaults, breaches of covenants, change of control and a material adverse change default. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5% may be applied to the outstanding loan balances, and the lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the loan agreement. As of December 31, 2016, the Company was in compliance with all of its loan covenants.

(11) STOCKHOLDERS' DEFICIENCY:

Financing Transactions – On December 6, 2016, the Company closed on an underwritten public offering of units, with each unit consisting of a share of common stock and a Series J warrant to purchase 0.50 of a share of common stock. Gross proceeds were $16,500,000, with net proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses, of $15,386,075. The Company issued 25,384,616 shares of common stock and Series J warrants to purchase 12,692,310 shares of common stock at an initial exercise price of $0.80 per share, which warrants are exercisable immediately upon issuance and expire on the fifth anniversary of the date of issuance. The Series J warrants are subject to limitation on exercise if the holder and its affiliates would beneficially own more than 9.99%, or 4.99% for certain holders, of the total number of the Company's shares of common stock following such exercise.

On August 4, 2016, the Company closed on an underwritten offering of units, with each unit consisting of a share of common stock and a Series H warrant to purchase 0.75 of a share of common stock. Investors whose purchase of units in the offering would result in them beneficially owning more than 9.99% of the Company's outstanding common stock following the completion of the offering had the opportunity to acquire units with Series I prefunded warrants substituted for any common stock they would have otherwise acquired. Gross proceeds were $9,225,000, with net proceeds to the Company, after deducting offering expenses, of $8,470,897. The Company issued 11,481,481 shares of common stock and ten year prefunded Series I warrants to purchase 2,218,045 shares of common stock at an exercise price of $0.01, together with Series H warrants to purchase 10,274,646 shares of common stock at an exercise price of $0.70 per share.

The Series I warrants are exercisable at an initial exercise price of $0.01 per share, exercisable immediately upon issuance and expire on the tenth anniversary of the date of issuance. The Series I warrants are subject to limitation on exercise if the holder and its affiliates would beneficially own more than 9.99% of the total number of the Company's shares of common stock following such exercise. The Series H warrants are exercisable at an initial exercise price of $0.70 per share, are exercisable commencing six months following the date of issuance and expire on the fifth anniversary of the date of issuance. The Series H warrants are subject to the same beneficial ownership limitation as the Series I warrants.

On July 2, 2015, the Company closed on a private placement of Series E warrants to purchase 21,917,808 shares of Palatin common stock and Series F warrants to purchase 2,191,781 shares of the Company's common stock. Certain funds managed by QVT Financial LP (QVT) invested $5,000,000 and another accredited investment fund invested $15,000,000. The funds paid $0.90 for each Series E warrant and $0.125 for each Series F warrant, resulting in gross proceeds to the Company of $20,000,000, with net proceeds, after deducting estimated offering expenses, of $19,834,278.

The Series E warrants, which may be exercised on a cashless basis, are exercisable immediately upon issuance at an initial exercise price of $0.01 per share and expire on the tenth anniversary of the date of issuance. The Series E warrants are subject to limitation on exercise if QVT and its affiliates would beneficially own more than 9.99% (4.99% for the other accredited investment fund holder) of the total number of the Company's shares of common stock following such exercise. The Series F warrants are exercisable at an initial exercise price of $0.91 per share, exercisable immediately upon issuance and expire on the fifth anniversary of the date of issuance. The Series F warrants are subject to the same beneficial ownership limitation as the Series E warrants.

The purchase agreement for the private placement provides that the purchasers have certain rights until the earlier of approval of Rekynda for FSD by the U.S. Food and Drug Administration and July 3, 2018, including rights of first refusal and participation in any subsequent equity or debt financing. The purchase agreement also contains certain restrictive covenants so long as the funds continue to hold specified amounts of warrants or beneficially own specified amounts of the outstanding shares of common stock.

During the six months ended December 31, 2016, and 2015 the Company issued 27,989,685 shares and 10,890,889 shares, respectively, of common stock pursuant to the cashless exercise provisions of warrants at an exercise price of $0.01 per share. As of December 31, 2016, there were 62,046,764 warrants outstanding at an exercise price of $0.01 per share.

Stock Options – In September 2016, the Company granted 828,000 options to its executive officers and 336,000 options to its employees under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of the options vesting over a 48 month period, consisting of 595,000 options granted to its executive officers and all options granted to its employees, of $188,245 and $106,303, respectively, over the vesting period. The Company recognized $16,568 and $21,784, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016. 233,000 options granted to its executive officers vest 12 months from the date of grant, and the Company is amortizing the fair value of these options of $67,160 over this vesting period. The Company recognized $15,111 and $19,868, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016.

In June 2016, the Company granted 262,500 options to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these options of $81,435 over the vesting period. The Company recognized $20,359 and $40,718, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016.

In June 2015, the Company granted 570,000 options to its executive officers, 185,800 options to its employees and 160,000 options to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these options of $446,748, $145,439 and $111,876, respectively, over the vesting period. The Company recognized $35,192, and $67,485, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016 and $62,443 and $120,020, respectively, during the three and six months ended December 31, 2015.

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

Restricted Stock Units – In September 2016, the Company granted 558,000 restricted stock units to its executive officers, 415,000 of which vest over 24 months and 143,000 of which vest at 12 months, and 336,000 restricted stock units to its employees under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of the restricted stock units of $284,580, and $171,360, respectively, over the vesting periods. The Company recognized $80,228 and $100,732, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016.

In June 2016, the Company granted 262,500 restricted stock units to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these restricted stock units of $131,250 over the vesting period. The Company recognized $32,813 and $65,625, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016.

In December 2015, the Company granted 625,000 performance-based restricted stock units to its executive officers and 200,000 performance-based restricted stock units to its employees under the Company's 2011 Stock Incentive Plan, which vest during the performance period, ending December 31, 2017, if and upon the earlier of: i) achievement of a closing price for the Company's common stock equal to or greater than $1.20 per share for 20 consecutive trading days, which is considered a market condition, or ii) entering into a collaboration agreement (U.S. or global) of Rekynda for FSD, which is considered a performance condition. This performance condition was deemed met as of February 2, 2017, the Effective Date of the License Agreement on Rekynda with AMAG. Prior to meeting the performance condition, the Company determined that it was not probable of achievement on the date of grant since meeting the condition was outside the control of the Company. The fair value of these awards, as calculated under a multi-factor Monte Carlo simulation, was $338,250. The Company amortized the fair value over the derived service period of 0.96 years. The Company recognized $55,410 and $142,289, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $22,202 during the three and six months ended December 31, 2015.

Also, in December 2015, the Company granted 625,000 restricted stock units to its executive officers, 340,000 restricted stock units to its non-employee directors and 200,000 restricted stock units to its employees under the Company's 2011 Stock Incentive Plan. For executive officers and employees, the restricted stock units vest 25% on the date of grant and 25% on the first, second and third anniversary dates from the date of grant. For non-employee directors, the restricted stock units vest 50% on the first and second anniversary dates from the date of grant. The fair value of these restricted stock units is $425,000, $231,200 and $136,000, respectively. The Company recognized $85,996 and $187,252, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $167,756 during the three and six months ended December 31, 2015.

In June 2015, the Company granted 400,000 restricted stock units to its executive officers, 185,800 restricted stock units to its employees and 160,000 restricted stock units to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these restricted stock units of $432,000, $200,664, and $172,800, respectively, over the vesting period. The Company recognized $40,430 and $80,859, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $150,328 and $300,656, respectively, during the three and six months ended December 31, 2015.
Unless otherwise stated, restricted stock units granted to the Company's executive officers, employees and non-employee directors vest over 24 months, 48 months and 12 months, respectively.

Stock-based compensation cost for the three and six months ended December 31, 2016 for stock options and equity-based instruments issued other than the stock options and restricted stock units described above was $67,926 and $126,629, respectively, and $97,625 and $190,114, respectively, for the three and six months ended December 31, 2015.

(12) SUBSEQUENT EVENTS:

Rekynda License Agreement –On January 8, 2017, the Company entered into the License Agreement with AMAG. Under the terms of the License Agreement, the Company granted to 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 bremelanotide (each a Product, and collectively, Products), (ii) a non-exclusive license in the Territory, with the right to grant sub-licenses, to manufacture 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 License Agreement became effective on the Effective Date. On the Effective Date AMAG paid the Company $60,000,000 as a one-time initial payment. Pursuant to the terms of and subject to the conditions in the License Agreement, AMAG is required to pay the Company up to an aggregate amount of $25,000,000 to reimburse the Company for all reasonable, documented, out-of-pocket expenses incurred by the Company following the Effective Date, in connection with the development and regulatory activities necessary to file a new drug application, or NDA, for Rekynda for HSDD in the United States.

In addition, pursuant to the terms of and subject to the conditions in the License Agreement, the Company will be eligible to receive from AMAG: (i) up to $80,000,000 in specified regulatory payments upon achievement of certain regulatory milestones, and (ii) up to $300,000,000 in sales milestone payments based on achievement of annual net sales amounts for all Products in the Territory.

AMAG is also obligated to pay the Company tiered royalties on annual net sales of Products, on a product-by-product basis, in the Territory ranging from the high single-digits to the low double-digits. The royalties will expire on a product-by-product and country-by-country basis upon the latest to occur of (i) the earliest date on which there are no valid claims of the Company's patent rights covering such Product in such country, (ii) the expiration of the regulatory exclusivity period for such Product in such country and (iii) ten years following the first commercial sale of such Product in such country. Such royalties are subject to reductions in the event that: (a) AMAG must license additional third party intellectual property in order to develop, manufacture or commercialize a Product, or (b) generic competition occurs with respect to a Product in a given country, subject to an aggregate cap on such deductions of royalties otherwise payable to the Company. After the expiration of the applicable royalties for any Product in a given country, the license for such Product in such country will become a fully paid-up, royalty-free, perpetual and irrevocable license.

The Company engaged Greenhill & Co. LLC (Greenhill) as the Company's sole financial advisor in connection with a potential transaction with respect to Rekynda. Under the engagement agreement with Greenhill, as a result of the License Agreement with AMAG the Company is obligated to pay Greenhill a fee equal to 2% of all proceeds and consideration paid to the Company by AMAG in connection with the License Agreement, subject to a minimum fee of $2,500,000. The minimum fee of $2,500,000, less credit of $50,000 for an advisory fee previously paid by the Company, is due to Greenhill as a result of the closing of the licensing transaction. This amount will be credited toward amounts that become due to Greenhill in the future, provided that the aggregate fee payable to Greenhill will not be less than 2% of all proceeds and consideration paid to the Company by AMAG in connection with the License Agreement, and will pay Greenhill an aggregate total of 2% of all proceeds and consideration paid to us by AMAG in connection with the License Agreement after crediting the $2,500,000 due on account of entering into the License Agreement with AMAG. The Company is also obligated to reimburse Greenhill for certain expenses incurred in connection with its advisory services.

Pursuant to the License Agreement, the Company has assigned to AMAG the Company's manufacturing and supply agreements with Catalent Belgium S.A. (Catalent) to perform fill, finish and packaging of Rekynda.

Outstanding Common Stock – Between December 31, 2016 and February 9, 2017, the Company issued 4,500,000 shares of common stock pursuant to the exercise of warrants at an exercise price of $0.01 per share. As of February 9, 2017, warrants with an exercise price of $0.01 per share to purchase 57,546,764 shares of common stock are outstanding, all of which include cashless exercise provisions.

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, 2016.

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

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, 2016, have not changed as of December 31, 2016. 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 biopharmaceutical company developing targeted, receptor-specific peptide therapeutics for the treatment of diseases with significant unmet medical need and commercial potential. Our programs are based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. Our primary product in clinical development is Rekynda™, our trade name for bremelanotide, for the treatment of premenopausal women with hypoactive sexual desire disorder, or HSDD, which is a type of female sexual dysfunction, or FSD, defined as low desire with associated distress. In addition, we have drug candidates or development programs for cardiovascular diseases, inflammatory diseases, obesity and dermatologic diseases.

The following drug development programs are actively under development:

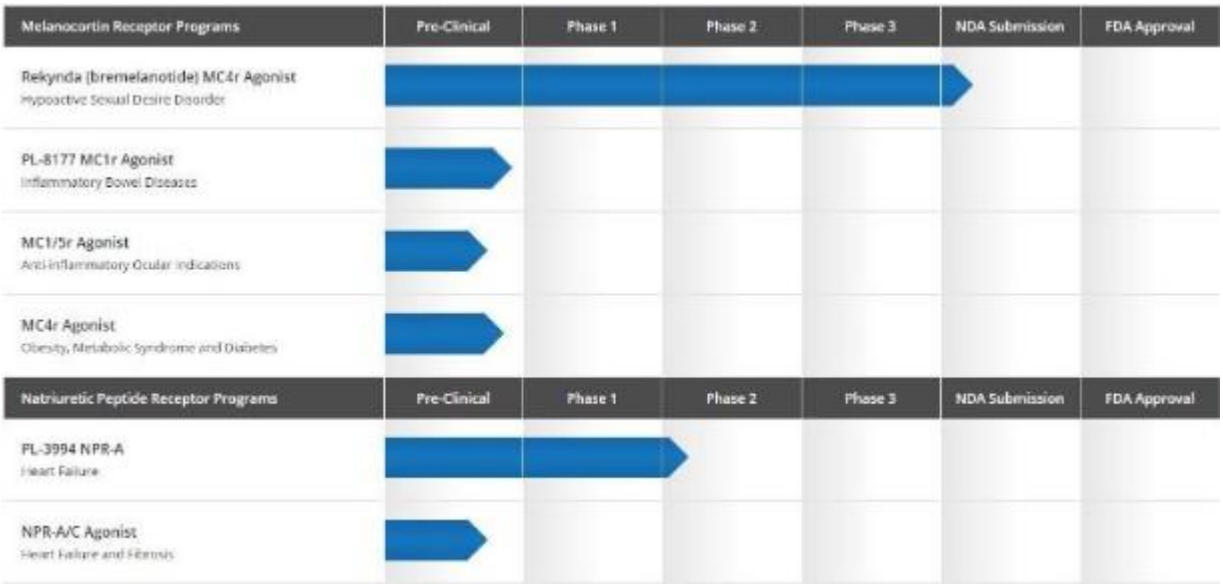
- Rekynda, an as-needed subcutaneous injectable peptide melanocortin receptor agonist, for treatment of HSDD in premenopausal women. Rekynda, which is a melanocortin agonist, is a synthetic peptide analog of the naturally occurring hormone alpha-MSH (melanocyte-stimulating hormone). In two primary Phase 3 clinical studies of Rekynda for HSDD in premenopausal women, Rekynda met the pre-specified co-primary efficacy endpoints of improvement in desire and decrease in distress associated with low sexual desire as measured using validated patient-reported outcome instruments.

- Natriuretic peptide system program, including PL-3994, a natriuretic peptide receptor-A, or NPR-A, agonist, for treatment of cardiovascular indications. PL-3994 is our lead natriuretic peptide receptor product candidate, and is a synthetic mimetic of the neuropeptide hormone atrial natriuretic peptide, or ANP. PL-3994 is in development for treatment of heart failure, acute exacerbations of asthma and refractory hypertension. A dual natriuretic peptide receptor A and C agonist, PL-5028, is in preclinical development for cardiovascular and fibrotic diseases.

- Melanocortin peptide system program, focused on development of treatments of inflammatory and dermatologic disease indications. PL-8177 is a selective melanocortin receptor-1, or MC1r, agonist peptide we have designated as our lead clinical development candidate for inflammatory bowel diseases. A dual melanocortin receptor 1 and 5 peptide, PL-8331, is a preclinical development candidate for treating ocular inflammation; and

- Melanocortin receptor-4, or MC4r, compounds for treatment of obesity and diabetes. Results of our studies involving MC4r peptides suggest that certain of these peptides may have significant commercial potential for treatment of conditions responsive to MC4r activation, including FSD, HSDD, erectile dysfunction or ED, obesity and diabetes.

The following chart illustrates the status of our drug development programs.



We have exclusively licensed North American rights for Rekynda to AMAG Pharmaceuticals, Inc., or AMAG. We retain rights for the rest of the world. AMAG intends to seek regulatory approval in the United States for Rekynda for the treatment of HSDD in premenopausal women. HSDD is characterized by a decrease in sexual desire with significant personal distress or interpersonal difficulty as a result of the lack of desire. Rekynda is a melanocortin agonist with a mechanism of action involving activation of endogenous neuronal pathways regulating sexual arousal and desire responses.

We initiated patient screening in our Phase 3 clinical study program of Rekynda for the treatment of HSDD in premenopausal women, called the RECONNECT STUDY, in the fourth quarter of calendar 2014, completed patient enrollment in the fourth quarter of calendar 2015, and completed the last patient visits in the double blind, or efficacy, portion of the studies in the third quarter of calendar 2016. There are two Phase 3 clinical trials, Study 301 and Study 302, in the RECONNECT STUDY. The co-primary endpoints for the Phase 3 clinical trials were the Female Sexual Function Index: Desire Domain (FSFI-D) and Female Sexual Distress Scale-Desires/Arousal/Orgasm (FSDS-DAO) Item 13. For women taking Rekynda compared to placebo, the FSFI-D showed statistically significant improvement in measures of desire in the context of overall sexual functioning in both Phase 3 studies, Study 301: (mean change of 0.54 vs. 0.24, median change of 0.60 vs. 0.00, $p=0.0002$) and Study 302: (mean change of 0.63 vs. 0.21, median change of 0.60 vs. 0.00, $p<0.0001$). The FSDS-DAO Item 13 showed statistically significant decreases in measures of distress related to low sexual desire both Phase 3 studies, Study 301: (mean change of -0.74 vs. -0.35, median change of -1.0 vs. 0.0, $p<0.0001$) and Study 302: (mean change of -0.71 vs. -0.41, median change of -1.0 vs. 0.0, $p=0.0057$). The open-label safety extension portion of the RECONNECT STUDY is continuing. We cannot assure you that a complete review of the Phase 3 efficacy data will support approval of Rekynda for HSDD or that the U.S. Food and Drug Administration, or FDA, will approve a NDA for Rekynda.

Key elements of our business strategy include:

- Using our technology and expertise to develop and commercialize products in our active drug development programs;
- 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 research collaboration and license agreements and any potential future agreements with third parties; and
- Completing development and seeking regulatory approval of Rekynda for HSDD and our other product candidates.

We incorporated in Delaware in 1986 and commenced operations in the biopharmaceutical area in 1996. Our corporate offices are located at 4B Cedar Brook Drive, Cranbury, New Jersey 08512 and our telephone number is (609) 495-2200. We maintain an Internet site at http://www.palatin.com, where among other things, we make available free of charge on and through this website our Forms 3, 4 and 5, proxy statements, 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), Section 14A 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.

Results of Operations

Three and Six Months Ended December 31, 2016 Compared to the Three and Six Months Ended December 31, 2015

Revenue – We recognized no revenue for the three and six months ended December 31, 2016 and 2015.

Research and Development – Research and development expenses were $8,134,575 and $19,360,659, respectively, for the three and six months ended December 31, 2016, compared to $11,272,307 and $21,870,021, respectively, for the three and six months ended December 31, 2015.

Research and development expenses related to our Rekynda, PL-3994, MC1r, MC4r and other preclinical programs were $7,203,093 and $17,302,067, respectively, for the three and six months ended December 31, 2016, compared to $10,480,746 and $20,368,286, respectively, for the three and six months ended December 31, 2015. Spending to date has been primarily related to our Rekynda for the treatment of HSDD program. The decrease in research and development expenses is mainly attributable to the completion of the Phase 3 clinical trials of our Rekynda program for HSDD. The amount of such spending and the nature of future development activities are dependent on a number of factors, including primarily the availability of funds to support future development activities, success of our clinical trials and preclinical and discovery programs, and our ability to progress compounds in addition to Rekynda and PL-3994 into human clinical trials.

The amounts of project spending above exclude general research and development spending, which were $931,481 and $2,058,592, respectively, for the three and six months ended December 31, 2016 compared to $791,561 and $1,501,735, respectively, for the three and six months ended December 31, 2015. The increase in general research and development spending is primarily attributable to additional staffing and secondarily to the recognition of stock-based compensation.

Cumulative spending from inception to December 31, 2016 is approximately $253,700,000 on our Rekynda program and approximately $124,400,000 on all our other programs (which include PL-3994, PL-8177, other melanocortin receptor agonists, obesity, other discovery programs and terminated programs). Due to various risk factors described herein and in our Annual Report on Form 10-K for the year ended June 30, 2016, under “Risk Factors,” including the difficulty in 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, be successfully completed, or generate net cash inflows.

General and Administrative – General and administrative expenses, which consist mainly of compensation and related costs, were $1,306,300 and $2,515,646, respectively, for the three and six months ended December 31, 2016 compared to $1,356,117 and $2,556,054, respectively, for the three and six months ended December 31, 2015.

Other Income (Expense) – Other income (expense) was $(588,544) and $(1,205,884), respectively, for the three and six months ended December 31, 2016 and $(621,260) and $(1,233,528), respectively, for the three and six months ended December 31, 2015. For the three and six months ended December 31, 2016, we recognized $5,991 and $12,636, respectively, of investment income offset by $(594,535) and $(1,218,520), respectively, of interest expense primarily related to our venture debt. For the three and six months ended December 31, 2015, we recognized $8,234 and $23,974, respectively, of investment income offset by $(629,494) and $(1,257,502), respectively, of interest expense primarily related to our venture debt.

Liquidity and Capital Resources

Since inception, we have 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 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 six months ended December 31, 2016, cash used for operating activities was $17,731,525, compared to $23,447,401 for the six months ended December 31, 2015. Lower net cash outflows from operations in the six months ended December 31, 2016 compared to the six months ended December 31, 2015 were primarily the result of a decrease in research and development expenses and an increase in accounts payable. Our periodic prepaid expenses, accounts payable and accrued expenses balances will continue to be highly dependent on the timing of our operating costs.

During the six months ended December 31, 2016 there were no investing activities. During the six months ended December 31, 2015, net cash used for investing activities was $1,404,717 consisting primarily of the purchase of investments.

During the six months ended December 31, 2016, net cash provided by financing activities was $21,843,438, which consisted of net proceeds from our underwritten offerings in August and December 2016 of $23,856,972, offset by $2,013,534 for the payment on notes payable and capital lease payments. During the six months ended December 31, 2015, net cash provided by financing activities of $29,543,456 consisted of net proceeds of $19,834,278 from a private placement, a loan of $9,853,885, net of related debt issuance costs, offset by $144,707 for the payment of withholding taxes related to restricted stock units and capital lease payments.

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 complete our planned product development efforts. Continued operations are dependent upon our ability to complete equity or debt financing activities or collaboration arrangements. As of December 31, 2016, our cash, cash equivalents and investments were $13,490,540 and our current liabilities were $19,608,498.

We intend to utilize existing capital resources for general corporate purposes and working capital, including required ancillary studies with Rekynda for HSDD and preparing and filing an NDA on Rekynda, preclinical and clinical development of our MC1r and MC4r peptide programs and PL3994 natriuretic peptide, and development of other portfolio products.

On January 8, 2017, we entered into the License Agreement with AMAG, which became effective on the Effective Date. Under the terms of the License Agreement, we granted AMAG (i) an exclusive license in all countries of North America, referred to as the Territory, with the right to grant sub-licenses, to research, develop and commercialize products containing bremelanotide, (ii) a non-exclusive license in the Territory, with the right to grant sub-licenses, to manufacture 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.

Pursuant to the terms of the License Agreement, on the Effective Date AMAG made a payment of $60,000,000 to us, and will make payments up to an aggregate amount of $25,000,000 to reimburse us for all reasonable, documented, out-of-pocket expenses incurred by us following the Effective Date, in connection with the development and regulatory activities necessary to file an NDA for a Product for HSDD in the United States.

In addition, pursuant to the terms of the License Agreement, we will be eligible to receive from AMAG: (i) up to $80,000,000 in specified regulatory payments upon achievement of certain regulatory milestones, and (ii) up to $300,000,000 in sales milestone payments based on achievement of annual net sales amounts for all Products in the Territory.

We believe that our existing capital resources, including the $60,000,000 we received on the Effective Date of the License Agreement with AMAG, will be adequate to fund our planned operations through at least the fiscal year ending June 30, 2018. We will need additional funding to complete required clinical trials for our other product candidates and, if those clinical trials are successful (which we cannot predict), to complete submission of required regulatory applications to the FDA.

To achieve sustained profitability, if ever, we, alone or with others, must successfully develop and commercialize our technologies and proposed products, conduct preclinical studies and clinical trials, obtain required regulatory approvals and successfully manufacture and market such technologies and proposed products. The time required to reach profitability is highly uncertain, and we do not know whether we will be able to achieve profitability on a sustained basis, if at all.

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 December 31, 2016. 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. We have described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, the primary risks related to our business, and we periodically update those risks for material developments. Those risks are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as employment relations, general economic conditions and geopolitical events. Further, additional risks that materially and adversely affect our business, operations, liquidity and stock price may materialize in the future.

Below, we are providing, in supplemental form, the material changes to our risk factors that occurred during the past quarter. Our risk factors disclosed in Part I, Item 1A, of our Annual Report, on Form 10-K for the year ended June 30, 2016, provide additional disclosure for these supplemental risks and are incorporated herein by reference.

We will need additional funding, including funding to complete clinical trials for our product candidates other than Rekynda, which may not be available on acceptable terms, if at all.

Under the License Agreement with AMAG, we are contractually required to complete development and regulatory activities necessary to file an NDA for Rekynda for HSDD in the United States. AMAG will reimburse us for up to an aggregate amount of $25,000,000 for all reasonable, documented, out-of-pocket expenses we incur in completing these development and regulatory activities. To the extent that our expenses exceed this amount, we will be responsible for the required additional funding.

In addition to our responsibilities under the License Agreement with AMAG, we intend to focus efforts on our other product candidates, including our MC1r, MC4r and NPR-A programs. As of December 31, 2016, we had cash, cash equivalents and investments of $13,490,540, with current liabilities of $19,608,498. After giving effect to receipt of $60,000,000 from AMAG, we believe we currently have sufficient existing capital resources to fund our planned operations through at least the fiscal year ending June 30, 2018. We will need additional funding to complete development activities and required clinical trials for our other product candidates and, if those clinical trials are successful (which we cannot predict), to complete submission of required regulatory applications to the FDA.

Until the FDA approves Rekynda for HSDD and marketing commences, as to which there can be no assurances, we will not have any recurring revenue. Even if Rekynda is approved and marketing commences, we cannot predict product sales or our resulting royalties. Thus we may not have any source of significant recurring revenue and must depend on financing or partnering to sustain our operations. We may raise additional funds through public or private equity or debt financings, collaborative arrangements on our product candidates, or other sources. However, such financing arrangements may not be available on acceptable terms, or at all. To obtain additional funding, we may need to enter into arrangements that require us to develop only certain of our product candidates or relinquish rights to certain technologies, product candidates and/or potential markets.

If we are unable to raise sufficient additional funds when needed, we may be required to curtail operations significantly, cease clinical trials and decrease staffing levels. We may seek to license, sell or otherwise dispose of our product candidates, technologies and contractual rights on the best possible terms available. Even if we are able to license, sell or otherwise dispose of our product candidates, technologies and contractual rights, it is likely to be on unfavorable terms and for less value than if we had the financial resources to develop or otherwise advance our product candidates, technologies and contractual rights ourselves.

Our future capital requirements depend on many factors, including:

- our ability to enter into one or more licensing or similar agreements for Rekynda outside of North America;
- the timing of, and the costs involved in, obtaining regulatory approvals for Rekynda for HSDD and our other product candidates;
- the number and characteristics of any additional product candidates we develop or acquire;
- the scope, progress, results and costs of researching and developing our future product candidates, and conducting preclinical and clinical trials;
- the cost of commercialization activities if any future product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing any future product candidates and any products we successfully commercialize;

- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the terms and timing of such arrangements;
- the degree and rate of market acceptance of any future approved products;
- the emergence, approval, availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing products or treatments;
- any product liability or other lawsuits related to our products;
- the expenses needed to attract and retain skilled personnel;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, future approved products, if any.

We are substantially dependent on the clinical and commercial success of our product candidates, primarily our lead product candidate, Rekynda for HSDD, but we and our licensees may never obtain regulatory approval for or successfully commercialize Rekynda for HSDD or any of our product candidates.

To date, we have invested most of our efforts and financial resources in the research and development of Rekynda for HSDD, which is currently our lead product candidate. We have licensed to AMAG all rights to Rekynda for North America, but are contractually obligated to complete development and regulatory activities necessary to file an NDA for Rekynda for HSDD in the United States, with AMAG reimbursing us for up to an aggregate amount of $25,000,000 for all reasonable, documented, out-of-pocket expenses we incur. We received $60,000,000 on the Effective Date of the License Agreement, and pursuant to the terms of and conditions in the License Agreement, we will receive up to $80,000,000 contingent upon achieving certain regulatory milestones and up to $300,000,000 contingent upon meeting certain sales milestones. The first sales milestone is $25,000,000 and would be triggered when the annual net sales of Rekynda in North America exceed $250,000,000. We will also receive tiered royalties on net sales ranging from high single-digit to low double-digit percentages.

Our near-term prospects, including our ability to finance our company and generate revenue, will depend heavily on the successful development, regulatory approval and commercialization of Rekynda for HSDD, as well as any future product candidates. The clinical and commercial success of our product candidates will depend on a number of factors, including the following:

- timely completion of, or need to conduct additional clinical trials and studies, including for Rekynda for HSDD, which may be significantly slower or cost more than we currently anticipate and will depend substantially upon the accurate and satisfactory performance of third-party contractors;
- the ability to demonstrate to the satisfaction of the FDA the safety and efficacy of Rekynda for HSDD or any future product candidates through clinical trials;
- whether we or our licensees are required by the FDA or other similar foreign regulatory agencies to conduct additional clinical trials to support the approval of Rekynda for HSDD or any future product candidates;
- the acceptance of parameters for regulatory approval, including our proposed indication, primary endpoint assessment and primary endpoint measurement, relating to our lead indications of Rekynda for HSDD;
- the success of our licensees in educating physicians and patients about the benefits, administration and use of Rekynda for HSDD, if approved;
- the prevalence and severity of adverse events experienced with Rekynda for HSDD or any future product candidates or approved products;
- the adequacy and regulatory compliance of the autoinjector device, supplied by an unaffiliated third party, to be used as part of the Rekynda combination product;
- the timely receipt of necessary marketing approvals from the FDA and similar foreign regulatory authorities;
- our ability to raise additional capital on acceptable terms to achieve our goals;
- achieving and maintaining compliance with all regulatory requirements applicable to Rekynda for HSDD or any future product candidates or approved products;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- the effectiveness of our own or our future potential strategic collaborators' marketing, sales and distribution strategy and operations;
- the ability to manufacture clinical trial supplies of Rekynda for HSDD or any future product candidates and to develop, validate and maintain a commercially viable manufacturing process that is compliant with current GMP;

- the ability of AMAG to successfully commercialize Rekynda for HSDD, if approved;
- our ability to successfully commercialize any future product candidates, if approved for marketing and sale, whether alone or in collaboration with others;
- our ability to enforce our intellectual property rights in and to Rekynda for HSDD or any future product candidates;
- our ability to avoid third-party patent interference or intellectual property infringement claims;
- acceptance of Rekynda for HSDD or any future product candidates, if approved, as safe and effective by patients and the medical community; and
- a continued acceptable safety profile and efficacy of Rekynda for HSDD or any future product candidates following approval.

If we do not achieve one or more of these factors, many of which are beyond our control, in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates. Accordingly, we cannot assure you that we will be able to generate sufficient revenue through the sale of Rekynda for HSDD by AMAG or through the sale of any future product candidate to continue our business. In addition to preventing us from executing our current business plan, any delays in our clinical trials, or inability to successfully commercialize our products could impair our reputation in the industry and the investment community, and could hinder our ability to fulfill our existing contractual commitments. As a result, our share price would likely decline significantly, and we would have difficulty raising necessary capital for future projects.

We do not control the development or commercialization of Rekynda, which is licensed to AMAG, and as a result we may not realize a significant portion of the potential value of the license arrangement.

Under the License Agreement with AMAG for Rekynda in North America, although we will conduct all development work to support an NDA for Rekynda in HSDD, we have limited control over development activities, including regulatory approvals, and no direct control over commercialization efforts. AMAG may abandon further development of Rekynda in its licensed territory, including terminating the agreement, for any reason, including a change of priorities within AMAG or lack of success in ancillary clinical trials necessary for obtaining regulatory approvals. Because the potential value of the license arrangement with AMAG is contingent upon the successful development and commercialization of Rekynda in the United States and other countries in the licensed territory, the ultimate value of this license will depend on the efforts of AMAG. If AMAG does not succeed in obtaining regulatory approval of Rekynda in the United States territory for any reason, or does not succeed in securing market acceptance of Rekynda in the United States, or elects for any reason to discontinue development of Rekynda, we will be unable to realize the potential value of this arrangement.

Production and supply of Rekynda depend on contract manufacturers over whom we and AMAG have no control, with the risk that we may not have adequate supplies of Rekynda.

We do not have the facilities to manufacture the bremelanotide active drug ingredient or the autoinjector pen component of the Rekynda combination product, or to fill, assemble and package the Rekynda combination product. AMAG, our exclusive licensee for North America for Rekynda, will assume responsibility for contract manufacturing. The contract manufacturers must perform these manufacturing activities in a manner that complies with FDA regulations. AMAG's ability to control third-party compliance with FDA requirements is limited to contractual remedies and rights of inspection. The manufacturers of approved products and their manufacturing facilities will be subject to continual review and periodic inspections by the FDA and other authorities where applicable, and must comply with ongoing regulatory requirements, including FDA regulations concerning GMP. Failure of third-party manufacturers to comply with GMP, medical device quality system regulations, or other FDA requirements may result in enforcement action by the FDA. Failure to conduct their activities in compliance with FDA regulations could delay the Rekynda development programs or negatively impact AMAG's ability to receive FDA approval of Rekynda or to continue marketing if they are approved. Establishing relationships with new suppliers, who must be FDA-approved, is a time-consuming and costly process.

Reliance on third-party manufacturers entails risk, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party because of factors beyond our control;
- the possible termination or non-renewal of the agreement by the third party, based on its own business priorities, at a time that is costly or inconvenient for us; and
- drug product supplies not meeting the requisite requirements for clinical trial use.

If AMAG is not able to obtain adequate supplies of Rekynda, it will be difficult for AMAG to develop Rekynda and compete effectively. Rekynda may compete with other product candidates and products for access to manufacturing facilities.

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

On October 31, 2016, in connection with a contract for financial advisory services, we issued to each of PSL Business Development Consulting and SARL Avisius, or their permitted designees, as partial consideration for services, one Warrant to Purchase Common Stock of Palatin Technologies, Inc. to purchase up to 12,500 shares of our common stock at an exercise price of $0.70 per share. The Warrants are

exercisable at any time, and expire on August 4, 2021. We issued the Warrants in reliance on the exemption from registration under section 4(2) of the Securities Act of 1933, as amended, and no underwriter was used in these transactions.

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.
4.1	Form of warrant issued to PSL Business Development Consulting and SARL Avisius in connection with a contract for financial advisory services.	X			
10.1†	License Agreement, dated January 8, 2017, by and between AMAG Pharmaceuticals, Inc. 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			

† Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the SEC.

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: February 10, 2017

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

/s/ Stephen T. Wills

Date: February 10, 2017

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

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X			

† Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the SEC.

EXHIBIT 4.1

NEITHER THIS WARRANT NOR THE UNDERLYING SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE COMMON STOCK

OF

PALATIN TECHNOLOGIES, INC.

Warrant No. 2016-October-__ October 31, 2016

THIS CERTIFIES THAT, for value received, _____, or its permitted assigns (the "Holder"), is entitled to subscribe for and purchase from Palatin Technologies, Inc., a Delaware corporation, or any successor (the "Company"), in whole or in part, at $0.70 per Warrant Share (subject to adjustment as set forth herein) (the "Warrant Purchase Price"), at any time during the period commencing on the date of issuance of this Warrant (as herein defined) and ending at 5:00 p.m., Eastern time, on August 4, 2021 (the "Expiration Date"), twelve thousand five hundred (12,500) shares of the Common Stock (as herein defined), in accordance with the terms thereof (as such number may be adjusted as provided herein, the "Warrant Shares"), subject to the provisions and upon the terms and conditions hereinafter set forth in this Warrant and all Warrants issued in exchange, transfer or replacement thereof ("Warrant").

1. Definitions. As used in this Warrant, the following terms have the meanings set forth below:

"Aggregate Number" shall mean, at any time to be determined, the number of Warrant Shares for which this Warrant may be exercised at such time.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law or executive order to close.

"Common Stock" shall mean the common stock, par value $0.01 per share, of the Company (and any other securities into which or for which the Common Stock may be converted or exchanged pursuant to a dividend, stock split, plan of recapitalization, reorganization, merger, sale of assets or otherwise) into which this Warrant will be exercisable.

"Company" shall have the meaning set forth in the introductory paragraph hereto.

"Expiration Date" shall have the meaning set forth in the introductory paragraph hereto.

"Holder" shall mean any holder of an interest in the Warrant or the outstanding Warrant Shares who becomes a holder in compliance with Section 3 hereof.

"Person" shall mean any individual, corporation, partnership, firm, limited liability company, joint venture, trust, association, unincorporated organization, university, group, joint-stock company or other entity.

"Registrable Securities" means Warrant Shares. As to any particular Registrable Securities, once issued, such securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to the resale of such shares of Common Stock has been declared effective by the Commission and such shares of Common Stock have been disposed of and/or resold pursuant to such effective Registration Statement, (ii) such shares of Common Stock shall have been or all remaining Registrable Securities held by such Holder have been sold to the public under Rule 144 (or any similar provisions then in force) under the Securities Act, or (iii) such shares of Common Stock (A) have otherwise been transferred (B) are represented by a new certificate or other evidence of ownership for such Common Stock not bearing a restrictive legend, (C) are not subject to any stop order and (D) may be publicly resold by the Person receiving such certificate without complying with the registration requirements of the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations promulgated thereunder as the same shall be in effect at the time.

"Stock Combination" shall have the meaning set forth in Section 5(a)(i).

"Stock Dividend" shall have the meaning set forth in Section 5(a)(i).

"Stock Subdivision" shall have the meaning set forth in Section 5(a)(i).

"Transaction" shall have the meaning set forth in Section 5(b).

"Warrant Purchase Price" shall mean $1.00 per share, as adjusted as provided herein.

"Warrant Register" shall have the meaning set forth in Section 7.

"Warrant Shares" shall have the meaning set forth in the preamble.

2. Exercise of Warrant.

(a) Beginning on the Initial Exercise Date, the rights represented by this Warrant may be exercised by the Holder hereof, as to the Aggregate Number of Warrant Shares then obtainable, in whole or in part (but not as to a fractional share of Common Stock), by (A) the delivery of this Warrant, together with a properly completed Notice of Exercise in the form attached hereto, to the principal office of the Company at 4B Cedar Brook Drive, Cranbury, New Jersey 08512 (or to such other address as the Company may designate by notice in writing to the Holder) and (B) payment to the Company of the Warrant Purchase Price for the Warrant Shares being purchased by cash, by wire transfer to the account designated by the Company or by certified check or bank draft. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been delivered to the Company and payment made for such shares as aforesaid. Certificates for the shares so purchased shall be delivered to the Holder within ten (10) Business Days after the rights represented by this Warrant shall have been so exercised, and, unless this Warrant has expired, a new Warrant representing, and with an Aggregate Number equal to, the number of Warrant Shares, if any, with respect to which this Warrant shall not then have been exercised, in all other respects identical with this Warrant, shall also be issued and delivered to the Holder within such time, or, at the request of such Holder, appropriate notation may be made on this Warrant and signed by the Company and the same returned to such Holder. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. The Company shall, upon request of the Holder, use its reasonable best efforts to deliver Warrant Shares hereunder electronically through The Depository Trust Company or another established clearing corporation performing similar functions.

(b) Transfer Restriction Legend. Each certificate for Warrant Shares issued upon exercise of this Warrant, unless at the time of exercise the offer and sale of such Warrant Shares are registered under the Securities Act, shall bear the following legend (and any additional legend required by applicable law or rule) on the face thereof:

> THE OFFER AND SALE OF THE SHARES OF STOCK REPRESENTED HEREBY HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW. NEITHER THESE SHARES, NOR ANY PORTION THEREOF OR INTEREST THEREIN, MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME ARE REGISTERED AND QUALIFIED IN ACCORDANCE WITH SAID ACT AND ANY APPLICABLE STATE SECURITIES LAW, OR, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

The provisions of Section 3 shall be binding upon all holders of certificates for Warrant Shares bearing the above legend and shall also be applicable to all holders of this Warrant. The legend endorsed on the certificates for Warrant Shares shall be removed and the Company shall issue a certificate without such legend to the holder thereof at such time as the securities evidenced thereby cease to be restricted securities upon the earliest to occur of (i) a registration statement with respect to the resale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (ii) the securities shall have been resold to the public pursuant to Rule 144 (or any successor provision) under the Securities Act.

(c) Expenses and Taxes on Exercise. The Company shall pay all expenses, taxes and other charges payable in connection with the preparation, execution and delivery of any stock certificates and substitute Warrants pursuant to this Section 2, except that, in case such stock certificates or Warrants shall be registered in a name or names other than the name of the Holder of this Warrant, funds sufficient to pay all stock transfer taxes which shall be payable upon the execution and delivery of such stock certificates or Warrants shall be paid by the Holder to the Company at the time the Company delivers such stock certificates or Warrants to the Company for exercise. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

3. Warrants and Warrant Shares Not Registered; Transferee Restrictions.

(a) Each Holder, by acceptance thereof, represents and acknowledges that the offer and sale of this Warrant and the Warrant Shares which may be purchased upon exercise of this Warrant are not being registered under the Securities Act, that the issuance of this Warrant and the offering and sale of such Warrant Shares are being made in reliance on the exemption from registration under Section 4(2) of the Securities Act as not involving any public offering and that the Company's reliance on such exemption is predicated in part on the representations made by the initial Holder of this Warrant to the Company that such Holder (i) is acquiring this Warrant for investment purposes for its own account, with no present intention of reselling or otherwise distributing the same in violation of the Securities Act, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control, (ii) is an "accredited investor" as defined in Regulation D under the Securities Act, and (iii) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investments made or to be made in connection with the acquisition and exercise of this Warrant. Neither this Warrant nor the related Warrant Shares may be transferred except pursuant to an effective registration statement under the Securities Act or upon the conditions specified in Section 3(b).

(b) Subject to compliance with applicable securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable to officers, employees or affiliates of Noble International Investments, Inc., including employees of affiliates of Noble International Investments, Inc., in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with the Assignment Form duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new Holder for the purchase of Warrant Shares without having a new Warrant issued.

(c) Each Holder, by acceptance hereof, agrees that prior to the disposition of this Warrant or of any Warrant Shares, other than pursuant to an effective registration under the Securities Act, such Holder will give written notice to the Company expressing such Holder's intention to effect such disposition and describing briefly such Holder's intention as to the manner in which this Warrant or the Warrant Shares theretofore issued or thereafter issuable upon exercise hereof, are to be disposed together with an opinion of counsel as may be designated by such Holder and reasonably satisfactory to the Company as to the necessity or non-necessity of registration under the Securities Act. If in the opinion of such counsel, the proposed disposition does not require registration under the Securities Act of the disposition of this Warrant and/or the Warrant Shares issuable or issued upon the exercise of this Warrant, such Holder shall be entitled to dispose of this Warrant and/or the Warrant Shares theretofore issued upon the exercise hereof, all in accordance with the terms of the notice delivered by such Holder to the Company. The Company is entitled to rely on the most recent written notice from the Holder with respect to the ownership of the Warrant.

4. Representations, Warranties and Covenants of the Company.

(a) The Company hereby represents and warrants that (i) it has full corporate power and authority to execute and deliver this Warrant, (ii) the execution and delivery of this Warrant and the consummation by the Company of the transactions contemplated hereby have been duly and validly approved by all necessary corporate action on the part of the Company and (iii) this Warrant has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable in accordance with its terms.

(b) The Company covenants and agrees that (i) during the period within which the rights represented by this Warrant may be exercised, the Company will have at all times authorized, and reserved for the purpose of issue or transfer upon exercise of the rights evidenced by this Warrant, a sufficient number of shares of Common Stock to provide therefore, (ii) the Warrant Shares issued pursuant to the exercise of this Warrant will, upon issuance, be duly and validly issued, fully paid and non-assessable and (iii) the Company shall use its commercially reasonable efforts to procure at its sole expense the listing of all Warrant Shares then registered for public sale (subject to issuance or notice of issuance) on all stock exchanges on which the shares of Common Stock are then listed.

5. Adjustments of Aggregate Number.

(a) Adjustments. The Aggregate Number, after taking into consideration any prior adjustments pursuant to this Section 5, shall be subject to adjustment from time to time as follows and, thereafter, as adjusted, shall be deemed to be the Aggregate Number hereunder. No adjustments shall be made under this Section 5 as a result of the issuance by the Company of the Warrant Shares upon exercise of this Warrant.

(i) Stock Dividends; Subdivisions and Combinations. In case at any time or from time to time the Company shall:

(A) issue to the holders of the Common Stock a dividend payable in, or other distribution of, Common Stock (a "Stock Dividend"),

(B) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, including, without limitation, by means of a stock split (a "Stock Subdivision"), or

(C) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock (a "Stock Combination"),

then the Aggregate Number in effect immediately prior thereto shall be (1) proportionately increased in the case of a Stock Dividend or a Stock Subdivision and (2) proportionately decreased in the case of a Stock Combination. In the event the Company shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Company shall be deemed to have made a Stock Dividend in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

(ii) Miscellaneous. The following provisions shall be applicable to the making of adjustments of the Aggregate Number provided above in this Section 5(a):

(A) Whenever the Aggregate Number is adjusted pursuant to this Section 5(a), the Warrant Purchase Price per Warrant Share payable upon exercise of this Warrant shall be adjusted by multiplying the Warrant Purchase Price immediately prior to such adjustment by a fraction, the numerator of which shall be the Aggregate Number prior to such adjustment, and the denominator of which shall be the Aggregate Number following such adjustment.

(B) If the Company shall take a record of the holders of the Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution to shareholders thereof, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(b) Changes in Common Stock. In case at any time the Company shall initiate any transaction or be a party to any transaction (including, without limitation, a merger, consolidation, share exchange, sale, lease or other disposition of all or substantially all of the Company's assets, liquidation, recapitalization or reclassification of the Common Stock or other transaction) in connection with which the previous outstanding Common Stock shall be changed into or exchanged for different securities of the Company or securities of another corporation or interests in a non-corporate entity or other property (including cash) or any combination of the foregoing (each such transaction being herein called a "Transaction"), then, as a condition of the consummation of the Transaction and without duplication of any adjustment made pursuant to Section 5(a)(i), lawful, enforceable and adequate provision shall be made so that the Holder shall be entitled to receive upon exercise of this Warrant at any time on or after the consummation of the Transaction, in lieu of the Warrant Shares issuable upon such exercise prior to such consummation, the securities or other property (including cash) to which such Holder would have been entitled upon consummation of the Transaction if such Holder had exercised this Warrant immediately prior thereto (subject to adjustments from and after the consummation date as nearly equivalent as possible to the adjustments provided for in this Section 5). The foregoing provisions of this Section 5(b) shall similarly apply to successive Transactions. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Transaction, then the Holder shall be given the same choice as to the consideration it receives upon any exercise of this Warrant following such Transaction. At the Holder's request, any successor to the Company or surviving entity in such Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions.

(c) Notices. Whenever the Aggregate Number is to be adjusted pursuant to this Section 5, unless otherwise agreed by the Holder, the Company shall promptly (and in any event within twenty (20) Business Days after the event requiring the adjustment) prepare a certificate signed by the principal executive officer or the principal financial officer of the Company, setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment is to be calculated. The Company shall keep at its principal office copies of all such certificates and cause the same to be available for inspection at said office during normal business hours by the Holder or any prospective purchaser of the Warrant (in whole or in part) if so designated by the Holder.

6. Exchange, Replacement and Assignability. This Warrant is exchangeable, upon the surrender hereof by the Holder at the office of the Company set forth in Section 2, for new Warrants of like tenor and date representing in the aggregate the right to purchase the number of Warrant Shares which may be purchased hereunder, each of such new Warrants to represent the right to purchase such number of Warrant Shares as shall be designated by such Holder at the time of such surrender. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of Warrants and, in the case of any such loss, theft or destruction, of an indemnity letter (reasonably satisfactory to the Company) of an institutional holder of such Warrants, or in other cases, of a bond of indemnity or other security satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of Warrants, the Company will issue to the Holder a new Warrant of like tenor and date, in lieu of this Warrant or such new Warrants, representing the right to purchase the number of Warrant Shares which may be purchased hereunder. Subject to compliance with Section 3, this Warrant and all rights hereunder are transferable in whole or in part upon the books of the Company by the registered Holder hereof in person or by duly authorized attorney, and new Warrants shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of the transferees, upon surrender of this Warrant, duly endorsed, to the appropriate office or agency of the Company. All expenses, taxes (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of Warrants pursuant to this Section 6 shall be paid by the Company.

7. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of record of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

8. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or stockholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

9. Transfer Books, No Rights as Shareholder, Survival of Rights. The Company will at no time close its transfer books against the transfer of this Warrant or any Warrant Shares in any manner which interferes with the timely exercise of this Warrant. This Warrant shall not entitle the Holder to any voting rights or any rights as a shareholder of the Company. The rights and obligations of the Company, of the Holder of this Warrant and of any Holder of Warrant Shares issued upon exercise of this Warrant pursuant to the terms of this Warrant shall survive the exercise of this Warrant.

10. Amendment and Waiver.

(a) It is agreed that any waiver, permit, consent or approval of any kind or character on the Holder's part of any breach or default under this Warrant, or any waiver on the Holder's part of any provisions or conditions of this Warrant must be in writing.

(b) Any amendment, supplement or modification of or to any provision of this Warrant, any waiver of any provision of this Warrant and any consent to any departure by any party from the terms of any provision of this Warrant shall be effective only if it is made or given in writing and signed by the Company and the Holder.

(c) Any amendment or waiver consented to as provided in this Section 10 is binding upon each future Holder of this Warrant and upon the Company without regard to whether this Warrant has been marked to indicate such amendment or waiver.

11. Rights of Transferees. Subject to compliance with Section 3, the rights granted to the Holder hereunder of this Warrant shall pass to and inure to the benefit of all subsequent transferees of all or any portion of the Warrant (provided that the Holder and any transferee shall hold such rights in proportion to their respective ownership of the Warrant and Warrant Shares) until extinguished pursuant to the terms hereof.

12. Headings. The headings in this Warrant are for convenience of reference only and shall not constitute a part of this Warrant, nor shall they affect their meaning, construction or effect.

13. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the Holder or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to the Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

14. Successors and Assigns. This Warrant shall be binding upon and inure to the benefit of the parties hereto and their respective successors or heirs and personal representatives and permitted assigns; provided, that the Company shall have no right to assign its rights, or to delegate its obligations, hereunder without the prior written consent of the Holder.

15. Governing Law. This Agreement and (unless otherwise provided) all amendments hereof and waivers and consents hereunder shall be governed by the laws of the State of New York, notwithstanding any conflict of law provision to the contrary. THE COMPANY AND HOLDER EACH HEREBY CONSENT AND AGREE THAT THE STATE OR FEDERAL COURTS LOCATED IN NEW JERSEY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE COMPANY AND THE HOLDER PERTAINING TO THIS WARRANT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS WARRANT.

16. Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Warrant with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

17. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT DISPUTES ARISING HEREUNDER OR RELATING HERETO BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG THE COMPANY AND HOLDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS WARRANT OR ANY OF THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

18. Entire Agreement. This Warrant contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements or understandings with respect thereto.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer, duly attested by its authorized officer, as of the date first set forth above.

Palatin Technologies, Inc.
By: _____
Name: Stephen T. Wills
Title: Chief Financial Officer, Chief Operating Officer and Executive Vice President

ATTEST:
By: _____
Name: Stephen A. Slusher
Title: Assistant Secretary

[Signature Page]

NOTICE OF EXERCISE

To: Palatin Technologies, Inc.
4B Cedar Brook Drive
Cranbury, NJ 08512
Attention: Chief Financial Officer
Facsimile: (609) 495-2203

1. The undersigned, pursuant to the provisions of the attached Warrant, hereby elects to exercise this Warrant with respect to _____ shares of Common Stock (the "Exercise Amount"). Capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the attached Warrant.

2. The undersigned herewith tenders cash payment for such shares in the following manner (please check type, or types, of payment and indicate the portion of the Exercise Price to be paid by each type of payment):

_____

3. Please issue a certificate or certificates representing the shares issuable in respect hereof under the terms of the attached Warrant, as follows:

(Name of Record Holder/Transferee)

and deliver such certificate or certificates to the following address:

(Address of Record Holder/Transferee)

4. If the Exercise Amount is less than all of the shares of Common Stock purchasable hereunder, please issue a new warrant representing the remaining balance of such shares, as follows:

(Name of Record Holder/Transferee)

and deliver such warrant to the following address:

(Address of Record Holder/Transferee)

Date:

Name of Record Holder

_____

By:
Name: _____
Title: _____
[Notice of Exercise]

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

[Assignment Form]

Exhibit 10.1

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

LICENSE AGREEMENT

by and between

AMAG PHARMACEUTICALS, INC.

and

PALATIN TECHNOLOGIES, INC.

January 8, 2017

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

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EXHIBITS

Exhibit A	Defined Terms
Exhibit B	Palatin Patent Rights Existing as of the Execution Date
Exhibit C	Compounds Existing as of the Execution Date

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LICENSE AGREEMENT

This License Agreement (the "Agreement") is entered into as of January 8, 2017 (the "Execution Date"), by and between AMAG Pharmaceuticals, Inc., a corporation organized and existing under the laws of Delaware and having a principal place of business at 1100 Winter Street, Waltham, MA 02451 ("AMAG") and Palatin Technologies, Inc., a corporation organized and existing under the laws of Delaware and having a principal place of business at 4-B Cedar Brook Drive, Cedar Brook Corporate Center, Cranbury, NJ 08512 ("Palatin"). AMAG and Palatin may each be referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, Palatin owns or otherwise controls certain patents, patent applications, technology, know-how, scientific and technical information and other proprietary rights and information relating to the identification, research and development of Compounds, Pharmaceutical Products, Product Delivery Devices and Products (each, as defined below);

WHEREAS, AMAG has experience and expertise in the development and commercialization of pharmaceutical products, and desires to acquire an exclusive license in the Territory (as defined below) under Palatin's patents, patent applications, technology, know-how, scientific and technical information and other proprietary rights and information relating to Compounds; and

WHEREAS, subject to the terms of this Agreement, Palatin wishes to grant to AMAG, and AMAG wishes to receive from Palatin, (a) an exclusive license in the Territory to use, research, develop, manufacture and commercialize Compounds and Products (as defined below) and (b) a non-exclusive license to research, develop and manufacture (but not commercialize) Compounds and Products in all countries outside of the Territory.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. EFFECTIVENESS; DEFINITIONS AND INTERPRETATION.

1.1. Effectiveness. The provisions of Sections 2, 3, 4, 5 and 6 of this Agreement (collectively, the "Contemplated Transactions") shall be effective and binding on the Parties as of 9:00 a.m. (United States Eastern time) on a date to be specified by the Parties, such date to be no later than the second (2nd) Business Day after satisfaction or waiver of all of the conditions set forth in this Section 1.1 (the "Effective Date"), unless another date is agreed to in writing by the Parties. The remaining provisions of this Agreement shall be effective and binding on the Parties as of the Execution Date.

1.1.1. The obligations of each Party to consummate the Contemplated Transactions are subject to the fulfillment, or to the extent permitted by applicable Law, waiver by the applicable Party, of the following condition (the "Mutual Condition"):

(a) (1) a determination by AMAG that the SEC Financial Statements are not required to be filed by AMAG pursuant to Section 8.4.9 or (2) if AMAG

determines that the SEC Financial Statements are required to be filed by AMAG pursuant to Section 8.4.9, Palatin has delivered the SEC Financial Statements to AMAG pursuant to, and in compliance with, the terms of Section 8.4.9.

1.1.2. The obligations of AMAG to consummate the Contemplated Transactions are subject to the fulfillment, or to the extent permitted by applicable Law, waiver by AMAG, in its sole discretion, of the following conditions (the "AMAG Conditions" and together with the Mutual Condition, the "Effectiveness Conditions"):

(a) Palatin shall have obtained the prior written consent and acknowledgement of the Horizon Lenders that the Contemplated Transactions constitute a "Permitted License" as defined under the Horizon Agreement and shall not constitute an event of default or other breach by Palatin under the Horizon Agreement;

(b) Palatin shall have obtained the prior written consent and acknowledgment of Catalent Belgium S.A. ("Catalent") that the Contemplated Transactions do not constitute a "Change of Control" under either of the Catalent Agreements, and that the only amounts payable to Catalent in connection with the Contemplated Transactions are those set forth under Section 3.3 of the Catalent Services Agreement; and

(c) Palatin shall have obtained the prior written consent and acknowledgement of Catalent to the assignment of each of the Catalent Agreements to AMAG, which consent and acknowledgement shall further state that Catalent (i) acknowledges that the Catalent Agreements are and shall continue to be in full force and effect following the Effective Date, (ii) waives any right of termination Catalent may have under the Catalent Agreements as a result of the Contemplated Transactions and (iii) confirms that there is currently no default existing under the Catalent Agreements that has not been cured and that Catalent is not aware of any event or condition, which with the passage of time or the giving of notice, or both, would constitute a default under the Catalent Agreements.

1.2. Defined Terms. Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit A.

1.3. Interpretation. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (c) the word "will" shall be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person shall be construed to include the Person's successors and assigns, (f) the words "herein",

"hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Sections, Exhibits or Schedules shall be construed to refer to Sections, Exhibits or Schedules of this Agreement, and references to this Agreement include all Exhibits and Schedules hereto, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or."

2. LICENSE GRANTS AND TECHNOLOGY TRANSFER.

2.1. Exclusive License from Palatin to AMAG. As of the Effective Date, Palatin hereby grants to AMAG (a) an exclusive license (exclusive even as to Palatin) under the Palatin Technology and Palatin's interest in the Joint Technology, to use, have used, Develop, have Developed, Commercialize and have Commercialized (but not to Manufacture or have Manufactured) Compounds, Products, Pharmaceutical Products and Product Delivery Devices, and otherwise practice and exploit the Palatin Technology and Palatin's interest in the Joint Technology, and (b) a non-exclusive license under the Palatin Technology and Palatin's interest in the Joint Technology, to Manufacture and have Manufactured Compounds, Products, Pharmaceutical Products and Product Delivery Devices, in each case (a) and (b), in the Field and in the Territory.

2.2. Non-Exclusive License from Palatin to AMAG. As of the Effective Date, Palatin hereby grants to AMAG a non-exclusive license under the Palatin Technology and Palatin's interest in the Joint Technology, to Develop, have Developed, Manufacture, and have Manufactured (but not to Commercialize or have Commercialized) Compounds, Products, Pharmaceutical Products and Product Delivery Devices, and otherwise practice and exploit the Palatin Technology and Palatin's interest in the Joint Technology, in the Field in all countries of the world outside the Territory, solely for purposes of Developing and Manufacturing Compounds, Products, Pharmaceutical Products and Product Delivery Devices for Commercialization in the Territory.

2.3. AMAG Sublicensees. AMAG shall have the right to grant sublicenses, directly or indirectly, to its Affiliates and Third Parties of any and all rights granted to AMAG under this Agreement by Palatin, including any and all rights licensed to AMAG pursuant to Section 2.1 or Section 2.2. Each sublicense agreement shall be in writing and provide that the applicable Sublicensee is bound by all applicable terms and conditions of this Agreement, including with respect to record keeping obligations and audit rights. AMAG shall remain responsible for the payment to Palatin of all Milestone Payments and royalties payable with respect to Net Sales of Products made by such Sublicensees. AMAG shall be responsible for the acts and omissions of its Sublicensees. AMAG shall deliver to Palatin a true, accurate and complete copy of each

sublicense agreement entered into by AMAG, and any modification or termination thereof, within […***…] after the applicable execution, modification or termination of the sublicense agreement; *provided*, *however*, that AMAG may make appropriate redactions to such sublicense agreements prior to delivery to Palatin.

2.4. […***…]

2.4.1. […***…]

2.4.2. […***…]

2.4.3. *Confidentiality*. Notwithstanding any provision of this Agreement to the contrary, all information of the Parties, their Affiliates or their licensees or sublicensees that is disclosed to the other Party under this Section 2.4 shall be deemed to be the Confidential Information of the disclosing Party and subject to the provisions of Section 7.

2.5. **Right of Reference.** Palatin hereby grants to AMAG a "Right of Reference," as that term is defined in 21 C.F.R. § 314.3(b) (or any analogous Law recognized outside of the United States), to all Data Controlled by Palatin or its Affiliates that relate to any Compound, Product, Pharmaceutical Product or Product Delivery Device, and Palatin shall provide a signed statement to this effect, if requested by AMAG, in accordance with 21 C.F.R. § 314.50(g)(3) (or any analogous Law outside of the United States).

2.6. **No Implied Rights**. Except as expressly provided in this Agreement, neither Party shall be deemed to have granted the other Party (by implication, estoppel or otherwise) any right, title, license or other interest in or with respect to any intellectual property, Know-How or information Controlled by such Party.

2.7. **Assignment of Existing Regulatory Filings.** Within a reasonable time not to exceed […***…] following the Effective Date, Palatin shall (a) transfer title and assign to AMAG all Regulatory Approval applications and other filings with Regulatory Authorities (including INDs) owned or Controlled by Palatin or its Affiliates with respect to any Compound, Product, Pharmaceutical Product or Product Delivery Device in the Territory in the field of female sexual dysfunction (including the Initial Indication) and (b) deliver to AMAG true and complete copies of (i) each of the foregoing applications and filings and (ii) all correspondence with any Regulatory Authority(ies) relating to any of the foregoing. Within a reasonable time not to exceed […***…] following the Effective Date, Palatin shall (1) transfer title and assign to AMAG all other Regulatory Approval applications and other filings with Regulatory Authorities (including INDs) owned or Controlled by Palatin or its Affiliates with respect to any Compound, Product, Pharmaceutical Product or Product Delivery Device in the Territory and (2) deliver to AMAG true and complete copies of (A) each of the foregoing applications and filings and (B) all correspondence with any Regulatory Authority(ies) relating to any of the foregoing.

2.8. **Initial Data Transfer**. Within a reasonable time not to exceed […***…] following the Effective Date, Palatin shall disclose to AMAG all Palatin Know-How necessary or useful in connection with securing Regulatory Approval and Commercializing Products in the

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Territory, together with such additional Palatin Know-How as AMAG may reasonably request, in each case to the extent developed by Palatin on or prior to the Effective Date, in either the format in which such Palatin Know-How then exists or in such other format as AMAG may reasonably request (including by download of digital files to a secure website or e-room designated and controlled by AMAG).

2.9. Continuing Disclosure and Knowledge Transfer. On a Calendar Quarter basis, or more frequently at the reasonable request of AMAG during the Term, Palatin shall disclose to AMAG any Palatin Know-How developed by Palatin since Palatin's most recent disclosure. Such disclosure shall be in either the format in which such Palatin Know-How then exists or in such other format as AMAG may reasonably request (including by download of digital files to a secure website or e-room designated and controlled by AMAG). Further, Palatin shall make appropriate personnel available to AMAG at reasonable times and places and upon reasonable prior notice for the purpose of assisting AMAG to understand and use the Palatin Technology in connection with AMAG's Development, Manufacture, Commercialization and use of Compounds and Products.

2.10. Palatin Non-Competition Obligations. During the Term, Palatin shall not, directly or indirectly, itself or through any Affiliate, licensee or Third Party, Commercialize in the Territory any product in the field of female sexual dysfunction (including the Initial Indication). For the avoidance of doubt, Palatin may, during the Term, Commercialize melanocortin agonists, including melanocortin receptor-4 agonists but excluding Compounds, in the Territory for indications other than in the field of female sexual dysfunction.

2.11. Assignment of Contracts. On the Effective Date, Palatin will assign, and will cause its Affiliates to assign, to AMAG all contracts listed on Schedule 2.11 (the "Assigned Contracts").

2.12. Palatin Retained Rights. Notwithstanding the rights granted to AMAG in Section 2.1 and Section 2.2, and without limiting the generality of Section 2.6, the Parties acknowledge that Palatin retains the right to practice the Palatin Technology in the Territory to fulfill its obligations under this Agreement, including the Palatin Development Activities.

3. PAYMENTS BY AMAG TO PALATIN.

3.1. Initial Research Payment. AMAG shall pay to Palatin (a) a one-time payment of sixty million dollars ($60,000,000) minus the Holdback Amount, within five (5) days following the Effective Date, and (b) a one-time payment equal to the Holdback Amount, within [...***...] following the later of the Effective Date and the date of AMAG's receipt of written confirmation from Catalent that it has received all amounts payable to Catalent arising from or in connection with the Contemplated Transactions. The "Holdback Amount" shall be equal to […***…].

3.2. Ongoing Program Expenses. AMAG shall reimburse Palatin for all reasonable, documented, direct out-of-pocket costs (with no markup) incurred by Palatin following the Effective Date in the performance of Palatin's obligations pursuant to Section 4.1 (such costs, the "Ongoing Program Expenses") up to an aggregate amount of twenty-five million dollars

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($25,000,000) (the "Program Expense Cap"). Unless otherwise approved by the JSC, such direct out-of-pocket costs shall not exceed to any material extent the budgeted costs approved by the JSC pursuant to Section 4.2.3. Palatin shall invoice AMAG for Ongoing Program Expenses on a monthly basis within […***…] following the end of each calendar month, and each such invoice shall be accompanied by reasonable supporting documentation evidencing the amounts reflected in such invoice. Absent AMAG contesting, in good faith, the amounts reflected in an invoice, payment shall be due within […***…] following AMAG's receipt of each such properly documented invoice. Notwithstanding any provision of this Agreement to the contrary, the […***…].

3.3. Development Payments. In consideration of Palatin's performance under Section 4.1, AMAG shall pay Palatin the amounts set forth below within […***…] following the first occurrence of each event described below for the first Product to achieve such event (each, a "Development Payment").

	Development Event	Development Payment
(i)	Acceptance of an NDA by the FDA with respect to the Initial Indication	[…***…]
(ii)	Regulatory Approval in the United States with respect to the Initial Indication	[…***…]

Each of the Development Payments set forth above shall be payable one time only (regardless of the number of Products with respect to which, or the number of times with respect to any Product, the specified Development Event occurs). No Development Payments shall be payable for any subsequent Product regardless of the number of Products Developed. The maximum aggregate amount payable by AMAG in respect of Development Payments if all Development Events occur on or prior to […***…] shall be eighty million dollars ($80,000,000).

3.4. Sales Milestone Payments. AMAG shall pay Palatin the following one-time payments (each, a "Sales Milestone Payment") when aggregate Net Sales of all Products in a Calendar Year in the Territory (the "Total Annual Net Sales") first reach the respective thresholds indicated below:

Total Annual Net Sales	Sales Milestone Payment
Total Annual Net Sales exceeding $250 million	$25,000,000
Total Annual Net Sales exceeding […***…]	[…***…]
Total Annual Net Sales exceeding […***…]	[…***…]
Total Annual Net Sales exceeding […***…]	[…***…]

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AMAG shall make any Sales Milestone Payment payable with respect to a Calendar Year within […***…] after the end of the applicable Calendar Year. For the avoidance of doubt, each of the Sales Milestone Payments set forth above shall be payable one time only, regardless of the number of times the corresponding Total Annual Net Sales levels are achieved. The maximum aggregate amount payable by AMAG in respect of Sales Milestone Payments shall be three hundred million dollars ($300,000,000).

3.5. Royalty Payments.

3.5.1. Royalties. Subject to the provisions of Section 3.5.3, AMAG shall pay Palatin royalties in the amount of the Marginal Royalty Rates (set forth below) of the aggregate Net Sales resulting from the sale of Products, on a Product-by-Product basis, in the Territory during each Calendar Year of the applicable Royalty Term for each Product (each, the "Per Product Annual Net Sales"):

Per Product Annual Net Sales	**Marginal Royalty Rate (% of Per Product Annual Net Sales)**
Per Product Annual Net Sales above […***…]	[…***…]
Per Product Annual Net Sales above […***…]	[…***…]
Per Product Annual Net Sales above […***…]	[…***…]
Per Product Annual Net Sales […***…]	[…***…]

Each Marginal Royalty Rate set forth in the table above shall apply only to that portion of the Net Sales of a given Product in the Territory during a given Calendar Year that falls within the indicated range. An example calculation of royalties under this Section 3.5.1 is set forth in Schedule 3.5.1.

3.5.2. Fully Paid-Up, Royalty Free License. Following expiration of the Royalty Term for any Product in a given country, no further royalties shall be payable in respect of sales of such Product in such country and, thereafter the license granted to AMAG under Sections 2.1 and 2.2 with respect to such Product in such country shall automatically become fully paid-up, perpetual, irrevocable and royalty-free.

3.5.3. Royalty Adjustments. The following adjustments shall be made, on a Product-by-Product and country-by-country basis, to the royalties payable pursuant to Section 3.5.1, in each case, subject to the limitations set forth in Section 3.5.4:

(a) **Third Party Patents**. If it is necessary or desirable for AMAG to license one or more Patent Rights from one or more Third Parties in order to Develop, Manufacture, Commercialize or use any Product, whether directly or through any AMAG Affiliate or Sublicensee, then AMAG may, in its sole

discretion, negotiate and obtain a license under such Patent Right(s) (each such Third Party license referred to herein as an "Additional Third Party License"). Any royalty otherwise payable to Palatin under this Agreement with respect to Net Sales of any Product by AMAG, its Affiliates or Sublicensees shall be reduced by [...***...], such reduction to continue until all such amounts have been expended, *provided that* in no event [...***...] shall the total royalty payable to Palatin for any Product be less than [...***...] of the royalty amounts otherwise payable for such Product.

(b) **No Adjustment for Palatin Third Party Agreements**. Palatin shall be solely responsible for (i) all obligations (including any royalty or other obligations that relate to the Palatin Technology) under its agreements with Third Parties that are in effect as of the Effective Date or that Palatin enters into during the Term, in each case, other than the Assigned Contracts, and (ii) all payments to inventors (other than inventors that are Representatives of AMAG) of Palatin Technology or Joint Technology, including payments under inventorship compensation Laws.

(c) **Generic Entry**. As used in this Section 3.5(c), "Generic Competition" means, with respect to a given Product in a given country in the Territory, that (a) one or more Generic Products to such Product are available in such country and (b) […***…]. Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of Generic Competition with respect to a Product in a given country in the Territory, any royalty payments owed with respect to such Product in such country pursuant to this Section 3.5 shall be reduced by […***…].

3.5.4. Limitations on Adjustments. Notwithstanding anything herein to the contrary, in no event shall the royalties payable to Palatin for any Product under this Agreement […***…].

3.6. Reports and Payments.

3.6.1. Cumulative Royalties. The obligation to pay royalties under this Agreement shall be imposed only once with respect to any sale of any given unit of a Product.

3.6.2. Royalty Statements and Payments. Within […***…] of the end of each Calendar Quarter, AMAG shall deliver to Palatin a report setting forth the following information for such Calendar Quarter, on a Product-by-Product, country-by-country and Territory-wide basis: (a) gross sales of each Product, (b) Net Sales of each Product, (c) deductions taken from gross sales (by category as set forth in the definition of Net Sales) to arrive at the Net Sales calculation, (d) the basis for any adjustments to the royalty payable for the sale of any such Product and (e) the royalty due hereunder for the sale of each such Product. No such reports shall be due for any such Product (i) before the First Commercial Sale of such Product or (ii) after the Royalty Term for such Product has expired in all countries in the Territory. The total royalty due for the sale of all such Products during such Calendar Quarter shall be remitted within […***…] following the delivery of such report.

3.6.3. **Taxes and Withholding**. It is understood and agreed between the Parties that any payments made by AMAG under this Agreement are inclusive of any value added or similar tax imposed upon such payments. In addition, in the event any payments made by AMAG pursuant to this Agreement become subject to withholding taxes under the Laws or regulations of any jurisdiction or Governmental Authority, AMAG shall deduct and withhold the amount of such taxes for the account of Palatin to the extent required by applicable Laws or regulations; such amounts payable to Palatin shall be reduced by the amount of taxes deducted and withheld; and AMAG shall pay the amounts of such taxes to the proper Governmental Authority in a timely manner and transmit to Palatin an official tax certificate or other evidence of such tax obligations together with proof of payment from the relevant Governmental Authority of all amounts deducted and withheld sufficient to enable Palatin to claim such payment of taxes. Any such withholding taxes required under applicable Laws or regulations to be paid or withheld shall be an expense of, and borne solely by, Palatin. AMAG will provide Palatin with reasonable assistance to enable Palatin to recover such taxes as permitted by applicable Laws or regulations.

3.6.4. **Currency**. All amounts payable and calculations under this Agreement shall be in United States dollars. As applicable, Net Sales and any adjustments to payments under this Agreement shall be translated into United States dollars at the exchange rate used by AMAG for public financial accounting purposes. If, due to restrictions or prohibitions imposed by national or international authority, a given payment cannot be made as provided in this Section 3, the Parties shall consult with a view to finding a prompt and acceptable solution. If the Parties are unable to identify a mutually acceptable solution regarding such payment, then AMAG may elect, in its sole discretion, to deliver such payment in the relevant jurisdiction and in the local currency of the relevant jurisdiction.

3.6.5. **Method of Payment**. Except as permitted pursuant to Section 3.6.4, each payment hereunder shall be made by electronic transfer in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at AMAG's election, to such bank account as Palatin shall designate in writing to AMAG at least […***…] before the payment is due.

3.6.6. **Record Keeping**. AMAG shall keep and shall cause its Affiliates to keep books and accounts of record in connection with the sale of Products in sufficient detail to permit accurate determination of all figures necessary for verification of royalties and Sales Milestone Payments to be paid hereunder. AMAG and its Affiliates shall maintain such records for a period of at least […***…] after the end of the Calendar Quarter in which they were generated.

3.6.7. **Audits**.

(a) *Palatin Audit Rights.* Upon […***…] prior notice from Palatin, AMAG shall permit an independent certified public accounting firm of nationally recognized standing selected by Palatin and reasonably acceptable to AMAG, to examine, at Palatin's sole expense, the relevant books and records of AMAG and

its Affiliates as may be reasonably necessary to verify the amounts reported by AMAG in accordance with Section 3.6.2 and the payment of royalties and Sales Milestone Payments hereunder. An examination by Palatin under this Section 3.6.7(a) shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than […***…] before the date of the request. The accounting firm shall be provided access to such books and records at AMAG's or its Affiliates' facility(ies) where such books and records are normally kept and such examination shall be conducted during AMAG's normal business hours. AMAG may require the accounting firm to sign a reasonably acceptable non-disclosure agreement before providing the accounting firm with access to AMAG's or its Affiliates' facilities or records. Upon completion of the audit, the accounting firm shall provide both AMAG and Palatin a written report disclosing any discrepancies in the reports submitted by AMAG or the royalties or Sales Milestone Payments paid by AMAG, and, in each case, the specific details concerning any discrepancies.

(b) *AMAG Audit Rights*. Upon […***…] prior notice from AMAG, Palatin shall permit AMAG or an independent certified public accounting firm of nationally recognized standing selected by AMAG and reasonably acceptable to Palatin, to examine, at AMAG's sole expense, the relevant books and records of Palatin and its Affiliates as may be reasonably necessary to verify Ongoing Program Expenses invoiced to AMAG pursuant to Section 3.2. An examination by AMAG under this Section 3.6.7(b) shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than three (3) years before the date of the request. AMAG or the accounting firm, as applicable, shall be provided access to such books and records at Palatin's or its Affiliates' facility(ies) where such books and records are normally kept and such examination shall be conducted during Palatin's normal business hours. Palatin may require the accounting firm to sign a reasonably acceptable non-disclosure agreement before providing the accounting firm with access to Palatin's or its Affiliates' facilities or records. Upon completion of the audit, AMAG or the accounting firm, as applicable, shall provide Palatin a written report disclosing any discrepancies in the Ongoing Program Expenses reported by Palatin or the corresponding reimbursements paid by AMAG, and, in each case, the specific details concerning any discrepancies.

3.6.8. Underpayments/Overpayments. If any audit conducted pursuant to Section 3.6.7(a) concludes that additional royalties or Sales Milestone Payments were due to Palatin, then AMAG will pay to Palatin the additional royalties or Sales Milestone Payments, plus interest on the deficient amount, as calculated pursuant to Section 3.6.9, within […***…] of the date AMAG receives such accountant's written report. […***…]. If any audit conducted pursuant to Section 3.6.7(a) concludes that AMAG overpaid royalties or Sales Milestone Payments to Palatin, or if any audit conducted pursuant to Section 3.6.7(b) concludes that Palatin overcharged AMAG reimbursements for Ongoing Program Expenses to Palatin, then Palatin will refund such overcharges or

overpayments to AMAG, plus interest as calculated pursuant to Section 3.6.9, within […***…] of the date Palatin receives the applicable audit report. […***…]

3.6.9. Late Payments. Any payments due under this Agreement shall be due on such date as specified in this Agreement and, in the event such date is not a Business Day, then the next succeeding Business Day. In the event that any payment due under this Agreement is not made when due, the amount due shall accrue interest beginning on the […***…] following the date on which such payment was due, calculated at the […***…] for the due date, or, if lower, the maximum rate permitted by law, calculated from the due date until paid in full. Each payment made after the due date shall be accompanied by all interest so accrued. Notwithstanding the foregoing, a Party shall have recourse to any other remedy available at law or in equity with respect to any delinquent payment, subject to the terms of this Agreement.

3.6.10. Confidentiality. Notwithstanding any provision of this Agreement to the contrary, all reports and financial information of the Parties, their Affiliates or their Sublicensees which are provided to or subject to review by the other Party under this Section 3 shall be deemed to be the Confidential Information of the reporting or audited Party, as applicable, and subject to the provisions of Section 7.

3.7. No Guarantee of Success. AMAG and Palatin acknowledge and agree that payments to Palatin pursuant to Section 3.3, Section 3.4 and Section 3.5: (a) have been included in this Agreement on the basis that they are only payable or otherwise relevant if a Product is successfully Developed or Commercialized, as applicable; and (b) are not intended to be used and will not be used as a measure of damages if this Agreement is terminated for any reason, including pursuant to AMAG's right to terminate for convenience, before any such success is achieved and such amounts become due.

4. PALATIN DEVELOPMENT OBLIGATIONS

4.1. Overview. Palatin shall (a) use diligent efforts to conduct all development and regulatory activities, including clinical and CMC activities, necessary to file an NDA for a Product for the Initial Indication in the United States (including without limitation all activities set forth in Schedule 4.1(a)), and (b) upon AMAG's request, provide AMAG with reasonable assistance necessary for AMAG to secure Regulatory Approval for such NDA (including without limitation all assistance set forth in Schedule 4.1(b)) (clauses (a) and (b), collectively the "Palatin Development Activities"). For the avoidance of doubt, Palatin Development Activities shall not include marketing, market research, commercialization plans or activities, pre-launch support or production of inventory in anticipation of launch. Palatin's obligations under this Section 4.1 shall endure until they are successfully completed, regardless of whether Palatin's costs of performing such obligations exceed the Program Expense Cap. Notwithstanding any provision of this Agreement to the contrary, AMAG may elect to perform one or more Palatin Development Activities itself, through its Affiliates or using Third Party contractors selected by AMAG.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

4.2. Governance.

4.2.1. Joint Steering Committee. The Parties hereby establish a joint steering committee (the "JSC") as of the Effective Date to review, approve and oversee the Palatin Development Activities as described below.

(a) **Composition of the Joint Steering Committee**. The JSC shall be comprised of […***…]. Each Party shall appoint its respective representatives to the JSC and may substitute any of its representatives, in its sole discretion, effective upon notice to the other Party of such change. Additional representatives or consultants may from time to time, by mutual consent of the Parties, be invited to attend JSC meetings, subject to such representatives and consultants undertaking confidentiality obligations, whether in a written agreement or by operation of law, no less stringent than the confidentiality provisions of this Agreement.

(b) **JSC Chairperson**. The JSC Chairperson shall be a representative of AMAG.

4.2.2. Meetings. During the Development Term, the JSC shall meet in accordance with a schedule established by mutual written agreement of the Parties, but no less frequently than (a) once per month until the filing of an NDA for a Product for the Initial Indication in the United States and (b) once per Calendar Quarter thereafter, at a location mutually agreed by the Parties. Alternatively, the JSC may meet by means of teleconference, videoconference or other similar means of communication. Each Party shall bear its own expenses relating to attendance at such meetings by its representatives.

4.2.3. JSC Responsibilities. The JSC shall have the following responsibilities:

(a) reviewing, approving, monitoring and overseeing all Palatin Development Activities, including ensuring AMAG's ability to review and comment on all materials, discussions and strategies related to, and to attend, as applicable, (i) clinical studies (including related protocols and final study reports) to be conducted by Palatin pursuant to the Palatin Development Activities, (ii) any meetings or discussions with any Regulatory Authorities with respect thereto, including any pre-NDA meetings and (iii) interactions with scientific advisors and key opinion leaders with respect thereto;

(b) establishing procedures for maintaining and recording the costs incurred in conducting the Palatin Development Activities, and establish and update as required approved budgets for Palatin Development Activities;

(c) establishing procedures to allow AMAG to audit Palatin's Third Party vendors with respect to the Palatin Development Activities;

(d) forming such other committees and sub-committees as the JSC may deem appropriate, provided that such committees and sub-committees may

make recommendations to the JSC but may not be delegated JSC decision-making authority; and

(e) performing such other activities as the Parties agree in writing shall be the responsibility of the JSC.

4.2.4. Action by Consensus; Final Decision Making Authority. In spite of the number of AMAG JSC representatives or Palatin JSC representatives, each Party shall have one vote, and the JSC shall make decisions by consensus. If the JSC is unable to reach consensus with respect to a given matter, then the JSC representatives of either Party may submit such matter to the Chief Executive Officers of the Parties, or their designees (any such designee to be a senior member of the designating Chief Executive Officer's management team) for resolution. If such matter is not resolved within […***…] following such escalation, then […***…] shall have final decision-making authority with respect to such matter.

4.2.5. Limits on JSC Authority. Notwithstanding any provision of this Agreement to the contrary, (a) each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in the JSC unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing and (b) the JSC shall not have the power to amend this Agreement or otherwise modify or waive compliance with this Agreement in any manner.

4.2.6. Term. The JSC shall be dissolved immediately upon expiration of the Development Term unless the Parties otherwise agree in writing.

5. PRODUCT DEVELOPMENT AND COMMERCIALIZATION.

5.1. General. Subject to the provisions of Section 4, AMAG shall have sole authority over and control of the Development, Manufacture, Regulatory Approval and Commercialization of Compounds, Products, Pharmaceutical Products and Product Delivery Devices in the Territory.

5.2. Diligence.

5.2.1. Regulatory Approval. Once Palatin has successfully completed all Palatin Development Activities necessary to file an NDA for a Product for the Initial Indication in the United States, and subject to Palatin's continuing performance of its obligations under Section 4.1, AMAG will use Commercially Reasonable Efforts to secure Regulatory Approval of such NDA in the United States.

5.2.2. Commercial Diligence. Once the NDA described in Section 5.2.1 has received Regulatory Approval in the United States with respect to the Initial Indication, AMAG will use Commercially Reasonable Efforts to Commercialize the Product covered by such NDA in the United States with respect to the Initial Indication.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

5.2.3. Exceptions to Diligence Obligations. Notwithstanding any provision of this Agreement to the contrary, AMAG will be relieved of all AMAG Diligence Obligations to the extent that:

(a) AMAG or Palatin receives or generates any safety, tolerability or other data indicating or signaling that a Product has or would have an unacceptable risk-benefit profile or is otherwise not suitable for initiation or continuation of Clinical Trials;

(b) AMAG or Palatin receive any notice, information or correspondence from an applicable Regulatory Authority, or an applicable Regulatory Authority takes any action, that indicates that a Product is unlikely to receive Regulatory Approval with respect to the Initial Indication; or

(c) Palatin fails to satisfactorily perform the Palatin Development Activities or other obligations under this Agreement and such failure prevents AMAG from fulfilling the AMAG Diligence Obligations.

5.2.4. Assertion of AMAG Diligence Obligation Claims. If Palatin is, becomes or reasonably should be aware of facts that might form a reasonable basis to allege that AMAG has failed to meet any of its obligations under Section 5.2.1 or Section 5.2.2, then Palatin will promptly notify AMAG in writing of such potential alleged performance failure (each such potential alleged performance failure, a "Diligence Issue"). Promptly upon AMAG's receipt of any notice of a Diligence Issue pursuant to this Section 5.2.4, AMAG will contact Palatin to discuss the specific nature of such Diligence Issue and seek to identify an appropriate corrective course of action. If, no later than […***…] after AMAG's receipt of such a notice, (a) the Parties have not reached consensus regarding whether AMAG has failed to satisfy its obligations pursuant to Section 5.2.1 or Section 5.2.2 and (b) the Parties have not agreed upon an appropriate corrective course of action for such Diligence Issue, then such Diligence Issue will be escalated and resolved pursuant to the dispute resolution provisions set forth in Section 11.10.

5.2.5. Remedies for Breach of AMAG Diligence Obligations. If AMAG materially breaches any AMAG Diligence Obligation and fails to remedy such breach within […***…] of AMAG's receipt of notice of such breach from Palatin, then Palatin may, in its sole discretion, elect to either (a) terminate this Agreement pursuant to the provisions of Section 9.7.1(a) on a Product-by-Product and country-by-country basis, but only to the extent that a Product in a given country in the Territory is directly and adversely impacted by such uncured material breach or (b) convert any exclusive license granted to AMAG under this Agreement with respect to a Product in a given country in the Territory into non-exclusive license, but only to the extent that such Product in such country is directly and adversely impacted by such uncured material breach. Palatin acknowledges and agrees that the elections set forth in this Section 5.2.5: (i) have been negotiated by the Parties to fully address any harm that Palatin may incur as a result of AMAG's material breach of the AMAG Diligence Obligations and (ii) constitute Palatin's sole and exclusive remedies with respect to any breach by AMAG of any AMAG Diligence Obligation.

5.2.6. No Other Covenants. Except as expressly set forth in Section 5.2, AMAG makes no representation, warranty or covenant, either express or implied, that (A) it will successfully Develop, Manufacture, Commercialize or continue to Develop, Manufacture or Commercialize any Product in any country, (B) if Commercialized, that any Product will achieve any particular sales level, whether in any individual country or cumulatively throughout the Territory or (C) AMAG will devote, or cause to be devoted, any level of diligence or resources to Developing, Manufacturing or Commercializing any Product in any country, or in the Territory in general.

5.3. Regulatory Approvals. AMAG or its designated Affiliate(s) or Sublicensee(s) shall have the sole authority, at their sole expense except as otherwise set forth in this Agreement, to file applications for Regulatory Approval of Products, Pharmaceutical Products and Product Delivery Devices in the Field in the Territory, including communicating with any Regulatory Authority both prior to and following Regulatory Approval. As between the Parties, AMAG shall be the sole and exclusive owner of all such Regulatory Approval applications (including NDAs) and all regulatory correspondence and filings with respect to such Regulatory Approval applications and Regulatory Approvals granted thereon. Palatin shall, and shall require its Affiliates and sublicensees to, consult and reasonably cooperate with AMAG with respect to applications for Regulatory Approval of any Products, Pharmaceutical Products or Product Delivery Devices outside the Territory, including allowing AMAG a reasonable opportunity and reasonable time to review and comment regarding relevant communications with applicable Regulatory Authorities outside the Territory.

5.4. Adverse Event Reporting; Pharmacovigilance Agreement. AMAG shall be solely responsible for maintaining the global safety database for Products. […***…]. As between the Parties: (a) AMAG shall be responsible for the pharmacovigilance surveillance and timely reporting of all relevant adverse drug reactions/experiences, Product quality, Product complaints and Safety Data relating to any Compound, Product, Pharmaceutical Product or Product Delivery Device to the appropriate Regulatory Authorities in the Territory; and (b) Palatin or its licensee(s) shall be responsible for the pharmacovigilance surveillance and timely reporting of all relevant adverse drug reactions/experiences, Product quality, Product complaints and Safety Data relating to any Compound, Product, Pharmaceutical Product or Product Delivery Device to the appropriate Regulatory Authorities outside the Territory, in each case in accordance with applicable Laws. The Parties shall cooperate with each other with respect to their respective pharmacovigilance responsibilities, and each Party shall be solely responsible for costs relating to its respective pharmacovigilance responsibilities, unless agreed otherwise by the Parties in writing. Within […***…] after the Effective Date, the Parties shall enter into a pharmacovigilance agreement on terms that comply with ICH guidelines, including: (i) providing detailed procedures regarding the maintenance of core safety information and the exchange of Safety Data relating to all Compounds, Products, Pharmaceutical Products and Product Delivery Devices worldwide within appropriate timeframes and in an appropriate format to enable each Party to meet both expedited and periodic regulatory reporting requirements; and (ii) ensuring compliance with the reporting requirements of all applicable Regulatory Authorities on a worldwide basis for the reporting of Safety Data in accordance with standards stipulated in the ICH guidelines, and all applicable regulatory and legal requirements regarding the management of Safety Data.

5.5. Commercialization Activities.

5.5.1. General. AMAG shall have sole and exclusive control, at its sole expense, over all matters relating to the Commercialization of Compounds, Products, Pharmaceutical Products and Product Delivery Devices in the Field in the Territory, including sole and exclusive control over (a) pricing of Products and (b) the negotiation of Product pricing with Regulatory Authorities and other Third Parties.

5.5.2. Branding.

(a) *General*. AMAG and its designated Affiliates or Sublicensees shall have the right to brand all Products in the Territory using any one or more Trademarks, including any Product Brand, that it determines appropriate for a Product, which may vary by country or within a country. AMAG or its designated Affiliates or Sublicensees shall own all rights, title and interests in and to such Trademarks and AMAG or such Affiliates or Sublicensees may file, seek registration of and maintain such Trademarks in the countries and regions they determine reasonably necessary.

(b) *Product Brands*. Promptly upon AMAG's written request, Palatin shall assign to, and shall cause its Affiliates to assign to, AMAG all rights, title and interests in and to all Trademarks owned or Controlled by Palatin or its Affiliates in the Territory and intended for use in connection with the Commercialization of any Product in the Territory (the "Product Brands"). Without limiting the foregoing, Product Brands includes the Trademarks and associated registrations and applications listed in Schedule 5.5.2(b).

(c) *License Prior to Assignment*. Effective as of the Effective Date, Palatin hereby grants to AMAG an exclusive (exclusive even as to Palatin), sublicensable, royalty-free, fully paid-up, perpetual license to use the Product Brands in connection with the Development, Manufacture and Commercialization of Compounds, Products, Pharmaceutical Products and Product Delivery Devices in the Territory. For so long as AMAG uses the Product Brands pursuant to the license set forth in this Section 5.5.2(c), AMAG shall, and shall cause its Affiliates and Sublicensees to, ensure that the quality of the Compounds, Products, Pharmaceutical Products and Product Delivery Devices, and the Manufacture and Commercialization thereof, marketed under the Product Brands shall be consistent with the standards of quality customary in the pharmaceuticals industry. If, during such time, Palatin reasonably objects to a proposed usage of a Product Brand by AMAG, then it shall give written notice of such objection to AMAG specifying the way in which such usage of the Product Brand fails to meet the quality or quality control standards for such Product Brand, and the Parties shall work in good faith to ensure that such usage is modified to meet all applicable quality and quality control standards.

(d) *Quiet Enjoyment*. Palatin shall not, and shall ensure that its Affiliates and sublicensees shall not, contest, oppose or challenge AMAG's

license under, or ownership of, the Product Brands. Neither Palatin nor its Affiliates or sublicensees shall use or seek to register, anywhere in the world, any Trademark (other than the registration of Product Brands outside the Territory) which is confusingly similar to any Trademark used by or on behalf of AMAG, its Affiliates or Sublicensees in connection with any Product, or otherwise do or suffer to be done any act or thing that will in any way impair AMAG's ownership of or rights in and to any such Trademark or that may depreciate the value of such Trademark.

5.5.3. Ex-Territory Sales. Subject to applicable Law, Palatin, its Affiliates and its licensees shall not engage in any advertising or promotional activities relating to any Product directed primarily to customers or other buyers or users of any Product located in the Territory, or accept orders for Compounds, Products, Pharmaceutical Products or Product Delivery Devices from or sell Compounds, Products, Pharmaceutical Products or Product Delivery Devices into the Territory, and if Palatin receives any such order it shall refer such order to AMAG.

5.5.4. Export Monitoring. Palatin shall not, and shall use reasonable efforts to not permit its Affiliates and its licensees to, export Compounds, Products, Pharmaceutical Products or Product Delivery Devices from outside the Territory for Commercialization in the Territory, and shall promptly inform AMAG of any such exports of Compounds, Products, Pharmaceutical Products or Product Delivery Devices and the actions taken to prevent such exports. Palatin will take all reasonable actions requested in writing by AMAG that are consistent with applicable Law to prevent Third Party exports of Compounds, Products, Pharmaceutical Products or Product Delivery Devices from outside the Territory for Commercialization in the Territory.

5.6. Manufacturing.

5.6.1. General. AMAG shall have the non-exclusive right in the Territory, and the non-exclusive right outside the Territory, to Manufacture Compounds, Products, Pharmaceutical Products and Product Delivery Devices itself or through one or more Affiliates or Third Parties selected by AMAG in its sole discretion. For clarity, AMAG shall have no diligence obligations with respect to the Manufacture of Compounds, Products, Pharmaceutical Products or Product Delivery Devices except to the extent necessary to fulfill its obligations under Section 5.2.1 or Section 5.2.2.

5.6.2. Assignment of Existing Supply Agreements. On the Effective Date, Palatin will assign, and will cause its Affiliates to assign, to AMAG or its designee all contracts to which Palatin or any of its Affiliates are a party that relate to the manufacture or supply of any Compound, Product, Pharmaceutical Product or Product Delivery Device, including those contracts listed in Schedule 2.11.

5.6.3. Cooperation. Without limiting the foregoing Section 4.1, Palatin shall provide all reasonable cooperation to AMAG for AMAG to (a) continue, assume and direct the negotiation of all contracts that are under negotiation by Palatin or its Affiliates as of the Execution Date and relate to the manufacture or supply of any Compound,

Product, Pharmaceutical Product or Product Delivery Device, including without limitation (i) the contract that is under negotiation between Palatin and Ypsomed AG as of the Execution Date and (ii) the contract that is under negotiation between Palatin and Lonza Ltd as of the Execution Date and (b) perform its obligations under the Catalent Agreements, including without limitation delivering or causing the delivery of raw materials in Palatin's possession or control to Catalent on a timely basis and without additional charge to AMAG.

5.6.4. Transfer of Compound Inventories. Palatin agrees to transfer title and assign, and does hereby transfer title and assign, to AMAG, effective as of the date on which an NDA with respect to the Initial Indication is accepted by the FDA, all inventories that are owned or Controlled by Palatin with respect to any Compound, Product, Pharmaceutical Product or Product Delivery Device, including without limitation all bulk drug substance, finished drug products, APIs, manufacturing equipment, raw materials, auto-injector devices and tooling, in all cases in totality as of the date of transfer. Palatin shall, upon AMAG's request and at AMAG's expense, ship such inventory to addresses provided by AMAG.

5.6.5. Manufacturing Technology Transfer. Without limiting Palatin's obligations under Section 2.7, within […***…] following the Effective Date, Palatin shall transfer to AMAG all Know-How and physical embodiments thereof then Controlled by Palatin or its Affiliates that are necessary or useful to enable AMAG to Manufacture Compounds, Products, Pharmaceutical Products and Product Delivery Devices for clinical or commercial use, including bulk drug substance, finished drug products, placebos, tooling, prototypes, manufacturing equipment, raw materials, auto-injector devices, analytical methods and batch records, in accordance with all applicable product specifications, requirement of applicable regulatory filings, and current Good Manufacturing Practices and equivalent Laws outside the United States ("cGMP") (such Know-How collectively referred to herein as "Manufacturing Know-How"). For the avoidance of doubt, and without limitation, Manufacturing Know-How shall include copies or samples, as applicable, of all relevant documentation, regulatory filings, specifications, processes, master drug files, materials and other embodiments of such Know-How. Thereafter, throughout the Term and at AMAG's request, Palatin will (a) transfer to AMAG any and all updated, improved and subsequently developed Manufacturing Know-How and (b) make available to AMAG Palatin's qualified technical personnel to assist AMAG in understanding and applying the Manufacturing Know-How to enable AMAG to Manufacture Compounds, Products, Pharmaceutical Products and Product Delivery Devices for clinical or commercial use (including qualification of facilities used to Manufacture Compounds, Products, Pharmaceutical Products or Product Delivery Devices).

5.6.6. Supply Among the Parties. Upon Palatin's request and following Palatin's fulfillment of its obligations under this Section 5.6, the Parties will negotiate in good faith the terms of a clinical and commercial supply agreement, pursuant to which AMAG or its designees will supply Products to Palatin or its designees (solely to the extent that AMAG is manufacturing such Products for its own use) for use outside the

Territory. The Parties' entry into any such supply agreement is conditioned upon negotiation of terms and conditions that are mutually acceptable to both Parties.

5.7. Other AMAG Programs. Palatin understands and acknowledges that AMAG may have present or future initiatives or opportunities, including initiatives or opportunities with its Affiliates or Third Parties, involving products, programs, technologies or processes that are similar to, and in some instances may compete with, a Product, program, technology or process covered by this Agreement. Palatin acknowledges and agrees that nothing in this Agreement will be construed as a representation, warranty, covenant or inference that AMAG will not itself Develop, Manufacture or Commercialize or enter into business relationships with one or more of its Affiliates or Third Parties to Develop, Manufacture or Commercialize products, programs, technologies or processes that are similar to or that may compete with any product, program, technology or process covered by this Agreement, *provided* that, for clarity, AMAG will not use Palatin's Confidential Information in breach of this Agreement.

6. INTELLECTUAL PROPERTY.

6.1. Ownership of Intellectual Property.

6.1.1. Ownership of Inventions. Subject to the grant of licenses to AMAG under Section 2 and the Parties' other rights and obligations under this Agreement, each Party shall own all rights, title and interests in and to: (a) any and all Know-How, Compounds and Products (i) owned by such Party prior to the Effective Date or (ii) made solely by or on behalf of such Party or its Representatives in connection with their activities under this Agreement and (b) any and all Patent Rights claiming any such Know-How, Compounds or Products described in clause (a) of this Section 6.1.1. Inventorship shall be determined in accordance with United States patent laws.

6.1.2. Ownership of Sponsored Technology. Notwithstanding any provision of Section 6.1.1 to the contrary, AMAG shall own all rights, title and interests in and to: (a) any and all Know-How, whether or not patentable and including all pharmacological, toxicological, pre-clinical, clinical, analytical, quality control and other data, discovered, developed or made solely by or on behalf of Palatin or its Representatives in connection with the Palatin Development Activities or made jointly by or on behalf of (i) Palatin or its Representatives and (ii) AMAG or its Representatives in connection with the Palatin Development Activities ("Sponsored Know-How") and (b) any and all Patent Rights claiming any invention included in Sponsored Know-How ("Sponsored Patent Rights," and, together with Sponsored Know-How, "Sponsored Technology"). Palatin agrees to assign and hereby perpetually and irrevocably assigns, and shall cause its Representatives to assign, to AMAG all rights, title and interests throughout the world in and to any and all Sponsored Technology. Further, Palatin shall, and shall cause its Representatives to (a) deliver all physical embodiments of Sponsored Technology to AMAG and (b) execute any and all assignments, applications for domestic and foreign patents and other documents and to do such other acts (including the execution and delivery of instruments of further assurance or confirmation) reasonably requested by AMAG to assign the Sponsored Technology to AMAG and to permit AMAG or its designees to practice and enforce the Sponsored Technology. The Parties shall discuss in good faith the terms

pursuant to which AMAG may grant Palatin a license under the Sponsored Technology to use, have used, Develop, have Developed, Manufacture, have Manufactured, Commercialize and have Commercialized Compounds and Products in the Field outside the Territory.

6.1.3. Ownership of Joint Technology. The Parties shall jointly own any Joint Technology. Subject to the grant of licenses to AMAG under Section 2 and the Parties' other rights and obligations under this Agreement, each Party shall be free to exploit, either itself or through the grant of licenses to Third Parties (which Third Party licenses may be further sublicensed), Joint Patent Rights and Joint Know-How throughout the world without restriction, without the need to obtain further consent from or provide notice to the other Party, and without any duty to account or otherwise make any payment of any compensation to the other Party.

6.2. Patent Rights.

6.2.1. Filing, Prosecution and Maintenance of Palatin Patent Rights and Joint Patent Rights. AMAG shall have the first right with respect to the Palatin Patent Rights in the Territory and the Joint Patent Rights (collectively, the "Program Patent Rights"), but not the obligation, to prepare, file, prosecute and maintain the Program Patent Rights at AMAG's sole cost and expense. AMAG shall consult and reasonably cooperate with Palatin with respect to the preparation, filing, prosecution and maintenance of the Program Patent Rights, including: (i) allowing Palatin a reasonable opportunity and reasonable time to review and comment regarding relevant communications to AMAG and drafts of any responses or other proposed filings by AMAG before any applicable filings are submitted to any relevant patent office or Governmental Authority and (ii) considering in good faith any reasonable comments offered by Palatin with respect to any final filings submitted by AMAG to any relevant patent office or Governmental Authority. Palatin shall promptly execute such documents and perform such acts as may be reasonably necessary for AMAG to prepare, file, prosecute and maintain the Program Patent Rights, including making available to AMAG its authorized attorneys, agents or representatives, or such of its employees, in each case, as are reasonably necessary to assist AMAG in obtaining and maintaining the patent protection described in this Section 6.2.1. If AMAG elects not to file a patent application for an invention or application included in the Program Patent Rights in a given country or elects to cease the prosecution or maintenance of any Program Patent Right in a given country, then AMAG shall provide Palatin with written notice promptly, but not less than […***…] before any action is required, upon the decision to not file or continue the prosecution of such patent application or maintenance of such patent. In such event, Palatin shall have the right, but not the obligation, to file or continue prosecution or maintenance of any such Program Patent Right in such country and at Palatin's expense. Further, in such event AMAG shall promptly execute such documents and perform such acts as may be reasonably necessary for Palatin to prepare, file, prosecute and maintain the Program Patent Rights, including making available to Palatin its authorized attorneys, agents or representatives, or such of its employees, in each case, as are reasonably necessary to assist Palatin in obtaining and maintaining the patent protection described in this Section 6.2.1. Further, Palatin shall not, and shall not permit any of its Affiliates or

sublicensees to, take any action with respect to the filing, prosecution, maintenance or enforcement of any Palatin Patent Right outside the Territory that may reasonably be expected to adversely impact the rights granted to AMAG under this Agreement, including AMAG's exclusive rights in the Palatin Patent Rights within the Territory. Without limiting the foregoing, Palatin shall consult and reasonably cooperate with AMAG with respect to the preparation, filing, prosecution and maintenance of the Palatin Patent Rights outside the Territory, including: (A) allowing AMAG a reasonable opportunity and reasonable time to review and comment regarding relevant communications to Palatin and drafts of any responses or other proposed filings by Palatin before any applicable filings are submitted to any relevant patent office or Governmental Authority and (B) considering in good faith any reasonable comments offered by AMAG with respect to any final filings submitted by Palatin to any relevant patent office or Governmental Authority.

6.2.2. Filing, Prosecution and Maintenance of AMAG Patent Rights and Sponsored Patent Rights. AMAG shall have the sole right, but no obligation, to file, prosecute and maintain the Patent Rights that it owns or to which it otherwise has Control of prosecution rights, including the AMAG Patent Rights and Sponsored Patent Rights, in its sole discretion.

6.2.3. Enforcement and Defense of Patent Rights.

(a) *Enforcement of Palatin Patent Rights and Joint Patent Rights*. Each Party will promptly notify the other in the event of any actual, potential or suspected infringement of a patent under the Palatin Patent Rights in the Territory or the Joint Patent Rights anywhere in the world by any Third Party. As between AMAG and Palatin, AMAG shall have the first right, except as otherwise provided in this Section 6.2.3, but not the obligation, to institute litigation or take other steps to remedy infringement in connection therewith, and any such litigation or steps […***…]. AMAG shall not, without the prior written consent of Palatin, enter into any compromise or settlement relating to such litigation that (i) admits the invalidity or unenforceability of any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world or (ii) requires AMAG or Palatin to abandon or relinquish any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world. If necessary in order to establish standing for AMAG, Palatin, upon request of AMAG, agrees to timely commence or to join in any such litigation, and in any event to cooperate with AMAG in such litigation or steps, all at AMAG's expense. Palatin will have the right to consult with AMAG about such litigation and to participate in and be represented by independent counsel in such litigation at Palatin's own expense. If AMAG fails to institute such litigation or otherwise take steps to remedy the actual, potential or suspected infringement of a Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world (A) within […***…] of its receipt of notice thereof in the case of a Palatin Patent Right, or (B) within […***…] of its receipt of notice thereof in the case of a Joint Patent Right, then Palatin shall have the right, but not the obligation, upon […***…] prior notice to AMAG, at Palatin's expense, to institute any such litigation and Palatin will solely retain any

recoveries resulting from such litigation or steps. If necessary in order to establish standing for Palatin, AMAG, upon request of Palatin, agrees to timely commence or to join in any such litigation, and in any event to cooperate with Palatin in such litigation or steps at Palatin's expense. AMAG will have the right to consult with Palatin about such litigation and to participate in and be represented by independent counsel in such litigation at AMAG's own expense. Palatin shall not, without the prior written consent of AMAG, enter into any compromise or settlement relating to such litigation that (i) admits the invalidity or unenforceability of any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world or (ii) requires AMAG or Palatin to abandon or relinquish any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world. Except in the case of a breach of a term of this Agreement, neither Party shall incur any liability to the other Party as a consequent of any litigation initiated or pursued pursuant to this Section 6.2.3(a) or any unfavorable decision resulting therefrom, including any decision holding any Palatin Patent Right or Joint Patent Right invalid or unenforceable.

(b) *Enforcement of AMAG Patent Rights and Sponsored Patent Rights*. AMAG shall have the sole right, but no obligation, to take action to obtain a discontinuance of infringement or bring suit against a Third Party infringing or challenging the validity or enforceability of any AMAG Patent Right or Sponsored Patent Right.

(c) *Enforcement of Palatin Patent Rights Outside the Territory*. Palatin shall have the sole right, but no obligation, to take action to obtain a discontinuance of infringement or bring suit against a Third Party infringing or challenging the validity or enforceability of any Palatin Patent Right outside the Territory.

6.2.4. Allegations of Infringement and Right to Seek Third Party Licenses.

(a) *Notice*. If the Development, Manufacture, Commercialization or use of any Compound, Product, Pharmaceutical Product or Product Delivery Device, the practice of any Palatin Technology or Joint Technology, or the exercise of any other right granted by Palatin to AMAG hereunder (collectively, the "Licensed Activities") by AMAG or any of its Affiliates or Sublicensees is alleged by a Third Party to infringe, misappropriate or otherwise violate such Third Party's Patent Rights or other intellectual property rights, then the Party discovering the same shall, promptly upon becoming aware of such allegation, notify the other Party in writing. Additionally, if either Party determines that, based upon the review of any Third Party Patent Right or other Third Party intellectual property rights, it may be desirable to obtain a license from such Third Party with respect thereto so as to avoid any potential claim of infringement by such Third Party against either Party or their respective Affiliates or Sublicensees, then such Party shall promptly notify the other Party of such determination.

(b) *AMAG Option to Negotiate*. If AMAG determines, in its sole discretion, that, in order for AMAG, its Affiliates or Sublicensees to engage in the Licensed Activities, it is necessary or desirable to obtain a license under one or more Patent Rights or other intellectual property rights Controlled by a Third Party (collectively, "Third Party IP Rights"), then AMAG shall have the sole right, but not the obligation, to negotiate and enter into a license or other agreement with such Third Party. All amounts payable under any such license or agreement with a Third Party shall reduce AMAG's royalty obligations under this Agreement as and to the extent provided in Section 3.5.3(a).

6.2.5. Third Party Infringement Suits. Each of the Parties shall promptly notify the other in the event that any Third Party files any suit or brings any other action alleging patent infringement by AMAG or Palatin or any of their respective Affiliates or Sublicensees with respect to the Development, Manufacture, Commercialization or use of any Compound, Product, Pharmaceutical Product or Product Delivery Device or the practice of any Palatin Technology or Joint Technology (any such suit or other action referred to herein as an "Infringement Claim"). In the case of any Infringement Claim against AMAG (including its Affiliates or Sublicensees) alone or against both AMAG and Palatin (including its Affiliates), AMAG shall have the right, but not the obligation, at AMAG's sole cost and expense subject to the provisions of this Section 6.2.5, to control the defense of such Infringement Claim, including control over any related litigation, settlement, appeal or other disposition arising in connection therewith. Palatin, upon request of AMAG, agrees to join in any litigation associated with any Infringement Claim at AMAG's expense and in any event to reasonably cooperate with AMAG at AMAG's expense (in all cases subject to Palatin's indemnification obligations under Section 10.3). Palatin will have the right to consult with AMAG concerning any Infringement Claim and to participate in and be represented by independent counsel in any associated litigation in which Palatin is a party at Palatin's own expense. AMAG shall not, without the prior written consent of Palatin, enter into any compromise or settlement relating to such litigation that (i) admits the invalidity or unenforceability of any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world or (ii) requires AMAG or Palatin to abandon or relinquish any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world. If AMAG elects to control the defense of any Infringement Claim and Palatin is obligated under Section 10.3 to indemnify AMAG (including any AMAG Indemnified Party) with respect to such Infringement Claim, then (a) […***…] and (b) Palatin will otherwise indemnify AMAG and any applicable AMAG Indemnified Parties to the full extent provided for under Section 10.3. In the case of any Infringement Claim against Palatin (including Palatin's Affiliates) alone, Palatin shall have the right, but not the obligation, at Palatin's sole cost and expense, to control the defense of such Infringement Claim, including control over any related litigation, settlement, appeal or other disposition arising in connection therewith; *provided* that Palatin shall not, without the prior written consent of AMAG, enter into any compromise or settlement relating to such litigation that (i) admits the invalidity or unenforceability of any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world or (ii) requires AMAG or Palatin to abandon or relinquish any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world.

AMAG shall have the right to consult with Palatin concerning such Infringement Claim and AMAG, upon request of Palatin, will reasonably cooperate with Palatin at Palatin's expense (but AMAG shall have no obligation to join any Infringement Claim or associated litigation).

6.2.6. Other Actions by Third Parties. Each Party shall promptly notify the other Party in the event of any legal or administrative action by any Third Party involving any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world of which it becomes aware, including any nullity, revocation, interference, reexamination or compulsory license proceeding. AMAG shall have the first right, but no obligation, to defend against any such action involving any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world, in its own name (to the extent permitted by applicable Law), and any such defense shall be at AMAG's reasonable expense, subject to Palatin's indemnification obligations under Section 10. Palatin, upon AMAG's request, agrees to join in any such action at AMAG's expense and in any event to cooperate with AMAG at AMAG's expense. If AMAG fails to defend against any such action involving a Palatin Patent Right or Joint Patent Right, then Palatin shall have the right to defend such action, in its own name, and any such defense shall be at Palatin's expense. In such event, AMAG, upon Palatin's request, shall reasonably cooperate with Palatin in any such action at Palatin's expense.

6.2.7. Orange Book Information. AMAG shall have the sole right, but not the obligation, to submit to all applicable Governmental Authorities patent information pertaining to each Product pursuant to 21 U.S.C. § 355(b)(1)(G) (or any amendment or successor statute thereto), or any similar statutory or regulatory requirement in any non-U.S. country or other regulatory jurisdiction in the Territory.

6.2.8. Paragraph IV Type Notices. Notwithstanding any provision of this Agreement to the contrary, each Party shall immediately (but in no event later than two (2) Business Days following receipt or discovery, whichever occurs first) give written notice to the other of any certification of which it becomes aware filed pursuant to any statutory or regulatory requirement in any country in the Territory similar to 21 U.S.C. § 355(b)(2)(A)(iv) or § 355(j)(2)(A)(vii)(IV) (or any amendment or successor statute thereto) claiming that any Palatin Patent Right in the Territory or Joint Patent Right anywhere in the world covering any Compound, Product or Pharmaceutical Product is invalid or that infringement will not arise from the Development, Manufacture, use or Commercialization of such Compound, Product or Pharmaceutical Product by a Third Party. Upon the giving or receipt of such notice, AMAG shall have the sole right, but not the obligation, to bring an infringement action against such Third Party at AMAG's sole cost and expense. If necessary in order to establish standing in connection with any action brought by AMAG under this Section 6.2.8, Palatin, upon AMAG's request, shall reasonably cooperate with AMAG in any such action at AMAG's expense and shall timely commence or join in any such action at AMAG's request and expense. In the event of any conflict between the terms of this Section 6.2.8 and the terms of Section 6.2.3(a), the terms of this Section 6.2.8 shall control and govern.

6.2.9. Patent Term Restoration and Extension. AMAG shall have the exclusive right, but not the obligation, to seek, in Palatin's name if so required, patent term extensions, and supplemental protection certificates and the like available under Law, including 35 U.S.C. § 156 and applicable foreign counterparts, in any country in the Territory in relation to the Palatin Patent Rights and in any country in the world in relation to the Joint Patent Rights at AMAG's sole cost and expense. Palatin and AMAG shall cooperate in connection with all such activities. AMAG, its agents and attorneys will give due consideration to all suggestions and comments of Palatin regarding any such activities, but in the event of a disagreement between the Parties, AMAG will have the final decision-making authority; provided, however, that AMAG shall seek (or allow Palatin to seek) to extend any Palatin Patent Right at Palatin's request, including through the use of supplemental protection certificates and the like, unless in AMAG's reasonable legal determination such Palatin Patent Right may not be extended under Law without limiting AMAG's right to extend any other Patent Right.

6.3. Enforcement and Defense of Know-How.

6.3.1. Misappropriation Actions Relating to Palatin Know-How and Joint Know-How. Each Party will promptly notify the other in the event of any actual, potential or suspected misappropriation of any Palatin Know-How or Joint Know-How by any Third Party. As between AMAG and Palatin, AMAG shall have the first right, except as otherwise provided in this Section 6.3.1, but not the obligation, to institute litigation or take other steps to remedy misappropriation of the Palatin Know-How in the Territory or of the Joint Know-How in connection therewith, and any such litigation or steps shall be at AMAG's expense, subject to Palatin's obligation to indemnify AMAG for such expenses pursuant to Section 10; *provided that* any recoveries resulting from such litigation or steps after deducting AMAG's out of pocket expenses (including counsel fees and expenses and any amounts paid to Palatin for its cooperation with such litigation) in pursuing such claim, will be […***…]. AMAG shall not, without the prior written consent of Palatin, enter into any compromise or settlement relating to such litigation that (a) admits that all or any portion of the Palatin Know-How or Joint Know-How is not protectable under relevant trade secret Laws or (b) requires AMAG or Palatin to abandon or relinquish trade secret protection for any Palatin Know-How or Joint Know-How. If necessary in order to establish standing for AMAG, Palatin, upon request of AMAG, agrees to timely commence or to join in any such litigation, at AMAG's expense, and in any event to cooperate with AMAG in such litigation or steps at AMAG's expense. Palatin will have the right to consult with AMAG about such litigation and to participate in and be represented by independent counsel in such litigation at Palatin's own expense. If AMAG fails to institute such litigation or otherwise take steps to remedy the actual, potential or suspected misappropriation of any Palatin Know-How in the Territory or Joint Know-How anywhere in the world (i) within […***…] of its receipt of notice thereof in the case of any Palatin Know-How, or (ii) within […***…] of its receipt or notice thereof in the case of any Joint Know-How, then Palatin shall have the right, but not the obligation, upon […***…] prior notice to AMAG, at Palatin's expense, to institute any such litigation. If necessary in order to establish standing for Palatin, AMAG, upon request of Palatin, agrees to timely commence or to join in any

such litigation, and in any event to cooperate with Palatin in such litigation or steps at Palatin's expense. AMAG will have the right to consult with Palatin about such litigation and to participate in and be represented by independent counsel in such litigation at AMAG's own expense. Palatin shall not, without the prior written consent of AMAG, enter into any compromise or settlement relating to such litigation that (a) admits that all or any portion of the Palatin Know-How or Joint Know-How is not protectable under relevant trade secret Laws or (b) requires AMAG or Palatin to abandon or relinquish trade secret protection for any Palatin Know-How or Joint Know-How. Palatin shall have the sole right, but not the obligation, to institute litigation or take other steps to remedy misappropriation of the Palatin Know-How outside the Territory.

6.3.2. Misappropriation Actions Relating to AMAG Know-How and Sponsored Know-How. AMAG shall have the sole right, but no obligation, to take action to obtain a discontinuance of misappropriation or bring suit against a Third Party that is misappropriating, or that is suspected of misappropriating, any AMAG Know-How or Sponsored Know-How.

6.4. Recording. If AMAG deems it necessary or desirable to register or record this Agreement or evidence of this Agreement with any patent office or other appropriate Governmental Authority(ies) in one or more jurisdictions in the Territory, Palatin shall reasonably cooperate to execute and deliver to AMAG any documents accurately reflecting or evidencing this Agreement that are necessary or desirable, in AMAG's reasonable judgment, to complete such registration or recordation. AMAG shall reimburse Palatin for all reasonable out-of-pocket expenses, including attorneys' fees, incurred by Palatin in complying with the provisions of this Section 6.4.

7. CONFIDENTIALITY.

7.1. Confidentiality. Except to the extent expressly authorized by this Agreement, the Parties agree that, during the Term and for […***…], each Party (the "Receiving Party") receiving any Confidential Information of the other Party (the "Disclosing Party") hereunder shall: (a) keep the Disclosing Party's Confidential Information confidential; (b) not disclose, or permit the disclosure of, the Disclosing Party's Confidential Information; and (c) not use, or permit to be used, the Disclosing Party's Confidential Information for any purpose other than as expressly permitted under the terms of this Agreement.

7.2. Authorized Disclosure.

7.2.1. Disclosure to Party Representatives. Notwithstanding the foregoing provisions of Section 7.1, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the Receiving Party's Representatives who (a) have a need to know such Confidential Information in connection with the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement and (b) have agreed in writing to non-disclosure and non-use provisions with respect to such Confidential Information that are at least as restrictive as those set forth in this Section 7.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

7.2.2. Disclosure to Third Parties. Notwithstanding the foregoing provisions of Section 7.1, each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary:

(a) to Governmental Authorities (i) to the extent desirable to obtain or maintain INDs or Regulatory Approvals for any Compound, Product, Pharmaceutical Product or Product Delivery Device within the Territory, and (ii) in order to respond to inquiries, requests or investigations relating to Compounds or Products in the Territory or this Agreement;

(b) in connection with filing or prosecuting Program Patent Rights as permitted by this Agreement;

(c) in connection with prosecuting or defending litigation as permitted by this Agreement; or

(d) to the extent necessary or desirable in order to enforce its rights under this Agreement.

If the Receiving Party deems it reasonably necessary to disclose Confidential Information belonging to the Disclosing Party pursuant to this Section 7.2.2, then the Receiving Party shall to the extent possible give reasonable advance written notice of such disclosure to the Disclosing Party and take such measures to ensure confidential treatment of such information as is reasonably requested by the Disclosing Party, at the Disclosing Party's expense.

7.2.3. Business Transaction Disclosure. Nothing in this Agreement, (a) shall prevent AMAG from using information to formulate a proposal for a business transaction with Palatin or communicating with Palatin's CEO or board of directors, on a confidential basis, regarding such a transaction or (b) shall restrict AMAG from seeking to acquire Palatin in the event that Palatin announces an agreement contemplating a Change of Control, the consummation of a Change of Control. or the exploration of strategic alternatives.

7.3. SEC Filings and Other Disclosures. Either Party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable Law, including the rules and regulations promulgated by the United States Securities and Exchange Commission ("SEC") or any equivalent governmental agency in any country in the Territory. Before disclosing this Agreement or any of the terms hereof pursuant to this Section 7.3, the Parties will consult with one another on the terms of this Agreement to be redacted in making any such disclosure (which, at a minimum, shall include redaction of all financial terms), with the disclosing Party providing as much advanced notice as is feasible under the circumstances, and giving consideration to the comments of the other Party. Further, if a Party discloses this Agreement or any of the terms hereof in accordance with this Section 7.3, such Party shall, at its own expense, seek such confidential treatment of confidential portions of this Agreement and such other terms, as may be reasonably requested by the other Party.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

7.4. Public Announcements; Publications.

7.4.1. Announcements. Except as may be expressly permitted under Section 7.2, neither Party will make any public announcement regarding this Agreement without the prior written approval of the other Party. For the sake of clarity, nothing in this Agreement shall prevent AMAG from making any scientific publication or public announcement with respect to any product under this Agreement; *provided, however*, that, except as permitted under Section 7.2, AMAG shall not disclose any of Palatin's Confidential Information in any such publication or announcement without obtaining Palatin's prior written consent to do so. Notwithstanding the foregoing, without prior consent of the other Party, each Party may disseminate material substantially similar to material included in a press release or other document previously approved for external distribution by the other Party. The Parties agree that each Party may release the announcement attached hereto as Schedule 7.4.1 regarding the signing of this Agreement following the Effective Date.

7.5. Obligations in Connection with Change of Control. If Palatin is subject to a Change of Control, Palatin will, and it will cause its Representatives to, ensure that no Confidential Information of AMAG is released to (a) any Affiliate of Palatin that becomes an Affiliate as a result of the Change of Control or (b) any other Representatives of Palatin (or of the relevant surviving entity of such Change of Control) who become Palatin Representatives as a result of the Change of Control, unless such Affiliate or other Representatives, as applicable, have signed individual confidentiality agreements which include equivalent obligations to those set out in this Section 7. If any Change of Control of Palatin occurs, Palatin shall promptly notify AMAG.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS; SECURITY INTEREST.

8.1. Mutual Representations and Warranties. Each of Palatin and AMAG hereby represents and warrants to the other Party that:

8.1.1. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

8.1.2. the execution, delivery and performance of this Agreement by such Party has been duly authorized by all requisite action under the provisions of its charter, bylaws and other organizational documents, and does not require any action or approval by any of its shareholders or other holders of its voting securities or voting interests;

8.1.3. it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder

8.1.4. this Agreement has been duly executed and is a legal, valid and binding obligation on each Party, enforceable against such Party in accordance with its terms; and

8.1.5. the execution, delivery and performance by such Party of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of or default under any Binding Obligation existing as of the Execution Date.

8.2. Mutual Covenants. Each of Palatin and AMAG hereby covenants to the other Party that, from the Execution Date until expiration or termination of this Agreement, it will perform its obligations under this Agreement in compliance with applicable Laws.

8.3. Representations and Warranties of Palatin. Palatin hereby represents and warrants to AMAG that:

8.3.1. except as expressly disclosed in Schedule 8.3.1, Palatin is the sole and exclusive owner of the Palatin Technology, all of which is free and clear of any claims, liens, charges or encumbrances;

8.3.2. it has and will have the full right, power and authority to grant all of the rights, title and interests in and to the licenses and other rights granted or to be granted to AMAG, AMAG's Affiliates or AMAG's Sublicensees under this Agreement;

8.3.3. Exhibit C sets forth a true and complete list of all Compounds discovered or developed by Palatin or its Affiliates on or prior to the Execution Date;

8.3.4. as of the Execution Date (a) Exhibit B sets forth a true and complete list of all Patent Rights owned or otherwise Controlled by Palatin or its Affiliates that relate to the Compounds or Products, (b) each such Patent Right remains in full force and effect and (c) Palatin or its Affiliates have timely paid all filing and renewal fees payable with respect to such Patent Rights;

8.3.5. as of the Execution Date, Palatin has made available to AMAG all material scientific and technical information and all information relating to safety and efficacy known to it or its Affiliates with respect to the Compounds and Products;

8.3.6. to its best knowledge, the Palatin Patent Rights, are, or, upon issuance, will be, valid and enforceable patents and, as of the Execution Date, no Third Party (a) is infringing any Palatin Patent Right except as set forth in Schedule 8.3.6 or (b) has challenged or threatened to challenge the scope, validity or enforceability of any Palatin Patent Right (including, by way of example, through the institution or written threat of institution of interference, nullity or similar invalidity proceedings before the United States Patent and Trademark Office or any analogous foreign Governmental Authority);

8.3.7. it has complied in all material respects with all applicable Laws, including any disclosure requirements, in connection with the filing, prosecution and maintenance of the Palatin Patent Rights;

8.3.8. except as expressly disclosed in Schedule 8.3.8, Palatin has independently developed all Palatin Know-How or otherwise has a valid right to use, and to permit

AMAG, AMAG's Affiliates and AMAG's Sublicensees to use, the Palatin Know-How for all permitted purposes under this Agreement;

8.3.9. it has obtained from all inventors of Palatin Technology existing as of the Execution Date, valid and enforceable agreements assigning to Palatin each such inventor's entire right, title and interest in and to all such Palatin Technology;

8.3.10. no Palatin Technology existing as of the Effective Date is subject to any funding agreement with any government or Governmental Authority;

8.3.11. neither Palatin nor any of its Affiliates are party to or otherwise subject to any agreement, arrangement or settlement which limits the ownership or licensed rights of AMAG or its Affiliates with respect to, or limits the ability of AMAG or its Affiliates to grant a license, sublicense or access, or provide or provide access or other rights in, to or under, any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that would, but for such agreement, arrangement or settlement, be included in the rights licensed or assigned to AMAG or its Affiliates pursuant to this Agreement;

8.3.12. (a) there are no Palatin Third Party Agreements, other than (i) agreements with employees or consultants substantially similar to the form of Consulting Services Agreement or form of Employee Agreement on Confidentiality, Intellectual Property, Debarment Certification and Conflict of Interest provided by Palatin to AMAG, (ii) contract research agreements entered into in the ordinary course of business that do not assign or grant to any Third Party any right, title or interest in or to, or any license under, any Patent Rights or Know-How and (iii) the Palatin Third Party Agreements expressly disclosed in Schedule 8.3.12 (each, a "Disclosed Third Party Agreement"), true and complete copies of which have been provided to AMAG, (b) except as provided in the Disclosed Third Party Agreements, no Third Party has any right, title or interest in or to, or any license under, any Palatin Technology in the Territory, (c) no rights granted by or to Palatin or its Affiliates under any Disclosed Third Party Agreement conflict with any right or license granted to AMAG or its Affiliates hereunder and (d) Palatin and its Affiliates are in compliance in all material respects with all Disclosed Third Party Agreements;

8.3.13. to its best knowledge, the use, Development, Manufacture or Commercialization by Palatin or AMAG (or their respective Affiliates or Sublicensees) of any Compound, Product, Pharmaceutical Product or Product Delivery Device (a) does not and will not infringe any issued patent of any Third Party or (b) will not infringe the claims of any published Third Party patent application when and if such claims issue;

8.3.14. there is no (a) claim, demand, suit, proceeding, arbitration, inquiry, investigation or other legal action of any nature, civil, criminal, regulatory or otherwise, pending or, to the best knowledge of Palatin, threatened against Palatin or any of its Affiliates or (b) judgment or settlement against or owed by Palatin or any of its Affiliates, in each case in connection with the Palatin Technology, any Compound, Product,

Pharmaceutical Product or Product Delivery Device or relating to the transactions contemplated by this Agreement.

8.3.15. neither Palatin nor any of its Affiliates, nor any of their respective employees, officers, directors, or agents, has been debarred by the FDA, is the subject of a conviction described in 21 U.S.C. §335a, or is subject to any similar sanction;

8.3.16. Palatin, and each of its Affiliates that are or will be involved in the conduct of activities under this Agreement, is in compliance with all applicable Laws with respect to the conduct of such activities;

8.3.17. Palatin (a) is not excluded from, and has not been convicted of any crime or engaged in any conduct that could result in exclusion from, participation in any state or federal healthcare program, as defined in 42 U.S.C. §1320a-7b(f), for the provision of items or services for which payment may be made by a federal healthcare program, (b) to its best knowledge has not contracted with any Person to conduct activities under this Agreement who is excluded from participation in any state or federal healthcare program and (c) is not subject to a final adverse action, as defined in 42 U.S.C.§ 1320a-7a(e) and 42 U.S.C. § 1320a-7a(g), and has no adverse action pending or threatened against it;

8.3.18. Palatin is not entering into the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors. Palatin is not, and will not be rendered by consummation of the transactions contemplated by this Agreement, insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the fair saleable value of its assets is less than the amount required to pay its probable liability on its existing debts and liabilities as they mature);

8.3.19. Palatin, including Palatin's Ultimate Parent Entity ("UPE") as that term is defined in 16 C.F.R. Part 801.1(a)(3), (a) is not engaged in manufacturing as defined in 16 C.F.R. Part 801.1(j) and (b) has total assets of less than $10 million (as adjusted), as determined in accordance with 16 C.F.R. Part 801.11; and

8.3.20. On the Effective Date after giving effect to the transactions contemplated by this Agreement: (i) Palatin will be able to pay its liabilities as they become due in the ordinary course of its business; (ii) Palatin will have assets (calculated at fair market value) that exceed its liabilities; (iii) Palatin will not have unreasonably small capital with which to conduct its present or proposed business; (iv) Palatin will not have incurred debts (and does not immediately plan to incur debt) beyond its ability to pay as they become due; and (v) taking into account all pending and threatened litigation, final judgments against Palatin in actions for money damages are not reasonably anticipated to be rendered at a time when, or in amounts such that, Palatin will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum probable amount of such judgments in any such actions and the earliest reasonable time at which such judgments might be rendered) as well as all of Palatin's other obligations and liabilities. The cash available to Palatin, after receipt of the payment set forth in Section 3.1 and taking into account all other anticipated uses of the cash, will

be sufficient to pay all such debts and judgments promptly in accordance with their terms.

8.4. Palatin Covenants. In addition to the covenants made by Palatin elsewhere in this Agreement, Palatin hereby covenants to AMAG that, from the Execution Date until expiration or termination of this Agreement, as set forth in this Section 8.4:

8.4.1. Palatin shall not, and shall cause its Affiliates not to (a) sell, assign, license or otherwise transfer to any Person (other than AMAG or its Affiliates or Sublicensees pursuant to the terms of this Agreement) any Palatin Technology in the Territory or Joint Technology in the Territory (or agree to do any of the foregoing) or (b) incur or permit to exist, with respect to any Palatin Technology or Joint Technology, any lien, encumbrance, charge, security interest, mortgage, liability, assignment, grant of license or other Binding Obligation that is or would be inconsistent with the licenses and other rights granted (or to be granted) to AMAG or its Affiliates or Sublicensees under this Agreement.

8.4.2. Palatin will not take any action that diminishes the rights under the Palatin Technology or Joint Technology granted (or to be granted) to AMAG or AMAG's Affiliates under this Agreement.

8.4.3. Palatin will (a) not enter into any Palatin Third Party Agreement that adversely affects (i) the rights granted (or to be granted) to AMAG, AMAG's Affiliates or Sublicensees hereunder or (ii) Palatin's ability to fully perform its obligations hereunder; (b) not amend or otherwise modify any Palatin Third Party Agreement (including any Disclosed Third Party Agreement) or consent or waive rights with respect thereto in any manner that (i) adversely affects the rights granted (or to be granted) to AMAG or AMAG's Affiliates or Sublicensees hereunder or (ii) Palatin's ability to fully perform its obligations hereunder; (c) promptly furnish AMAG with true and complete copies of all (i) amendments to the Disclosed Third Party Agreements and (ii) Palatin Third Party Agreements and related amendments executed following the Execution Date, provided that financial terms may be redacted; (d) remain, and cause its Affiliates to remain, in compliance in all material respects with all Palatin Third Party Agreements (including Disclosed Third Party Agreements); and (e) furnish AMAG with copies of all notices received by Palatin or its Affiliates relating to any alleged breach or default by Palatin or its Affiliates under any Palatin Third Party Agreement (including any Disclosed Third Party Agreement) within five (5) Business Days after receipt thereof.

8.4.4. Palatin will not enter into or otherwise allow itself or its Affiliates to be subject to any agreement, arrangement or settlement which limits the ownership or licensed rights of AMAG or its Affiliates with respect to, or limits the ability of AMAG or its Affiliates to grant a license, sublicense or access, or provide or provide access or other rights in, to or under, any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that would, but for such agreement, arrangement or settlement, be included in the rights licensed or assigned to AMAG or its Affiliates pursuant to this Agreement.

8.4.5. Palatin will maintain valid and enforceable agreements with all Persons acting by or on behalf of Palatin or its Affiliates under this Agreement which require such Persons to assign to Palatin their entire rights, title and interests in and to all Palatin Technology and Joint Technology.

8.4.6. Except to the extent included in any budget approved by the JSC under Section 4.2.3, without the prior written consent of AMAG, Palatin shall not incur any expense (or related series of expenses) greater than […***…] in connection with its Development of any Compound, Product, Pharmaceutical Product, or Product Delivery Device (in each case, including any expense in connection with any Palatin Development Activity).

8.4.7. Palatin shall pay or otherwise satisfy in the ordinary course of business all of is liabilities and obligations existing on the Effective Date, including without limitation all payments under the Catalent Agreements, whether arising out of or in connection with the Contemplated Transactions or otherwise, such payments to include payments required as a result of a "Change of Control" (as defined in the Catalent Agreements) or payments arising from a license of Palatin's rights as set forth in Section 3 of the Catalent Services Agreement.

8.4.8. From the Effective Date until the acceptance of an NDA by the FDA with respect to the Initial Indication, Palatin shall not (i) make any declaration or payment of, or set aside funds for, any dividend or other distribution with respect to any of its capital stock or other equity interests; or (ii) repurchase, redeem, or otherwise acquire or cancel any of its capital stock or other equity interests unless and until each of the following has occurred:

(a) Palatin's payment of any and all taxes due and payable by it in connection with the transactions contemplated by this Agreement; and

(b) Palatin's payment, or adequate provision for the payment, in full of all of its liabilities and debts existing on the Effective Date, including without limitation payment in full of all liabilities and obligations under the Catalent Agreements and the Horizon Agreement.

8.4.9. If AMAG determines in good faith that it would be required to file with the Securities and Exchange Commission ("SEC") pursuant to Rule 3-05 of Regulation S-X audited annual financial statements of the business related to the Compound, Product, Pharmaceutical Product or Product Delivery Device (the "Audited Financial Statements") and unaudited quarterly financial statements of the business related to the Compound, Product, Pharmaceutical Product or Product Delivery Device (the "Unaudited Financial Statements") for the periods specified by Rule 3-05 of Regulation S-X (any Audited Financial Statements together with any Unaudited Financial Statements, the "SEC Financial Statements"), then Palatin will deliver to AMAG as soon as reasonably practicable, but in any event no later than forty-five (45) days after notice from AMAG, the SEC Financial Statements. The SEC Financial Statements will be (a) prepared in accordance with the books and records of the business related to the

Compound, Product, Pharmaceutical Product or Product Delivery Device, (b) prepared in accordance with Regulation S-X and U.S. GAAP and (c) in the case of the Audited Financial Statements, accompanied by an opinion (the "Audit Opinion") of KPMG LLP (the "Independent Auditor"), which opinion complies with Regulation S-X. Palatin will use its commercially reasonable efforts to cause the Independent Auditor to provide to AMAG the consents requested by AMAG no later than three (3) Business Days prior to the required filing date of the SEC Financial Statements to permit the inclusion of the Audit Opinion with respect to the Audited Financial Statements in AMAG's reports and registration statements filed with the SEC for periods required under applicable Law. AMAG will reimburse Palatin for the reasonable costs incurred by Palatin supported by reasonable documentation for Palatin's activities pursuant to this Section 8.4.9.

8.5. Disclaimer. THE FOREGOING REPRESENTATIONS AND WARRANTIES OF EACH PARTY ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY SPECIFICALLY EXCLUDED AND DISCLAIMED.

9. GOVERNMENT APPROVALS; REMEDY; TERM AND TERMINATION.

9.1. HSR Filing. Each of Palatin and AMAG has determined that no HSR Filing is required of it under the HSR Act with respect to the transactions contemplated hereby.

9.2. Intentionally Omitted.

9.3. Other Government Approvals. Each of Palatin and AMAG shall cooperate with the other Party and use Commercially Reasonable Efforts to make all registrations, filings and applications, to give all notices and to obtain as soon as practicable all governmental or other consents, transfers, approvals, orders, qualifications authorizations, permits and waivers, if any, and to do all other things necessary or desirable for the consummation of the transactions as contemplated hereby.

9.4. Term. The term of this Agreement (the "Term") will commence on the Execution Date and extend on a country-by-country basis (in the Territory), unless this Agreement is terminated earlier in accordance with this Section 9, until the last to expire of any Royalty Term for any Product in such country in the Territory.

9.5. Termination by Palatin. Palatin may terminate this Agreement for cause, at any time during the Term, by giving written notice to AMAG in the event that AMAG commits a material breach of its obligations under this Agreement and such material breach remains uncured for ninety (90) days, measured from the date written notice of such material breach is given to AMAG; *provided, however*, that if any breach is not reasonably curable within ninety (90) days and if AMAG is making a bona fide effort to cure such breach, such termination shall be delayed for a time period to be agreed by both Parties in order to permit AMAG a reasonable period of time to cure such breach. If the alleged material breach relates to non-payment of any amount due under

this Agreement, the cure period shall be tolled pending resolution of any bona fide dispute between the Parties as to whether such payment is due.

9.6. Termination by AMAG.

9.6.1. Failure of Closing Conditions. AMAG may terminate this Agreement in its entirety upon ten (10) days prior written notice to Palatin if any of the Effectiveness Conditions have not been satisfied within one hundred twenty (120) days following the Execution Date.

9.6.2. Termination for Convenience. Upon at least one hundred eighty (180) days written notice to Palatin, AMAG may terminate this Agreement on a Product-by-Product and country-by-country basis, or in its entirety, without cause, for any or no reason.

9.6.3. Termination for Cause. AMAG may terminate this Agreement for cause with respect to one or more Products in one or more countries in the Territory or may terminate this Agreement in its entirety, at any time during the Term, by giving written notice to Palatin in the event that Palatin commits a material breach of its obligations under this Agreement and such material breach remains uncured for ninety (90) days, measured from the date written notice of such material breach is given to Palatin; *provided, however*, that if any breach is not reasonably curable within ninety (90) days and if Palatin is making a bona fide effort to cure such breach, such termination shall be delayed for a time period to be agreed by both Parties in order to permit Palatin a reasonable period of time to cure such breach. For the avoidance of doubt, any breach by Palatin of its obligations under Section 8.4.9 shall be deemed a material breach of Palatin's obligations under this Agreement, and shall not be curable by Palatin.

9.7. Effects of Termination.

9.7.1. Effect of Termination.

(a) *Termination for Cause by Palatin*. In the event that Palatin terminates this Agreement for cause pursuant to Section 9.5, the following will apply (with respect to the terminated countries in the Territory, in the event of partial termination, and with respect to the entire Territory, in the event of termination of the Agreement in its entirety):

(i) Except as otherwise expressly provided herein, all rights and obligations of each Party hereunder shall cease (including all rights and licenses granted by either Party to the other Party hereunder) in the relevant country or Territory, as applicable;

(ii) AMAG will assign and transfer to Palatin all Regulatory Approvals owned by AMAG or its Affiliates with respect to all Continuation Products in the relevant country (or the Territory in the event of termination of this Agreement in its entirety);

(iii) AMAG will assign all applications and registrations for the Product Brands that are Controlled by AMAG or its Affiliates in the

relevant country (or the Territory in the event of termination of this Agreement in its entirety) to Palatin;

(iv) AMAG will grant to Palatin a royalty-free, non-exclusive license under the Sponsored Technology, with the right to sublicense, to Develop, Commercialize, Manufacture and use the Continuation Products (in the relevant country or Territory, as applicable);

(v) AMAG will transfer to Palatin all development data and regulatory filings specifically relating to such Continuation Product in the relevant country (or the Territory in the event of termination of this Agreement in its entirety) and grant to Palatin rights of reference with respect to such data and filings in each other country in the Territory (if any); and

(vi) On Palatin's written notice to AMAG, which notice may only be delivered within […***…] following the effective date of termination, the Parties will negotiate in good faith mutually agreeable terms regarding (A) the grant by AMAG to Palatin of a license under the Applicable AMAG Technology for Palatin to continue to Develop, Commercialize and Manufacture any Product (in the relevant country or Territory, as applicable) that is under Development or Commercialization by AMAG under this Agreement at the time of termination, in the form in which such Product then exists (a "Continuation Product"), and (B) the provision of transitional supplies of such Continuation Product to Palatin. Neither Party will be obligated to enter into any transaction described in this Section 9.7.1(a)(vi), and neither Party will have any liability to the other for failure to do so.

(b) *Termination for Failure of Closing Conditions.* In the event that AMAG terminates this Agreement pursuant to Section 9.6.1, except as otherwise expressly provided herein, all rights and obligations of each Party hereunder shall cease.

(c) *Termination for Convenience by AMAG.* In the event that AMAG terminates this Agreement without cause pursuant to Section 9.6.2, the following will apply (with respect to the terminated countries in the Territory, in the event of partial termination, and with respect to the entire Territory, in the event of termination of the Agreement in its entirety):

(i) Except as otherwise expressly provided herein, all rights and obligations of each Party hereunder shall cease (including all rights and licenses granted by either Party to the other Party hereunder) in the relevant country or Territory, as applicable;

(ii) AMAG will assign and transfer to Palatin all Regulatory Approvals owned by AMAG or its Affiliates with respect to all

Continuation Products in the relevant country (or the Territory in the event of termination of this Agreement in its entirety);

(iii) AMAG will assign all applications and registrations for the Product Brands that are Controlled by AMAG or its Affiliates in the relevant country (or the Territory in the event of termination of this Agreement in its entirety) to Palatin; and

(iv) AMAG will grant to Palatin a royalty-free, non-exclusive license under the Applicable AMAG Technology and Sponsored Technology, with the right to sublicense, to Develop, Commercialize, Manufacture and use the Continuation Products (in the relevant country or Territory, as applicable).

(d) *Termination for Cause by AMAG; Alternative Remedy for Breach*.

(i) *Partial Termination*. In the event that AMAG terminates this Agreement pursuant to Section 9.6.3 with respect to any Product in any country in the Territory, except as otherwise expressly provided herein, all rights and obligations of each Party hereunder with respect to such Product in such country shall cease (including all relevant rights and licenses granted by either Party to the other Party hereunder).

(ii) *Complete Termination*. In the event that AMAG terminates this Agreement in its entirety pursuant to Section 9.6.3, except as otherwise expressly provided herein, all rights and obligations of each Party hereunder shall cease (including all rights and licenses granted by either Party to the other Party hereunder).

(iii) *Alternative Remedy for Breach by Palatin*. If Palatin commits a material breach of its obligations under this Agreement that would entitle AMAG to terminate this Agreement (in whole or in part) pursuant to Section 9.6.3 and AMAG elects, in its sole discretion, not to terminate this Agreement (in whole or in part) as a result of such breach, then, notwithstanding any provision of this Agreement to the contrary, all payments due to Palatin under Section 3.3, Section 3.4 and Section 3.5 following the date of such material breach will […***…]. If Palatin undergoes a Change of Control during the Development Term without the prior written consent of AMAG in contravention of Section 11.2, then, notwithstanding any provision of this Agreement to the contrary, all payments due to Palatin under Section 3.3 will […***…]. Notwithstanding the foregoing, AMAG shall have recourse to any other remedy available at law or in equity with respect to such material breach, including an action for specific performance of this Agreement, subject to the terms of this Agreement.

9.7.2. **Accrued Rights**. Expiration or termination of this Agreement for any reason shall be without prejudice to any right which shall have accrued to the benefit of either Party prior to such termination, including damages arising from any breach under this Agreement. Expiration or termination of this Agreement shall not relieve either Party from any obligation which is expressly indicated to survive such expiration or termination.

9.7.3. **Survival Period.** The following sections, together with any sections that expressly survive (including any perpetual licenses granted hereunder), shall survive expiration or termination of this Agreement for any reason: Sections 1.2 (together with Exhibit A); 1.3; 2.4.3; 3.5.2 (with respect to any licenses that accrue thereunder on or prior to the end of the Term); 3.6.6 ([…***…] following such expiration or termination); 3.6.7 ([…***…] following such expiration or termination); 3.6.8 ([…***…] following such expiration or termination); 3.6.10; 6.1; 7 ([...***...] following such expiration or termination); 9.7; 9.8; 10.1; 10.2; 10.3; 10.4 and 11 (other than Section 11.2).

9.8. **Provisions for Insolvency**.

9.8.1. **Termination Right**. Palatin shall be deemed a "Debtor" under this Agreement if, at any time during the Term (a) a case is commenced by or against Palatin under the Bankruptcy Code, (b) Palatin files for or is subject to the institution of bankruptcy, reorganization, liquidation or receivership proceedings (other than a case under the Bankruptcy Code), (c) Palatin assigns all or a substantial portion of its assets for the benefit of creditors, (d) a receiver or custodian is appointed for Palatin's business or (e) a substantial portion of Palatin's business is subject to attachment or similar process; *provided, however*, that in the case of any involuntary case under the Bankruptcy Code, Palatin shall not be deemed a Debtor if the case is dismissed within sixty (60) days after the commencement thereof. If Palatin is deemed a Debtor, then AMAG may terminate this Agreement by providing written notice to Palatin. If AMAG terminates this Agreement pursuant this Section 9.8.1, then: (i) all licenses granted to AMAG under this Agreement shall become irrevocable and perpetual, and AMAG shall have no further obligations to Palatin under this Agreement other than (A) those obligations that expressly survive termination in accordance with Section 9.7.3 and (B) an obligation to pay royalties with respect to Net Sales of Products in accordance with and subject to the other terms of this Agreement governing the payment of royalties; (ii) such termination shall not be construed to limit Palatin's right to receive payments that accrued before the effective date of such termination; (iii) AMAG shall have the right to offset, against any payment owing to Palatin as provided for under clause (i), above, any damages found or agreed by the Parties to be owed by Palatin to AMAG; and (iv) nothing in this Section 9.8.1 shall limit any other remedy AMAG may have for any breach by Palatin of this Agreement.

9.8.2. **Rights to Intellectual Property**. All rights and licenses now or hereafter granted by Palatin to AMAG under or pursuant to any Section of this Agreement, including Sections 2.1, 2.2, 2.3, 2.5, 2.7, 2.8 and 2.9 hereof, are rights to "intellectual property" (as defined in the Bankruptcy Code). The Parties hereto acknowledge and

agree that the payments provided for under Sections 3.1, 3.2, 3.3 and 3.4 and all other payments by AMAG to Palatin hereunder, other than royalty payments pursuant to Section 3.5, do not constitute royalties within the meaning of Section 365(n) of the Bankruptcy Code or relate to licenses of intellectual property hereunder. If (a) a case under the Bankruptcy Code is commenced by or against Palatin, (b) this Agreement is rejected as provided in the Bankruptcy Code and (c) AMAG elects to retain its rights hereunder as provided in Section 365(n) of the Bankruptcy Code, then Palatin (in any capacity, including debtor-in-possession) and its successors and assigns (including any trustee) shall provide to AMAG all intellectual property licensed hereunder, and agrees to grant and hereby grants to AMAG and its Affiliates a right to access and to obtain possession of and to benefit from and, in the case of any chemical or biological material or other tangible item of which there is a fixed or limited quantity, to obtain a pro rata portion of, each of the following to the extent related to any Compound, Product, Pharmaceutical Product or Product Delivery Device, or otherwise related to any right or license granted under or pursuant to this Agreement: (i) copies of pre-clinical and clinical research data and results; (ii) Product samples; (iii) Palatin Technology, (iv) laboratory notes and notebooks; (v) Product data or filings, and (vi) Rights of Reference in respect of regulatory filings and approvals, all of which constitute "embodiments" of intellectual property pursuant to Section 365(n) of the Bankruptcy Code, and (vii) all other embodiments of such intellectual property, whether any of the foregoing are in Palatin's possession or control or in the possession and control of any Third Party but which Palatin has the right to access or benefit from and to make available to AMAG. Palatin shall not interfere with the exercise by AMAG or its Affiliates of rights and licenses to intellectual property licensed hereunder and embodiments thereof in accordance with this Agreement and agrees to use Commercially Reasonable Efforts to assist AMAG and its Affiliates to obtain such intellectual property and embodiments thereof in the possession or control of Third Parties as reasonably necessary or desirable for AMAG or its Affiliates or Sublicensees to exercise such rights and licenses in accordance with this Agreement.

9.8.3. No Limitation of Rights. All rights, powers and remedies of AMAG provided in this Section 9.8 are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at Law or in equity (including the Bankruptcy Code) in the event of the commencement of a case under the Bankruptcy Code involving Palatin.

10. LIMITATION ON LIABILITY, INDEMNIFICATION AND INSURANCE.

10.1. No Consequential Damages. […***…], in no event will either Party or its Representatives be liable under this Agreement for any special, indirect, incidental, consequential or punitive damages, whether in contract, warranty, tort, negligence, strict liability or otherwise, including loss of profits or revenue suffered by either Party or any of its Representatives. Without limiting the generality of the foregoing, "consequential damages" will be deemed to include, and neither Party will be liable to the other Party or any of such other Party's Representatives or stockholders for any damages based on or measured by loss of projected or speculative future sales of the Products, any Development Payment due upon any unachieved Development Event under Section 3.3, any Sales Milestone Payment due upon any

unachieved Total Annual Net Sales level under Section 3.4, any unearned royalties under Section 3.5 or any other unearned, speculative or otherwise contingent payments provided for in this Agreement**.**

10.2. Indemnification by AMAG. AMAG will indemnify, defend and hold harmless Palatin, each of its Affiliates, and each of its and its Affiliates' employees, officers, directors and agents (each, a "Palatin Indemnified Party") from and against any and all liability, loss, damage, expense (including reasonable attorneys' fees and expenses) and cost (collectively, a "Liability") that the Palatin Indemnified Party may be required to pay to one or more Third Parties (other than shareholders of Palatin or its Affiliates) resulting from or arising out of:

(a) Development, Manufacture, Commercialization or use of any Product by, on behalf of, or under the authority of, AMAG (other than by any Palatin Indemnified Party), other than (i) claims by Third Parties relating to patent infringement arising out of the exercise of rights under the Palatin Patent Rights, (ii) claims by Third Parties relating misappropriation of trade secrets arising out of the exercise of rights under the Palatin Know-How, or (iii) claims for which Palatin is required to indemnify AMAG pursuant to Section 10.3; or

(b) the material breach by AMAG of any of its representations, warranties or covenants set forth in Section 8.1;

except, in each case, to the extent caused by the negligence, recklessness or intentional acts of Palatin or any Palatin Indemnified Party.

10.3. Indemnification by Palatin. Palatin will indemnify, defend and hold harmless AMAG, its Affiliates, Sublicensees, contractors, distributors and each of its and their respective employees, officers, directors and agents (each, a "AMAG Indemnified Party") from and against any and all Liabilities that the AMAG Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of:

(a) the material breach by Palatin of any of its representations, warranties or covenants set forth in Section 8.1, Section 8.2, Section 8.3 or Section 8.4 except to the extent caused by the negligence, recklessness or intentional acts of AMAG or any AMAG Indemnified Party;

(b) any claim that the practice of the Palatin Technology to Develop, Manufacture, Commercialize or use any Compound, Product, Pharmaceutical Product or Product Delivery Device infringes or misappropriates any issued patent or other proprietary right owned or possessed by any Third Party; or

(c) the negligence or willful misconduct of Palatin in the conduct of the Palatin Development Activities by or on behalf of Palatin.

10.4. Procedure.

10.4.1. Notice. Each Party will notify the other Party in writing in the event it becomes aware of a claim for which indemnification may be sought hereunder. In the

event that any Third Party asserts a claim or other proceeding (including any governmental investigation) with respect to any matter for which a Party (the "Indemnified Party") is entitled to indemnification hereunder (a "Third Party Claim"), then the Indemnified Party shall promptly notify the Party obligated to indemnify the Indemnified Party (the "Indemnifying Party") thereof; *provided, however,* that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent that) the Indemnifying Party is prejudiced thereby.

10.4.2. **Control**. Subject to AMAG's right to control any actions described in Sections 6.2.2, 6.2.5, 6.2.6, 6.2.8 or 6.3 (even where Palatin is the Indemnifying Party), the Indemnifying Party shall have the right, exercisable by notice to the Indemnified Party within ten Business Days after receipt of notice from the Indemnified Party of the commencement of or assertion of any Third Party Claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Third Party Claim (including the right to settle the claim solely for monetary consideration) with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided that (a) the Indemnifying Party has sufficient financial resources, in the reasonable judgment of the Indemnified Party, to satisfy the amount of any adverse monetary judgment that is sought, (b) the Third Party Claim seeks solely monetary damages and (c) the Indemnifying Party expressly agrees in writing that as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to satisfy and discharge the Third Party Claim in full (the conditions set forth in clauses (a), (b) and (c) above are collectively referred to as the "Litigation Conditions"). Within ten (10) Business Days after the Indemnifying Party has given notice to the Indemnified Party of its exercise of its right to defend a Third Party Claim, the Indemnified Party shall give notice to the Indemnifying Party of any objection thereto based upon the Litigation Conditions. If the Indemnified Party reasonably so objects, the Indemnified Party shall continue to defend the Third Party Claim, at the expense of the Indemnifying Party, until such time as such objection is withdrawn. If no such notice is given, or if any such objection is withdrawn, the Indemnifying Party shall be entitled, at its sole cost and expense, to assume direction and control of such defense, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. During such time as the Indemnifying Party is controlling the defense of such Third Party Claim, the Indemnified Party shall cooperate, and shall cause its Affiliates and agents to cooperate upon request of the Indemnifying Party, in the defense or prosecution of the Third Party Claim, including by furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials or appeals as may reasonably be requested by the Indemnifying Party. In the event that the Indemnifying Party does not satisfy the Litigation Conditions or does not notify the Indemnified Party of the Indemnifying Party's intent to defend any Third Party Claim within ten Business Days after notice thereof, the Indemnified Party may (without further notice to the Indemnifying Party) undertake the defense thereof with counsel of its choice and at the Indemnifying Party's expense (including reasonable, out-of-pocket attorneys' fees and costs and expenses of enforcement or defense). The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to join in (including the right

to conduct discovery, interview and examine witnesses and participate in all settlement conferences), but not control, at its own expense, the defense of any Third Party Claim that the other party is defending as provided in this Agreement.

10.4.3. **Settlement**. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any compromise or settlement that commits the Indemnified Party to take, or to forbear to take, any action. The Indemnified Party shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief, but shall not have the right to settle such Third Party Claim to the extent such Third Party Claim involves monetary damages without the prior written consent of the Indemnifying Party. Each of the Indemnifying Party and the Indemnified Party shall not make any admission of liability in respect of any Third Party Claim without the prior written consent of the other party, and the Indemnified Party shall use reasonable efforts to mitigate liabilities arising from such Third Party Claim.

10.5. **Insurance**. Each Party further agrees to obtain and maintain, during the Term, commercial general liability insurance, including products liability insurance, with reputable and financially secure insurance carriers (or pursuant to a program of self-insurance reasonably satisfactory to the other Party) to cover its indemnification obligations under Section 10.2 or Section 10.3, as applicable, in each case with limits of not less than […***…] per occurrence and in the aggregate. Insurance shall be procured with carriers having an A.M. Best Rating of A-VII or better.

11. MISCELLANEOUS.

11.1. **Assignment**. Neither this Agreement nor any interest hereunder shall be assignable by a Party without the prior written consent of the other Party, except as follows: (a) subject to the provisions of Section 11.2, as applicable, a Party may assign its rights and obligations under this Agreement by way of sale of itself or the sale of the portion of its business to which this Agreement relates, through merger, sale of assets or sale of stock or ownership interest, *provided that* the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such sale is not primarily for the benefit of its creditors, (b) such Party may assign its rights and obligations under this Agreement to any of its Affiliates, *provided that* the assignee shall expressly agree to be bound by such Party's obligations under this Agreement and that such Party shall remain liable for all of its rights and obligations under this Agreement. In addition, AMAG may assign its rights and obligations under this Agreement to a Third Party where AMAG or its Affiliate is required, or makes a good faith determination based on advice of counsel, to divest a Compound, Product, Pharmaceutical Product or Product Delivery Device in order to comply with Law or the order of any Governmental Authority as a result of a merger or acquisition, *provided that* the assignee shall expressly agree to be bound by AMAG's obligations under this Agreement. Each Party shall promptly notify the other Party of any assignment or transfer under the provisions of this Section 11.1. This Agreement shall be binding upon the successors and permitted assigns of the Parties and the name of a Party appearing herein shall be deemed to include the names of such Party's successors and permitted assigns to the extent necessary to carry out the intent of this Agreement. Any assignment not in

accordance with this Section 11.1 shall be void. Conditioned upon satisfaction of the requirements of §365(b) of the Bankruptcy Code, Palatin hereby consents to assumption of this Agreement in any case filed by or against AMAG under the Bankruptcy Code.

11.2. Change of Control of Palatin. Palatin shall notify AMAG in writing promptly (and in any event within five Business Days) following the entering into of a definitive agreement with respect to a Change of Control of Palatin. If Palatin undergoes a Change of Control without AMAG's prior written consent prior to the acceptance of an NDA by the FDA for a Product with respect to the Initial Indication, then the reductions in payment set forth in Section 9.7.1(d)(iii) shall automatically apply to all subsequent amounts payable by AMAG pursuant to this Agreement.

11.3. Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of the Agreement.

11.4. Force Majeure. Each Party shall be excused from the performance of its obligations under this Agreement to the extent that such performance is prevented by force majeure (defined below) and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes Commercially Reasonable Efforts to remove the condition. For purposes of this Agreement, "force majeure" shall include conditions beyond the control of the Parties, including an act of God, voluntary or involuntary compliance with any regulation, Law or order of any government, war, act of terror, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

11.5. Notices. Any notice or notification required or permitted to be provided pursuant to the terms and conditions of this Agreement (including any notice of force majeure, breach, termination, change of address, etc.) shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission (receipt verified), five days after deposited in the mail if mailed by registered or certified mail (return receipt requested) postage prepaid, or on the next Business Day if sent by overnight delivery using a nationally recognized express courier service and specifying next Business Day delivery (receipt verified), to the Parties at the following addresses or facsimile numbers (or at such other address or facsimile number for a Party as shall be specified by like notice, *provided, however*, that notices of a change of address shall be effective only upon receipt thereof):

All correspondence to AMAG shall be addressed as follows:

AMAG Pharmaceuticals, Inc.
1100 Winter Street
Waltham, MA 02451
Attn: General Counsel
Email: jvittiglio@amagpharma.com

with a copy to:

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199
Attn: Mark W. Bellomy
Email: mark.bellomy@ropesgray.com

All correspondence to Palatin shall be addressed as follows:

Palatin Technologies, Inc.
4-B Cedar Brook Drive
Cranbury, NJ 08512
Attn: Carl Spana, Ph.D.
Fax: (609) 495-2202
Email: cspana@palatin.com

with a copy to:

Thompson Hine LLP
335 Madison Avenue, 12th Floor
New York, NY 10017
Attn: Faith L. Charles, Esq.
Fax: (212) 344-6101
Email: Faith.Charles@ThompsonHine.com

11.6. Amendment. No amendment, modification or supplement of any provision of this Agreement shall be valid or effective unless made in writing and signed by a duly authorized officer of each Party.

11.7. Waiver. No provision of this Agreement shall be waived by any act, omission or knowledge of a Party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by a duly authorized officer of the waiving Party. The waiver by either of the Parties of any breach of any provision hereof by the other Party shall not be construed to be a waiver of any succeeding breach of such provision or a waiver of the provision itself.

11.8. Severability. If any clause or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of this Agreement, as it is the intent of the Parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause of portion thereof had never been contained in this Agreement, and there shall be deemed substituted therefor such provision as will most nearly carry out the intent of the Parties as expressed in this Agreement to the fullest extent permitted by applicable Law.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

11.9. Descriptive Headings. The descriptive headings of this Agreement are for convenience only and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

11.10. Dispute Resolution. If any dispute or disagreement arises between AMAG and Palatin in respect of this Agreement, they shall follow the following procedures in an attempt to resolve the dispute or disagreement:

11.10.1. The Party claiming that such a dispute exists shall give notice in writing ("Notice of Dispute") to the other Party of the nature of the dispute.

11.10.2. Within […***…] of receipt of a Notice of Dispute, the CEO (or his or her designee) of AMAG and the CEO (or his or her designee) of Palatin shall meet at a mutually agreed-upon time and location for the purpose of resolving such dispute.

11.10.3. If, within a further period of […***…], or if in any event within […***…] of initial receipt of the Notice of Dispute, the dispute has not been resolved, or if, for any reason, the meeting described in Section 11.10.2 has not been held within […***…] of initial receipt of the Notice of Dispute, then the Parties agree that either Party may initiate litigation to resolve the dispute.

Notwithstanding any provision of this Agreement to the contrary, either Party may immediately initiate litigation in any court of competent jurisdiction seeking any remedy at law or in equity, including the issuance of a preliminary, temporary or permanent injunction, to preserve or enforce its rights under this Agreement. The provisions of this Section 11.10 will survive termination or expiration of this Agreement.

11.11. Governing Law. This Agreement, and all claims arising under or in connection therewith, shall be governed by and interpreted in accordance with the substantive laws of the State of New York, without regard to conflict of law principles thereof.

11.12. Consent to Jurisdiction. Each Party to this Agreement hereby (a) irrevocably submits to the exclusive jurisdiction of the state courts of the State of New York or the United States District Court for the Southern District of New York for the purpose of any and all actions, suits or proceedings arising in whole or in part out of, related to, based upon or in connection with this Agreement or the subject matter hereof, (b) waives to the extent not prohibited by applicable Law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such action brought in one of the above-named courts should be dismissed on grounds of *forum non conveniens*, should be transferred to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (c) agrees not to commence any such action other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise.

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11.13. **Entire Agreement**. This Agreement constitutes and contains the complete, final and exclusive understanding and agreement of the Parties and cancels and supersedes any and all prior negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter hereof and thereof**.**

11.14. **Representation by Legal Counsel**. Each Party hereto represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption shall exist or be implied against the Party which drafted such terms and provisions.

11.15. **Independent Contractors**. Both Parties are independent contractors under this Agreement. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

11.16. **Counterparts**. This Agreement may be executed in two counterparts, each of which shall be an original and both of which shall constitute together the same document. Counterparts may be signed and delivered by facsimile or PDF file, each of which shall be binding when received by the applicable Party.

11.17. **No Third Party Rights or Obligations**. No provision of this Agreement shall be deemed or construed in any way to result in the creation of any rights or obligation in any Person not a Party to this Agreement. However, AMAG may decide, in its sole discretion, to use one or more of its Affiliates to perform its obligations and duties hereunder, *provided that* AMAG shall remain liable hereunder for the performance by any such Affiliates of any such obligations.

(Signature page follows.)

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IN WITNESS WHEREOF, authorized representatives of the Parties have duly executed this Agreement as of the Execution Date to be effective as of the Execution Date.

AMAG PHARMACEUTICALS, INC.		***PALATIN TECHNOLOGIES, INC.***	
By	/s/ William K. Heiden	By	/s/ Carl Spana
Name:	William K. Heiden	Name:	Carl Spana
Title:	Chief Executive Officer	Title:	President and Chief Executive Officer

Signature Page to Research Collaboration and License Agreement

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Exhibit A

Defined Terms

"Affiliate" means, as of any point in time and for so long as such relationship continues to exist with respect to any Person, any other Person that controls, is controlled by or is under common control with such Person. A Person shall be regarded as in control of another Person if it (a) owns or controls at least fifty percent (50%) of the equity securities of the subject Person entitled to vote in the election of directors or (b) possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of any such Person (whether through ownership of securities or other ownership interests, by contract or otherwise).

"AMAG Diligence Obligations" means AMAG's Regulatory Approval diligence obligations under Section 5.2.1 and AMAG's Commercialization diligence obligations under Section 5.2.2.

"AMAG Know-How" means any Know-How, excluding all Joint Know-How, that (a) is Controlled by AMAG on the Execution Date or that comes into the Control of AMAG during the Term (other than through the grant of a license by Palatin) and (b) relates to the Development, Manufacture, Commercialization or use of one or more Compounds or Products.

"AMAG Patent Right" means any Patent Right, excluding all Joint Patent Rights, that (a) is Controlled by AMAG on the Execution Date or that comes into the Control of AMAG during the Term (other than through the grant of a license by Palatin) and (b) claims any (a) Compound or Product (including the composition of matter thereof), (b) method of making any Compound or Product or (c) method of using any Compound or Product.

"AMAG Technology" means any and all AMAG Patent Rights and AMAG Know-How.

"Applicable AMAG Technology" means any (a) Know-How Controlled by AMAG or its Affiliates that was invented, discovered or developed during the Term and in connection with AMAG's or its Affiliates' activities under the Agreement and (b) Patent Right Controlled by AMAG or its Affiliates, to the extent that such Patent Right claims any Know-How described in clause (a), above.

"Bankruptcy Code" means Section 101(35A) of Title 11 of the United States Code, as amended.

"Binding Obligation" means, with respect to a Party (a) any oral or written agreement, arrangement or settlement that binds or affects such Party's operations or property, including any assignment, license agreement, loan agreement, guaranty, or financing agreement, (b) the provisions of such Party's charter, bylaws or other organizational documents or (c) any order, writ, injunction, decree or judgment of any court or Governmental Authority entered against such Party or by which any of such Party's operations or property are bound.

"Business Day" means a day other than a Saturday, Sunday or bank or other public holiday in New York, New York.

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"Calendar Quarter" means the respective periods of three consecutive calendar months ending on March 31, June 30, September 30 and December 31.

"Calendar Year" means each successive period of twelve (12) months commencing on January 1 and ending on December 31; provided that the first Calendar Year of the Term shall begin on the Effective Date and end on the first December 31 thereafter and the last Calendar Year of the Term shall end on the last day of the Term.

"Catalent Agreements" means (i) the Commercial Supply Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin and (ii) the Manufacturing Preparation and Services Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin (the "Catalent Services Agreement").

"Change of Control" means, with respect to a Party (a) the acquisition of beneficial ownership, directly or indirectly, by any Person (other than such Party or an Affiliate of such Party, and other than by virtue of obtaining irrevocable proxies) of securities or other voting interest of such Party representing a majority or more of the combined voting power of such Party's then outstanding securities or other voting interests, (b) any merger, reorganization, consolidation or business combination involving such Party with a Third Party that results in the holders of beneficial ownership (other than by virtue of obtaining irrevocable proxies) of the voting securities or other voting interests of such Party (or, if applicable, the ultimate parent of such Party) immediately prior to such merger, reorganization, consolidation or business combination ceasing to hold beneficial ownership of at least fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization, consolidation or business combination, (c) any sale, lease, exchange, contribution or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of such Party to which this Agreement relates, other than a sale or disposition of such assets to an Affiliate of such Party or (d) the approval of any plan or proposal for the liquidation or dissolution of such Party (other than in circumstances where such Party is deemed a Debtor pursuant to Section 9.8).

"Clinical Trial" means a human clinical study conducted on sufficient numbers of human subjects that is designed to (a) establish that a pharmaceutical product is reasonably safe for continued testing, (b) investigate the safety and efficacy of the pharmaceutical product for its intended use, and to define warnings, precautions and adverse reactions that may be associated with the pharmaceutical product in the dosage range to be prescribed or (c) support Regulatory Approval of such pharmaceutical product or label expansion of such pharmaceutical product.

"Combination Product" means a Product containing a Compound and one or more other therapeutically active ingredients.

"Commercialize" or "Commercializing" means to market, promote, distribute, offer for sale, sell, have sold, import, have imported, export, have exported or otherwise commercialize a compound or product. When used as a noun, "Commercialization" means any and all activities involved in Commercializing.

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"Commercially Reasonable Efforts" means, with respect to the efforts to be expended by a Party with respect to any objective, […***…]. With respect to any efforts relating to the Development, Regulatory Approval or Commercialization of a Compound, Product, Pharmaceutical Product or Product Delivery Device by a Party, generally or with respect to any particular country in the Territory, a Party will be deemed to have exercised Commercially Reasonable Efforts […***…] as applicable (a) of similar modality Controlled by such Party, or (b) (i) to which such Party has similar rights, (ii) which is of similar market potential in such country, and (iii) which is at a similar stage in its development or product life cycle, as the Compound, Product, Pharmaceutical Product or Product Delivery Device, in each case, taking into account all Relevant Factors in effect at the time such efforts are to be expended. Further, to the extent that the performance of a Party's obligations hereunder is adversely affected by the other Party's failure to perform its obligations hereunder, the impact of such performance failure will be taken into account in determining whether such Party has used its Commercially Reasonable Efforts to perform any such affected obligations.

"Compound" means bremelanotide, a generic name adopted and defined by the United States Adopted Name (USAN) Council, including any and all […***…]. Those Compounds known to be existing as of the Execution Date are listed in Exhibit C.

"Confidential Information" means, with respect to each Party, all Know-How or other information, including proprietary information and materials (whether or not patentable) regarding or embodying such Party's technology, products, business information or objectives, that is communicated by or on behalf of the Disclosing Party to the Receiving Party or its permitted recipients, on or after the Execution Date, but only to the extent that such Know-How or other information in written form is marked or otherwise designated in writing as "confidential" at the time of disclosure or within […***…] thereafter, and such Know-How or other information disclosed orally or in non-tangible form is (a) identified by the Disclosing Party as "confidential" at the time of disclosure and (b) within […***…] thereafter, the Disclosing Party provides a written summary of such Know-How or other information marked or otherwise designated in writing as "confidential." Confidential Information does not include any Know-How or other information that (a) was already known by the Receiving Party (other than under an obligation of confidentiality to the Disclosing Party) at the time of disclosure by or on behalf of the Disclosing Party, as evidenced by written records in the possession of the Receiving Party, (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party, (c) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party, other than through any act or omission of the Receiving Party in breach of its obligations under this Agreement, (d) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to the Receiving Party, as evidenced by written records in the possession of the Receiving Party, or (e) was independently discovered or developed by or on behalf of the Receiving Party without the use of any Confidential Information belonging to the Disclosing Party, as evidenced by written records in the possession of the Receiving Party. The terms and conditions of this Agreement shall be considered Confidential Information of both Parties.

"Control" or "Controlled" means with respect to any intellectual property right or material (including any Patent Right, Know-How or other data, information or material), the

ability (whether by sole, joint or other ownership interest, license or otherwise, other than pursuant to this Agreement) to, without violating the terms of any agreement with a Third Party, grant a license or sublicense or provide or provide access or other right in, to or under such intellectual property right or material.

"Cover," "Covering" or "Covers" means, as to a Product and Patent Rights, that, in the absence of a license granted under, or ownership of, such Patent Rights, the manufacture, use, offer for sale, sale or importation of such Product would infringe such Patent Rights assuming the validity and enforceability thereof.

"Data" means any and all scientific, technical, test, marketing or sales data pertaining to a Compound, Product, Pharmaceutical Product or Product Delivery Device that is generated by or on behalf of AMAG or its Affiliates or Sublicensees or by or on behalf of Palatin or its Affiliates or sublicensees, including research data, clinical pharmacology data, CMC data (including analytical and quality control data and stability data), pre-clinical data, clinical data or submissions made in association with any regulatory filings (including any IND or NDA) with respect to any Compound, Product, Pharmaceutical Product or Product Delivery Device.

"Derivatives" means […***…].

"Develop" or "Developing" means to discover, research or otherwise develop a process, compound or product, including conducting non-clinical and clinical research and development activities. When used as a noun, "Development" means any and all activities involved in Developing.

"Development Event" means each Development event listed in the table that appears in Section 3.3.

"Development Term" means the period beginning on the Effective Date and ending upon the earlier of (a) Regulatory Approval in the United States for the first Product for the Initial Indication and (b) the date that the Parties agree in writing to end all Palatin Development Activities.

"FD&C Act" means the United States Federal Food, Drug, and Cosmetic Act, as amended, and the rules and regulations promulgated thereunder.

"FDA" means the United States Food and Drug Administration or any successor agency thereto.

"Field" means the treatment, prevention or diagnosis of any and all diseases and medical conditions in humans. For clarity, and without limiting the foregoing, with respect to Compounds and Products, Field includes all fields of use, all indications, and all formulations (whether injectable, oral, or otherwise).

"First Commercial Sale" means, with respect to any Product and with respect to any country of the Territory, the first sale of such Product by AMAG or an Affiliate or Sublicensee of AMAG to a Third Party in such country after such Product has been granted Regulatory Approval by the appropriate Regulatory Authority(ies) for such country.

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"GAAP" means United States generally accepted accounting principles, consistently applied.

"Generic Product" means any pharmaceutical product that (a) is sold by a Third Party that is not an Affiliate or Sublicensee of AMAG under a marketing authorization granted by a Regulatory Authority to a Third Party, (b) contains the same Compound as a Product and (c) for purposes of the United States, is approved in reliance on a prior Regulatory Approval of a Product granted to AMAG or an AMAG Affiliate or Sublicensee by the FDA or, for purposes of a country outside the United States, is approved in reliance on a prior Regulatory Approval of a Product granted to AMAG or an AMAG Affiliate or Sublicensee by the applicable Regulatory Authority.

"Governmental Authority" means any court, agency, department, authority or other instrumentality of any national, state, county, city or other political subdivision.

"Horizon Agreement" means the Amended and Restated Venture Loan and Security Agreement, dated July 2, 2015, by and between Palatin and the Horizon Lenders.

"Horizon Lenders" means Horizon Technology Finance Corporation, Fortress Credit Co LLC, Horizon Credit II LLC and Fortress Credit Opportunities V CLO Limited.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"HSR Filing" means a filing by AMAG and Palatin with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice of a Notification and Report Form for Certain Mergers and Acquisitions (as that term is defined in the HSR Act) with respect to the matters set forth in this Agreement, together with all required documentary attachments thereto.

"ICH" means the International Conference on Harmonization (of Technical Requirements for Registration of Pharmaceuticals for Human Use).

"IND" means an Investigational New Drug Application submitted under the FD&C Act, or an analogous application or submission with any analogous agency or Regulatory Authority outside of the United States for the purposes of obtaining permission to conduct Clinical Trials.

"Initial Indication" shall mean the treatment of hypoactive sexual desire disorder in premenopausal women.

"Joint Know-How" means any Know-How (excluding Sponsored Know-How), whether or not patentable, made or created during the Term jointly by (a) Palatin or any of its Representatives and (b) AMAG or any of its Representatives.

"Joint Patent Right" means any Patent Right that claims or discloses any invention included in Joint Know-How.

"Joint Technology" means the Joint Know-How and the Joint Patent Rights.

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"Know-How" means any invention, discovery, development, Data, information, process, method, technique, material (including any chemical or biological material), technology, result, cell line, compounds, probe, sequence, regulatory correspondence or other know-how, whether or not patentable, and any physical embodiments of any of the foregoing**.**

"Law" means any law, statute, rule, regulation, order, judgment or ordinance of any Governmental Authority.

"Manufacture" or "Manufacturing" means to make, produce, manufacture, process, fill, finish, package, label, perform quality assurance testing, release, ship or store a compound or product or any component thereof. When used as a noun, "Manufacture" or "Manufacturing" means any and all activities involved in Manufacturing a compound or product or any component thereof.

"NDA" means a New Drug Application submitted to the FDA in the United States in accordance with the FD&C Act with respect to a pharmaceutical product or any analogous application or submission with any Regulatory Authority outside of the United States.

"Net Sales" shall be determined from books and records maintained in accordance with United States GAAP, as consistently applied by AMAG with respect to sales of the Product.

"Palatin Know-How" means any and all Know-How, other than Joint Know-How, that (a) is Controlled by Palatin or any of its Affiliates as of the Execution Date or that comes into the Control of Palatin or any of its Affiliates during the Term (other than through the grant of a license by AMAG), (b) relates to any Compound, Product, Pharmaceutical Product or Product Delivery Device or to the Development, Manufacture, Commercialization or use of any of the foregoing and (c) is necessary or useful in connection with the Development, Manufacture, use or Commercialization of any Compound, Product, Pharmaceutical Product or Product Delivery Device.

"Palatin Patent Right" means any Patent Right, other than a Joint Patent Right, that (a) is Controlled by Palatin or any of its Affiliates as of the Execution Date or comes into the Control of Palatin or any of its Affiliates during the Term (other than through the grant of a license by AMAG) and (b) claims any (i) Compound, Product, Pharmaceutical Product or Product Delivery Device (including the composition of matter thereof), (ii) method of making any Compound, Product, Pharmaceutical Product or Product Delivery Device, (iii) methods of using any Compound, Product, Pharmaceutical Product or Product Delivery Device, or (iv) Palatin Know-How. For the avoidance of doubt, and without limiting the foregoing, Palatin Patent Rights include the Patent Rights listed in Exhibit B.

"Palatin Technology" means any and all Palatin Patent Rights and Palatin Know-How.

"Palatin Third Party Agreement" means any agreement between Palatin (or any of its Affiliates) and any Third Party that relates to any of the Palatin Technology or Joint Technology.

"Patent Rights" means any and all (a) issued patents, (b) pending patent applications, including all provisional applications, substitutions, continuations, continuations-in-part,

divisions and renewals, and all patents granted thereon, (c) patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms, including patent term adjustments, patent term extensions, supplementary protection certificates or the equivalent thereof, (d) inventor's certificates, (e) other forms of government-issued rights substantially similar to any of the foregoing and (f) United States and foreign counterparts of any of the foregoing.

"Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision or department or agency of a government.

"Pharmaceutical Product" means any pharmaceutical product containing one or more Compounds, whether as sole active ingredients or in combination with other active ingredients.

"Price Approval" means, in any country where a Governmental Authority authorizes reimbursement for, or approves or determines pricing for, pharmaceutical products, receipt (or, if required to make such authorization, approval or determination effective, publication) of such reimbursement authorization or pricing approval or determination (as the case may be).

"Product" means any combination of (a) any Pharmaceutical Product and (b) any Product Delivery Device.

"Product Delivery Device" means any device for delivery or administration of a Pharmaceutical Product.

"Regulatory Approval" means all technical, medical and scientific licenses, registrations, authorizations and approvals (including approvals of NDAs, supplements and amendments, pre- and post- approvals, Price Approvals, and labeling approvals) of any Regulatory Authority, necessary for the use, Development, Manufacture, and Commercialization of a pharmaceutical product in a regulatory jurisdiction. For the sake of clarity, Regulatory Approval shall not be achieved for a Product in a country until all applicable Price Approvals have also been obtained by AMAG or its designee for such Product in such country.

"Regulatory Authority" means, with respect to a country in the Territory, any national (e.g., the FDA), supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other Governmental Authority involved in the granting of a Regulatory Approval or, to the extent required in such country, Price Approval, for pharmaceutical products in such country.

"Regulatory Exclusivity Period" means with respect to any particular Product in any particular country in the Territory, the period of time during which the data and information submitted by AMAG or any of its Affiliates or Sublicensees to the relevant Regulatory Authority in such country for purposes of obtaining Regulatory Approval may not be disclosed, referenced or relied upon in any way by such Regulatory Authority (including by relying upon the Regulatory Authority's previous findings regarding the safety or effectiveness of the Product) to

support the Regulatory Approval or Commercialization of any product by a Third Party in such country.

"Relevant Factors" means all relevant factors that may affect the Development, Regulatory Approval or Commercialization of a Compound, Product, Pharmaceutical Product or Product Delivery Device, including (as applicable): actual and potential issues of safety, efficacy or stability; product profile (including product modality, category and mechanism of action); stage of development or life cycle status; actual and projected Development, Regulatory Approval, Manufacturing, and Commercialization costs; any issues regarding the ability to Manufacture or have Manufactured any Compound, Product, Pharmaceutical Product or Product Delivery Device; the likelihood of obtaining Regulatory Approvals (including satisfactory Price Approvals); the timing of such approvals; the current guidance and requirements for Regulatory Approval for the Product and similar products and the current and projected regulatory status; labeling or anticipated labeling; the then-current competitive environment and the likely competitive environment at the time of projected entry into the market; past performance of the Product or similar products; present and future market potential; existing or projected pricing, sales, reimbursement and profitability; pricing or reimbursement changes in relevant countries; proprietary position, strength and duration of patent protection and anticipated exclusivity; and other relevant scientific, technical, operational and commercial factors.

"Representatives" means (a) with respect to AMAG, AMAG, its Affiliates, its Sublicensees and each of their respective officers, directors, employees, consultants, contractors and agents and (b) with respect to Palatin, Palatin, its Affiliates and each of their respective officers, directors, employees, consultants, contractors and agents.

"Royalty Term" means, with respect to any particular Product in any particular country in the Territory, the period commencing with the First Commercial Sale of such Product in such country and continuing until the latest of (a) the earliest date on which there are no Valid Claims of Palatin Patent Rights Covering such Product in such country [...***...], (b) the last day of the Regulatory Exclusivity Period for such Product in such country and (c) the tenth (10th) anniversary of the First Commercial Sale of the Product in such country. For the avoidance of doubt, the Royalty Term for a given Product in a given country in the Territory (i) will not begin until the First Commercial Sale of such Product in such country and (ii) if not previously expired, will expire immediately upon expiration or termination of this Agreement.

"Safety Data" means Data related solely to any adverse drug experiences and serious adverse drug experience as such information is reportable to Regulatory Authorities in or outside the Territory. Safety Data also includes "adverse events", "adverse drug reactions" and "unexpected adverse drug reactions" as defined in the ICH Harmonised Tripartite Guideline for Clinical Safety Data Management: Definitions and Standards for Expedited Reporting.

"Sublicensee" means any Person to whom AMAG grants or has granted, directly or indirectly, a sublicense of rights licensed by Palatin to AMAG under this Agreement.

"Territory" means all countries of North America. For the avoidance of doubt, and without limiting the foregoing, Territory includes the United States, Canada, Mexico and their respective territories and possessions.

"Third Party" means any Person other than AMAG, Palatin or their respective Affiliates.

"Trademark" means any trademark, trade name, service mark, service name, brand, domain name, trade dress, logo, slogan or other indicia of origin or ownership, including the goodwill and activities associated with each of the foregoing.

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"Valid Claim" means, with respect to a particular country, a claim of an issued and unexpired Palatin Patent Right or Joint Patent Right that (a) has not been held permanently revoked, unenforceable or invalid by a decision of a court or other Governmental Authority of competent jurisdiction, which decision is unappealed or unappealable within the time allowed for appeal and (b) has not been cancelled, withdrawn, abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise.

The following terms are defined in the section of this Agreement listed opposite each term:

Defined Term	**Section in Agreement**
Additional Third Party License	3.5.3(a)
Agreement	Preamble
AMAG	Preamble
AMAG Conditions	1.1.2
AMAG Indemnified Party	10.3
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
Assigned Contracts	2.11
Audit Opinion	8.4.9
Audited Financial Statements	8.4.9
Catalent	1.1.2
cGMP	5.6.5
Contemplated Transactions	1.1
Continuation Product	9.7.1(a)(vi)(A)
Debtor	9.8.1
Development Payment	3.3
Diligence Issue	5.2.4
Disclosed Third Party Agreement	8.3.12
Disclosing Party	7.1
Effective Date	1.1
Effectiveness Conditions	1.1.2
Execution Date	Preamble
Generic Competition	3.5.3(c)
Gross Receipts	3.5.3(c)
Holdback Amount	3.1
Indemnified Party	10.4.1
Indemnifying Party	10.4.1
Independent Auditor	8.4.9
Infringement Claim	6.2.5
JSC	4.2.1
Liability	10.2
Licensed Activities	6.2.4(a)
Litigation Conditions	10.4.2

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

Manufacturing Know-How	5.6.5
Marginal Royalty Rate	3.5.1
Mutual Condition	1.1.1
Notice of Dispute	11.10.1
Ongoing Program Expenses	3.2
Party or Parties	Preamble
Palatin	Preamble
Palatin Development Activities	4.1
Palatin Indemnified Party	10.2
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
Per Product Annual Net Sales	3.5.1
Product Brands	5.5.2
Program Expenses	2.4
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[…***…]	[…***…]
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Exhibit B
Palatin Patent Rights Existing as of the Execution Date

[…***…]

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Exhibit C
Compounds Existing as of the Execution Date

[…***…]

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Schedule 2.11

Assigned Contracts

1. Commercial Supply Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin

2. Manufacturing Preparation and Services Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

Schedule 3.5.1

Marginal Royalty Rate Calculation Example

By way of example only, if (a) AMAG, its Affiliates or its Sublicensees sell two Products in the Territory during a given Calendar Year, (b) Net Sales of the first Product in the Territory during such Calendar Year are […***…] and (c) Net Sales of the second Product in the Territory during such Calendar Year are […***…], then the royalties payable by AMAG under Section 3.5.1 during such Calendar Year would be calculated as follows:

Royalty for first Product
[…***…]

Royalty for second Product
[…***…]

Total royalty payable for applicable Calendar Year
[…***…]

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Schedule 4.1(a)

Palatin Development Obligations — Activities Necessary to File NDA

Finalize CSRs for both pivotal phase 3 trials (BMT-301, BMT-302).

Continue work and finalize protocol development, study start-up, trial conduct/oversight, completion of CSRs for all required studies to support filing including […***…]

Conduct and complete all study close out activities on all clinical trials required for NDA.

Complete briefing package and participate actively in pre-NDA meeting with FDA.

Continue design, conduct and completion to final report the formative and summative studies for the drug/device combination.

Complete all required CMC work for filing and commercialization of product.

1. Process validation

Complete and finalize Non-clinical studies
[…***…]

Draft and finalize all reports (including pre-clinical, PK, CMC, clinical reports) required for NDA submission.

Finalize ISS (Integrated Safety Summary), ISE (Integrated Summary Efficacy), and DIP (Data Integration Plan) and all other required sections of the NDA.

Prepare all data reports for 120 day safety update amendment to NDA filing.

Continue to generate and submit all necessary regulatory submissions to the IND (annual reports, responses to information requests, etc.).

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Schedule 4.1(b)

Palatin Development Obligations — Assistance Necessary to Secure Regulatory Approval

Assist in advisory panel preparations and participation in advisory panel as requested.

Assist with any post-NDA filing regulatory interactions with FDA as requested.

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Schedule 5.5.2(b)

Product Brands

[…***…]

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Schedule 7.4.1

Public Announcement

See attached.

[Attached as Exhibit 99.3 to AMAG's Current Report on Form 8-K filed on January 9, 2017]

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Schedule 8.3.1

Exceptions to Palatin's Exclusive Ownership of Palatin Technology

1. "Ypsomed Intellectual Property Rights" as defined in each of the Customization Proposal, dated June 8, 2012, by and between Ypsomed AG and Palatin and the Industrialization Proposal, dated January 30, 2014, by and between Ypsomed AG and Palatin

2. "Catalent IP," "Catalent Inventions" and the "Auto Injector Assembly Line," each as defined in the Commercial Supply Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin

3. "Manufacturing Preparation" as defined in the Manufacturing Preparation and Services Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin

4. "New General Application Intellectual Property" and Lonza Ltd's "Background Intellectual Property," each as defined in the Service Agreement, dated October 11, 2015, by and between Palatin and Lonza Ltd, including any improvements and direct derivatives made to Lonza Ltd's Background Intellectual Property during the services conducted by Lonza Ltd under such agreement

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[…***…]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT UNDER RULE 24B-2 PROMULGATED UNDER THE SECURITIES ACT OF 1934, AS AMENDED.

Schedule 8.3.6

Known Infringement of Palatin Patent Rights

Palatin is aware of internet sites advertising or purporting to advertise bremelanotide for sale, but does not have knowledge of whether the purported seller is in the Territory or outside the Territory. […***…]

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Schedule 8.3.8

Exceptions to Palatin's Rights under Palatin Know-How

None.

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Schedule 8.3.12

Disclosed Third Party Agreements

1. Commercial Supply Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin
2. Manufacturing Preparation and Services Agreement, dated June 20, 2016, by and between Catalent Belgium S.A. and Palatin
3. Purchase orders and agreed quotations for services by and between Lonza Ltd and Palatin Technologies, Inc., including […***…]
4. The […***…], by and between Ypsomed AG and Palatin Technologies, Inc.

EXHIBIT 31.1

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 present 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: February 10, 2017

/s/ Carl Spana
Carl Spana, President and Chief
Executive Officer

EXHIBIT 31.2

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 present 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: February 10, 2017

/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 December 31, 2016 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: February 10, 2017

/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 December 31, 2016 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: February 10, 2017

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

Document and Entity Information - shares	6 Months Ended Dec. 31, 2016	Feb. 09, 2017
Document And Entity Information		
Entity Registrant Name	PALATIN TECHNOLOGIES INC	
Entity Central Index Key	0000911216	
Document Type	10-Q	
Document Period End Date	Dec. 31, 2016	
Amendment Flag	false	
Current Fiscal Year End Date	--06-30	
Is Entity a Well-known Seasoned Issuer?	No	
Is Entity a Voluntary Filer?	No	
Is Entity's Reporting Status Current?	Yes	
Entity Filer Category	Smaller Reporting Company	
Entity Common Stock, Shares Outstanding		137,947,082
Document Fiscal Period Focus	Q2	
Document Fiscal Year Focus	2017	

Consolidated Balance Sheets (Unaudited) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Current assets:		
Cash and cash equivalents	$ 12,114,581	$ 8,002,668
Available-for-sale investments	1,375,959	1,380,556
Prepaid expenses and other current assets	838,260	1,313,841
Total current assets	14,328,800	10,697,065
Property and equipment, net	82,540	97,801
Other assets	56,916	63,213
Total assets	14,468,256	10,858,079
Current liabilities:		
Accounts payable	4,706,014	713,890
Accrued expenses	7,446,825	7,767,733
Notes payable, net of discount and debt issuance costs	7,427,445	5,374,951
Capital lease obligations	28,214	27,424
Total current liabilities	19,608,498	13,883,998
Notes payable, net of discount and debt issuance costs, net of current portion	10,210,275	14,106,594
Capital lease obligations	0	14,324
Other non-current liabilities	607,488	439,130
Total liabilities	30,426,261	28,444,046
Stockholders' (deficiency) equity:		
Preferred stock of $0.01 par value - authorized 10,000,000 shares; Series A Convertible: issued and outstanding 4,030 shares as of December 31, 2016 and June 30, 2016	40	40
Common stock of $0.01 par value - authorized 300,000,000 shares; issued and outstanding 133,423,837 shares as of December 31, 2016 and 68,568,055 shares as of June 30, 2016, respectively	1,334,238	685,680
Additional paid-in capital	349,204,164	325,142,509
Accumulated other comprehensive loss	(2,006)	(1,944)
Accumulated deficit	(366,494,441)	(343,412,252)
Total stockholders' (deficiency) equity	(15,958,005)	(17,585,967)
Total liabilities and stockholders' (deficiency) equity	$ 14,468,256	$ 10,858,079

Consolidated Balance Sheets (Parenthetical) (Unaudited) - $ / shares	Dec. 31, 2016	Jun. 30, 2016
Statement of Financial Position [Abstract]		
Preferred stock, par value	$ 0.01	$ 0.01
Preferred stock, shares authorized	10,000,000	10,000,000
Preferred stock, Series A Convertible, shares issued	4,030	4,030
Preferred stock, Series A Convertible, shares outstanding	4,030	4,030
Common stock, par value	$ 0.01	$ 0.01
Common stock, shares authorized	300,000,000	300,000,000
Common stock, shares issued	133,423,837	68,568,055
Common stock, shares outstanding	133,423,837	68,568,055

Consolidated Statements of Operations (Unaudited) - USD ($)	3 Months Ended		6 Months Ended	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
REVENUES:				
License revenue	$ 0	$ 0	$ 0	$ 0
OPERATING EXPENSES:				
Research and development	8,134,575	11,272,307	19,360,659	21,870,021
General and administrative	1,306,300	1,356,117	2,515,646	2,556,054
Total operating expenses	9,440,875	12,628,424	21,876,305	24,426,075
Loss from operations	(9,440,875)	(12,628,424)	(21,876,305)	(24,426,075)
OTHER (EXPENSE) INCOME:				
Interest income	5,991	8,234	12,636	23,974
Interest expense	(594,535)	(629,494)	(1,218,520)	(1,257,502)
Total other income (expense), net	(588,544)	(621,260)	(1,205,884)	(1,233,528)
NET LOSS	$ (10,029,419)	$ (13,249,684)	$ (23,082,189)	$ (25,659,603)
Basic and diluted net loss per common share	$ (0.06)	$ (0.08)	$ (0.13)	$ (0.16)
Weighted average number of common shares outstanding used in computing basic and diluted net loss per common share	177,798,511	156,358,586	171,823,390	156,268,094

Consolidated Statements of Comprehensive Loss (Unaudited) - USD ($)	3 Months Ended		6 Months Ended	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Consolidated Statements Of Comprehensive Loss				
Net loss	$ (10,029,419)	$ (13,249,684)	$ (23,082,189)	$ (25,659,603)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale investments	515	(9,389)	(62)	(9,389)
Total comprehensive loss	$ (10,028,904)	$ (13,259,073)	$ (23,082,251)	$ (25,668,992)

Consolidated Statements of Cash Flows (Unaudited) - USD ($)	6 Months Ended	
	Dec. 31, 2016	Dec. 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (23,082,189)	$ (25,659,603)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	15,261	22,193
Non-cash interest expense	160,711	161,478
Stock-based compensation	853,241	800,748
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	481,877	229,186
Accounts payable	3,992,124	1,269,795
Accrued expenses	(320,908)	(445,111)
Other non-current liabilities	168,358	173,913
Net cash used in operating activities	(17,731,525)	(23,447,401)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	0	(1,387,022)
Purchases of property and equipment	0	(17,695)
Net cash used in investing activities	0	(1,404,717)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligations	(13,534)	(12,748)
Payment of withholding taxes related to restricted stock units	0	(131,959)
Payments on notes payable obligations	(2,000,000)	0
Proceeds from the sale of common stock and warrants, net of costs	23,856,972	19,834,278
Proceeds from the issuance of notes payable and warrants	0	10,000,000
Payment of debt issuance costs	0	(146,115)
Net cash provided by financing activities	21,843,438	29,543,456
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,111,913	4,691,338
CASH AND CASH EQUIVALENTS, beginning of period	8,002,668	27,299,268
CASH AND CASH EQUIVALENTS, end of period	12,114,581	31,990,606
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	891,717	922,111
Issuance of warrants in connection with debt financing	0	305,196
Unrealized loss on available-for-sale investments	62	9,389
Non-cash equity financing costs in accrued expenses	$ 50,861	$ 0

ORGANIZATION

6 Months Ended
Dec. 31, 2016

Organization, Consolidation and Presentation of Financial Statements [Abstract]

ORGANIZATION

Nature of Business – Palatin Technologies, Inc. (Palatin or the Company) is a biopharmaceutical company developing targeted, receptor-specific peptide therapeutics for the treatment of diseases with significant unmet medical need and commercial potential. Palatin's programs are based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. The melanocortin system is involved in a large and diverse number of physiologic functions, and therapeutic agents modulating this system may have the potential to treat a variety of conditions and diseases, including sexual dysfunction, obesity and related disorders, cachexia (wasting syndrome) and inflammation-related diseases. The natriuretic peptide receptor system has numerous cardiovascular functions, and therapeutic agents modulating this system may be useful in treatment of acute asthma, heart failure, hypertension and other cardiovascular diseases.

The Company's primary product in development is Rekynda™, the Company's trade name for bremelanotide, for the treatment of hypoactive sexual desire disorder (HSDD), which is a type of female sexual dysfunction (FSD). The Company also has drug candidates or development programs for cardiovascular diseases, inflammatory diseases, obesity and dermatologic diseases.

As discussed in Note 12, on January 8, 2017 the Company entered into an exclusive license agreement (License Agreement) with AMAG Pharmaceuticals, Inc. (AMAG) for Rekynda for North America. The License Agreement became effective on February 2, 2017 (Effective Date), and the Company received an upfront payment of $60,000,000 pursuant to the License Agreement on the Effective Date.
Key elements of the Company's business strategy include using its technology and expertise to develop and commercialize therapeutic products; entering into alliances and partnerships with pharmaceutical companies to facilitate the development, manufacture, marketing, sale and distribution of product candidates that the Company is developing; and partially funding its product candidate development programs with the cash flow generated from third parties.

Going Concern – Since inception, the Company has incurred negative cash flows from operations, and has expended, and expects to continue to expend, substantial funds to complete its planned product development efforts. As shown in the accompanying consolidated financial statements, the Company had an accumulated deficit as of December 31, 2016 of $366,494,411 and incurred a net loss for the three and six months ended December 31, 2016 of $10,029,419 and $23,082,189, respectively. The Company anticipates incurring additional losses in the future as a result of spending on its development programs and will require substantial additional financing to continue to fund its planned developmental activities. To achieve 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 profitability is highly uncertain, and the Company may never be able to achieve profitability on a sustained basis, if at all. As discussed in Note 11, on December 6, 2016, the Company closed on an underwritten public offering of units resulting in gross proceeds of $16,500,000, with net proceeds, after deducting underwriting discounts and commissions and offering expenses, of $15,386,075.

As of December 31, 2016, the Company's cash, cash equivalents and investments were $13,490,540 before giving effect to receipt of $60,000,000 from AMAG pursuant to the License Agreement discussed in Note 12, and current liabilities were $19,608,498. The Company intends to utilize existing capital resources for general corporate purposes and working capital, including required ancillary studies with Rekynda for HSDD preparatory to filing a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA), and preclinical and clinical development of our other product candidates and programs, including natriuretic peptide receptor and melanocortin receptor programs.

Management believes that the Company's existing capital resources will be adequate to fund its planned operations through at least the fiscal year ending June 30, 2018. The Company will also 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 would 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.

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 and cash equivalents and available-for-sale investments. The Company's cash and cash equivalents are primarily invested in one money market account sponsored by a large financial institution. For the three and six months ended December 31, 2016, and 2015, the Company had no revenues reported.

BASIS OF PRESENTATION	6 Months Ended Dec. 31, 2016
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
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 and six months ended December 31, 2016 may not necessarily be indicative of the results of operations expected for the full year. The accompanying 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, 2016, filed with the SEC, which includes consolidated financial statements as of June 30, 2016 and 2015 and for each of the fiscal years in the three-year period ended June 30, 2016.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies [Abstract]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6 Months Ended

Dec. 31, 2016

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 amount 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 $11,939,046 and $7,782,243 in a money market account at December 31, 2016 and June 30, 2016, respectively.

Investments – The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on the contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of other comprehensive (loss) income.

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.

Fair Value of Financial Instruments – The Company's financial instruments consist primarily of cash equivalents, available-for-sale investments, accounts payable and notes payable. Management believes that the carrying values of cash equivalents, available-for-sale investments and accounts payable are representative of their respective fair values based on the short-term nature of these instruments. Management believes that the carrying amount of its notes payable approximates fair value based on the terms of the notes.

Credit Risk – Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Total cash and cash equivalent balances have exceeded insured balances by the Federal Depository Insurance Company (FDIC).

Property and Equipment – Property and equipment consists of office and laboratory equipment, office furniture and leasehold improvements and includes assets acquired under capital 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 capital 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.

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.

Revenue Recognition – Under our license, co-development and commercialization agreement with Gedeon Richter (Note 5), we received consideration in the form of a license fee and development milestone payment.

Revenue resulting from license fees is recognized upon delivery of the license for the portion of the license fee payment that is non-contingent and non-refundable, if the license has standalone value. Revenue resulting from the achievement of development milestones is recorded in accordance with the accounting guidance for the milestone method of revenue recognition.

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 our development activities. We review the activities performed under significant contracts each quarter and accrue expenses and the amount of any reimbursement to be received from our 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 we do not identify services performed for us but not billed by the service-provider, or if we underestimate or overestimate 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. The Company determines the value of stock options utilizing the Black-Scholes option pricing model. Compensation costs for share-based awards with pro-rata vesting are determined using the quoted market price of the Company's common stock on the date of grant and allocated to periods on a straight-line basis, while awards containing a market condition are valued using multi-factor Monte Carlo simulations.

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 a valuation allowance against its deferred tax assets based on the history of losses incurred.

Net Loss per Common Share – Basic and diluted earnings 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," which includes guidance pertaining to the warrants, issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering, that are exercisable for nominal consideration and, therefore, are to be considered in the computation of basic and diluted net loss per common share. The Series A 2012 warrants issued on July 3, 2012 to purchase up to 31,988,151 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series B 2012 warrants issued on July 3, 2012 to purchase up to 35,488,380 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series C 2014 warrants to purchase up to 24,949,325 shares of common stock were exercisable starting at December 23, 2014 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on December 23, 2014.

The Series E 2015 warrants to purchase up to 21,917,808 shares of common stock were exercisable starting at July 2, 2015 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on July 2, 2015.

The Series I 2016 warrants to purchase up to 2,218,045 shares of common stock were exercisable starting at August 4, 2016 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on August 4, 2016 (Note 11).

As of December 31, 2016 and 2015, common shares issuable upon conversion of Series A Convertible Preferred Stock, the exercise of outstanding options and warrants (excluding the Series A 2012, Series B 2012, Series C 2014, Series E 2015 and Series I 2016 warrants issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering), and the vesting of restricted stock units amounted to an aggregate of 57,174,473, and 34,901,635 shares, respectively. These share amounts have been excluded from the calculation of net loss per share as the impact would be anti-dilutive.

NEW AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Notes to Financial Statements

NEW AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

6 Months Ended

Dec. 31, 2016

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, 2020. Early adoption will be available on July 1, 2019. The Company is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Improvement to Employee Share-Based Payment Accounting*, which amends the current guidance related to stock compensation. The updated guidance changes how companies account for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The update to the standard is effective for the Company on July 1, 2017, with early application permitted. The Company is evaluating the effect that the new guidance will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases, Related to the Recognition of Lease Assets and Lease Liabilities*. The new guidance requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability, other than leases that meet the definition of a short term lease, and requires expanded disclosures about leasing arrangements. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from the current guidance. Lessor accounting is similar to the current guidance, but updated to align with certain changes to the lessee model and the new revenue recognition standard. The new guidance is effective for the Company on July 1, 2019, with early adoption permitted. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities*. The new guidance relates to the recognition and measurement of financial assets and liabilities. The new guidance makes targeted improvements to GAAP impacting equity investments (other than those accounted for under the equity method or consolidated), financial liabilities accounted for under the fair value election, and presentation and disclosure requirements for financial instruments, among other changes. The new guidance is effective for the Company on July 1, 2018, with early adoption prohibited other than for certain provisions. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes,* which simplifies the balance sheet classification of deferred taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the new guidance. The new guidance is effective for the Company on July 1, 2017, with early adoption permitted as of the beginning of an interim or annual reporting period. The new guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures. However, at the present time the Company has recorded a valuation allowance against its deferred tax assets based on the history of losses incurred.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. In August 2015, the FASB issued a clarification that debt issuance costs related to line-of-credit arrangements were not within the scope of the new guidance and therefore should continue to be accounted for as deferred assets in the balance sheet, consistent with existing GAAP. The Company adopted the retrospective guidance as of July 1, 2016. As a result of the adoption of ASU No. 2015-03, we made the following adjustments to the June 30, 2016 consolidated balance sheet: a $110,441 decrease to prepaid expenses and other current assets, a $83,215 decrease to other assets, a $110,441 decrease to the current portion of notes payable, net of discounts and debt issuance costs, and a $83,215 decrease to the long-term portion of notes payable, net of discounts and debt issuance costs.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern: Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The amendments in this update provide guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The new standard is effective for the Company for its fiscal year ending June 30, 2017. The Company is evaluating the effect of the standard, if any, on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In

July 2015, the FASB voted to defer the effective date of the new standard until fiscal years beginning after December 15, 2017 with early application permitted for fiscal years beginning after December 15, 2016. With the deferral, the new standard is effective for the Company on July 1, 2018, with early adoption permitted one year prior. The standard permits the use of either the retrospective or cumulative effect transition method. In addition, in April 2016 the FASB issued ASU No. 2016-10, *Identifying Performance Obligations and Licensing*, which addresses various issues associated with identifying performance obligations, licensing of intellectual property, royalty considerations, and other matters. ASU No. 2016-10 is effective in connection with ASU No. 2014-09. The Company is evaluating the effect that these standards will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of these standards on its ongoing financial reporting.

AGREEMENT WITH GEDEON RICHTER

6 Months Ended Dec. 31, 2016

Notes to Financial Statements
AGREEMENT WITH GEDEON RICHTER

In August 2014, the Company entered into a license, co-development and commercialization agreement with Gedeon Richter on Rekynda for FSD in Europe and selected countries. On September 16, 2015, the Company and Gedeon Richter mutually and amicably agreed to terminate the license, co-development and commercialization agreement. In connection with the termination of the license agreement, all rights and licenses to co-develop and commercialize Rekynda for FSD indications granted by the Company under the license agreement to Gedeon Richter terminated and reverted to the Company, and neither party is expected to have any future material obligations under the license agreement. Neither the Company nor Gedeon Richter incurred any early termination penalties or other payment or reimbursement obligations as a result of the termination of the license agreement.

The Company viewed the delivery of the license for Rekynda as a revenue generating activity that is part of its ongoing and central operations. The other elements of the agreement with Gedeon Richter were considered non-revenue activities associated with the collaborative arrangement. The Company believes the license had standalone value from the other elements of the collaborative arrangement because it conveyed all of the rights necessary to develop and commercialize Rekynda in the licensed territory. For the three and six months ended December 31, 2016, and 2015, the Company had no revenues reported.

PREPAID EXPENSES AND OTHER CURRENT ASSETS

6 Months Ended

Dec. 31, 2016

Prepaid Expenses And Other Current Assets

PREPAID EXPENSES AND OTHER CURRENT ASSETS Prepaid expenses and other current assets consist of the following:

	December 31, 2016	June 30, 2016
Clinical study costs	$ 643,429	$1,146,975
Insurance premiums	29,619	23,010
Other	165,212	143,856
	$ 838,260	$1,313,841

INVESTMENTS

Investments
INVESTMENTS

6 Months Ended
Dec. 31, 2016

The following summarizes the carrying value of our available-for-sale investments, which consist of corporate debt securities:

	December 31, 2016	June 30, 2016
Cost	$ 1,387,022	$ 1,387,022
Amortization of premium	(9,057)	(4,522)
Gross unrealized loss	(2,006)	(1,944)
Fair value	$ 1,375,959	$ 1,380,556

FAIR VALUE MEASUREMENTS

Fair Value Disclosures [Abstract]

FAIR VALUE MEASUREMENTS

6 Months Ended Dec. 31, 2016

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 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)
December 31, 2016:				
Money market account	11,939,046	11,939,046	-	-
TOTAL	$11,939,046	$11,939,046	$ -	$ -
June 30, 2016:				
Money market account	7,782,243	7,782,243	-	-
TOTAL	$ 7,782,243	$ 7,782,243	$ -	$ -

ACCRUED EXPENSES

6 Months Ended
Dec. 31, 2016

Accrued Expenses
ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2016	June 30, 2016
Rekynda program costs	$7,072,200	$6,983,581
Other research related expenses	182,575	69,609
Professional services	120,371	231,482
Other	71,679	483,061
	$7,446,825	$7,767,733

NOTES PAYABLE

6 Months Ended
Dec. 31, 2016

Debt Disclosure [Abstract]
NOTES PAYABLE

Notes payable consist of the following:

	December 31, 2016	June 30, 2016
Notes payable under venture loan	$18,000,000	$20,000,000
Unamortized related debt discount	$ (228,121)	$ (324,800)
Unamortized debt issuance costs	(134,159)	(193,655)
Notes payable	$17,637,720	$19,481,545
Less: current portion	7,427,445	5,374,951
Long-term portion	$10,210,275	$14,106,594

On July 2, 2015, the Company closed on a $10,000,000 venture loan led by Horizon Technology Finance Corporation (Horizon). The debt facility is a four-year senior secured term loan that bears interest at a floating coupon rate of one-month LIBOR (floor of 0.50%) plus 8.50% and provides for interest-only payments for the first eighteen months followed by monthly payments of principal payments 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 Palatin common stock exercisable at an exercise price of $0.91 per share. The Company has recorded a debt discount of $305,196 equal to the fair value of these warrants at issuance, which is being amortized to interest expense over the term of the related debt. This debt discount will offset against the note payable balance and is included in additional paid-in capital on the Company's balance sheet at December 31, 2016 and June 30, 2016. In addition, a final incremental payment of $500,000 is due on August 1, 2019, or upon early repayment of the loan. This final incremental payment is being accreted to interest expense over the term of the related debt. The Company incurred approximately $146,000 of costs in connection with the loan agreement. These costs were capitalized as deferred financing costs and are offset against the note payable balance. These debt issuance costs are being amortized to interest expense over the term of the related debt. In addition, if the Company repays all or a portion of the loan prior to the applicable maturity date, it will pay the lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance, equal to 3% if the prepayment occurs on or before 18 months after the funding date thereof or 1% if the prepayment occurs more than 18 months after, but on or before 30 months after, the funding date.

On December 23, 2014, the Company closed on a $10,000,000 venture loan which was led by Horizon. The debt facility is a four year senior secured term loan that bears interest at a floating coupon rate of one-month LIBOR (floor of 0.50%) plus 8.50%, and provides for interest-only payments for the first eighteen months followed by monthly payments of principal payments of $333,333 plus accrued interest through January 1, 2019. The lenders also received five-year immediately exercisable Series D 2014 warrants to purchase 666,666 shares of common stock exercisable at an exercise price of $0.75 per share. The Company recorded a debt discount of $267,820 equal to the fair value of these warrants at issuance, which is being amortized to interest expense over the term of the related debt. This debt discount is offset against the note payable balance and included in additional paid-in capital on the Company's balance sheet at December 31, 2016, and June 30, 2016. In addition, a final incremental payment of $500,000 is due on January 1, 2019, or upon early repayment of the loan. This final incremental payment is being accreted to interest expense over the term of the related debt. The Company incurred $209,000 of costs in connection with the loan agreement. These costs were capitalized as deferred financing costs and are offset against the note payable balance. These debt issuance costs are being amortized to interest expense over the term of the related debt. In addition, if the Company repays all or a portion of the loan prior to the applicable maturity date, it will pay the lenders a prepayment penalty fee, based on a percentage of the then outstanding principal balance, equal to 3% if the prepayment occurs on or before 18 months after the funding date thereof or 1% if the prepayment occurs more than 18 months after, but on or before 30 months after, the funding date.

The Company's obligations under the 2015 amended and restated loan agreement, which includes the 2014 venture loan, are secured by a first priority security interest in substantially all of its assets other than its intellectual property. The Company also has agreed to specified limitations on pledging or otherwise encumbering its intellectual property assets.

The 2015 amended and restated loan agreement include customary affirmative and restrictive covenants, but does not include any covenants to attain or maintain specified financial metrics. The loan agreement includes customary events of default, including payment defaults, breaches of covenants, change of control and a material adverse change default. Upon the occurrence of an event of default and following any applicable cure periods, a default interest rate of an additional 5% may be applied to the outstanding loan balances, and the lenders may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the loan agreement. As of December 31, 2016, the Company was in compliance with all of its loan covenants.

STOCKHOLDERS' (DEFICIENCY) EQUITY

Equity [Abstract]
STOCKHOLDERS' (DEFICIENCY) EQUITY

6 Months Ended Dec. 31, 2016

Financing Transactions – On December 6, 2016, the Company closed on an underwritten public offering of units, with each unit consisting of a share of common stock and a Series J warrant to purchase 0.50 of a share of common stock. Gross proceeds were $16,500,000, with net proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses, of $15,386,075. The Company issued 25,384,616 shares of common stock and Series J warrants to purchase 12,692,310 shares of common stock at an initial exercise price of $0.80 per share, which warrants are exercisable immediately upon issuance and expire on the fifth anniversary of the date of issuance. The Series J warrants are subject to limitation on exercise if the holder and its affiliates would beneficially own more than 9.99%, or 4.99% for certain holders, of the total number of the Company's shares of common stock following such exercise.

On August 4, 2016, the Company closed on an underwritten offering of units, with each unit consisting of a share of common stock and a Series H warrant to purchase 0.75 of a share of common stock. Investors whose purchase of units in the offering would result in them beneficially owning more than 9.99% of the Company's outstanding common stock following the completion of the offering had the opportunity to acquire units with Series I prefunded warrants substituted for any common stock they would have otherwise acquired. Gross proceeds were $9,225,000, with net proceeds to the Company, after deducting offering expenses, of $8,470,897. The Company issued 11,481,481 shares of common stock and ten year prefunded Series I warrants to purchase 2,218,045 shares of common stock at an exercise price of $0.01, together with Series H warrants to purchase 10,274,646 shares of common stock at an exercise price of $0.70 per share.

The Series I warrants are exercisable at an initial exercise price of $0.01 per share, exercisable immediately upon issuance and expire on the tenth anniversary of the date of issuance. The Series I warrants are subject to limitation on exercise if the holder and its affiliates would beneficially own more than 9.99% of the total number of the Company's shares of common stock following such exercise. The Series H warrants are exercisable at an initial exercise price of $0.70 per share, are exercisable commencing six months following the date of issuance and expire on the fifth anniversary of the date of issuance. The Series H warrants are subject to the same beneficial ownership limitation as the Series I warrants.

On July 2, 2015, the Company closed on a private placement of Series E warrants to purchase 21,917,808 shares of Palatin common stock and Series F warrants to purchase 2,191,781 shares of the Company's common stock. Certain funds managed by QVT Financial LP (QVT) invested $5,000,000 and another accredited investment fund invested $15,000,000. The funds paid $0.90 for each Series E warrant and $0.125 for each Series F warrant, resulting in gross proceeds to the Company of $20,000,000, with net proceeds, after deducting estimated offering expenses, of $19,834,278.

The Series E warrants, which may be exercised on a cashless basis, are exercisable immediately upon issuance at an initial exercise price of $0.01 per share and expire on the tenth anniversary of the date of issuance. The Series E warrants are subject to limitation on exercise if QVT and its affiliates would beneficially own more than 9.99% (4.99% for the other accredited investment fund holder) of the total number of the Company's shares of common stock following such exercise. The Series F warrants are exercisable at an initial exercise price of $0.91 per share, exercisable immediately upon issuance and expire on the fifth anniversary of the date of issuance. The Series F warrants are subject to the same beneficial ownership limitation as the Series E warrants.

The purchase agreement for the private placement provides that the purchasers have certain rights until the earlier of approval of Rekynda for FSD by the U.S. Food and Drug Administration and July 3, 2018, including rights of first refusal and participation in any subsequent equity or debt financing. The purchase agreement also contains certain restrictive covenants so long as the funds continue to hold specified amounts of warrants or beneficially own specified amounts of the outstanding shares of common stock.

During the six months ended December 31, 2016, and 2015 the Company issued 27,989,685 shares and 10,890,889 shares, respectively, of common stock pursuant to the cashless exercise provisions of warrants at an exercise price of $0.01 per share. As of December 31, 2016, there were 62,046,764 warrants outstanding at an exercise price of $0.01 per share.

Stock Options – In September 2016, the Company granted 828,000 options to its executive officers and 336,000 options to its employees under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of the options vesting over a 48 month period, consisting of 595,000 options granted to its executive officers and all options granted to its employees, of $188,245 and $106,303, respectively, over the vesting period. The Company recognized $16,568 and $21,784, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016. 233,000 options granted to its executive officers vest 12 months from the date of grant, and the Company is amortizing the fair value of these options of $67,160 over this vesting period. The Company recognized $15,111 and $19,868, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016.

In June 2016, the Company granted 262,500 options to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these options of $81,435 over the vesting period. The Company recognized $20,359 and $40,718, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016.
In June 2015, the Company granted 570,000 options to its executive officers, 185,800 options to its employees and 160,000 options to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these options of $446,748, $145,439 and $111,876, respectively, over the vesting period. The

Company recognized $35,192, and $67,485, respectively, of stock-based compensation expense related to these options during the three and six months ended December 31, 2016 and $62,443 and $120,020, respectively, during the three and six months ended December 31, 2015.

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

Restricted Stock Units – In September 2016, the Company granted 558,000 restricted stock units to its executive officers, 415,000 of which vest over 24 months and 143,000 of which vest at 12 months, and 336,000 restricted stock units to its employees under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of the restricted stock units of $284,580, and $171,360, respectively, over the vesting periods. The Company recognized $80,228 and $100,732, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016.

In June 2016, the Company granted 262,500 restricted stock units to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these restricted stock units of $131,250 over the vesting period. The Company recognized $32,813 and $65,625, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016.

In December 2015, the Company granted 625,000 performance-based restricted stock units to its executive officers and 200,000 performance-based restricted stock units to its employees under the Company's 2011 Stock Incentive Plan, which vest during the performance period, ending December 31, 2017, if and upon the earlier of: i) achievement of a closing price for the Company's common stock equal to or greater than $1.20 per share for 20 consecutive trading days, which is considered a market condition, or ii) entering into a collaboration agreement (U.S. or global) of Rekynda for FSD, which is considered a performance condition. This performance condition was deemed met as of February 2, 2017, the Effective Date of the License Agreement on Rekynda with AMAG. Prior to meeting the performance condition, the Company determined that it was not probable of achievement on the date of grant since meeting the condition was outside the control of the Company. The fair value of these awards, as calculated under a multi-factor Monte Carlo simulation, was $338,250. The Company amortized the fair value over the derived service period of 0.96 years. The Company recognized $55,410 and $142,289, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $22,202 during the three and six months ended December 31, 2015.

Also, in December 2015, the Company granted 625,000 restricted stock units to its executive officers, 340,000 restricted stock units to its non-employee directors and 200,000 restricted stock units to its employees under the Company's 2011 Stock Incentive Plan. For executive officers and employees, the restricted stock units vest 25% on the date of grant and 25% on the first, second and third anniversary dates from the date of grant. For non-employee directors, the restricted stock units vest 50% on the first and second anniversary dates from the date of grant. The fair value of these restricted stock units is $425,000, $231,200 and $136,000, respectively. The Company recognized $85,996 and $187,252, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $167,756 during the three and six months ended December 31, 2015.

In June 2015, the Company granted 400,000 restricted stock units to its executive officers, 185,800 restricted stock units to its employees and 160,000 restricted stock units to its non-employee directors under the Company's 2011 Stock Incentive Plan. The Company is amortizing the fair value of these restricted stock units of $432,000, $200,664, and $172,800, respectively, over the vesting period. The Company recognized $40,430 and $80,859, respectively, of stock-based compensation expense related to these restricted stock units during the three and six months ended December 31, 2016 and $150,328 and $300,656, respectively, during the three and six months ended December 31, 2015.

Unless otherwise stated, restricted stock units granted to the Company's executive officers, employees and non-employee directors vest over 24 months, 48 months and 12 months, respectively.

Stock-based compensation cost for the three and six months ended December 31, 2016 for stock options and equity-based instruments issued other than the stock options and restricted stock units described above was $67,926 and $126,629, respectively, and $97,625 and $190,114, respectively, for the three and six months ended December 31, 2015.

SUBSEQUENT EVENTS

6 Months Ended
Dec. 31, 2016

Subsequent Events [Abstract]
SUBSEQUENT EVENTS

Rekynda License Agreement –On January 8, 2017, the Company entered into the License Agreement with AMAG. Under the terms of the License Agreement, the Company granted to 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 bremelanotide (each a Product, and collectively, Products), (ii) a non-exclusive license in the Territory, with the right to grant sub-licenses, to manufacture 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 License Agreement became effective on the Effective Date. On the Effective Date AMAG paid the Company $60,000,000 as a one-time initial payment. Pursuant to the terms of and subject to the conditions in the License Agreement, AMAG is required to pay the Company up to an aggregate amount of $25,000,000 to reimburse the Company for all reasonable, documented, out-of-pocket expenses incurred by the Company following the Effective Date, in connection with the development and regulatory activities necessary to file a new drug application, or NDA, for Rekynda for HSDD in the United States.

In addition, pursuant to the terms of and subject to the conditions in the License Agreement, the Company will be eligible to receive from AMAG: (i) up to $80,000,000 in specified regulatory payments upon achievement of certain regulatory milestones, and (ii) up to $300,000,000 in sales milestone payments based on achievement of annual net sales amounts for all Products in the Territory.

AMAG is also obligated to pay the Company tiered royalties on annual net sales of Products, on a product-by-product basis, in the Territory ranging from the high single-digits to the low double-digits. The royalties will expire on a product-by-product and country-by-country basis upon the latest to occur of (i) the earliest date on which there are no valid claims of the Company's patent rights covering such Product in such country, (ii) the expiration of the regulatory exclusivity period for such Product in such country and (iii) ten years following the first commercial sale of such Product in such country. Such royalties are subject to reductions in the event that: (a) AMAG must license additional third party intellectual property in order to develop, manufacture or commercialize a Product, or (b) generic competition occurs with respect to a Product in a given country, subject to an aggregate cap on such deductions of royalties otherwise payable to the Company. After the expiration of the applicable royalties for any Product in a given country, the license for such Product in such country will become a fully paid-up, royalty-free, perpetual and irrevocable license.

The Company engaged Greenhill & Co. LLC (Greenhill) as the Company's sole financial advisor in connection with a potential transaction with respect to Rekynda. Under the engagement agreement with Greenhill, as a result of the License Agreement with AMAG the Company is obligated to pay Greenhill a fee equal to 2% of all proceeds and consideration paid to the Company by AMAG in connection with the License Agreement, subject to a minimum fee of $2,500,000. The minimum fee of $2,500,000, less credit of $50,000 for an advisory fee previously paid by the Company, is due to Greenhill as a result of the closing of the licensing transaction. This amount will be credited toward amounts that become due to Greenhill in the future, provided that the aggregate fee payable to Greenhill will not be less than 2% of all proceeds and consideration paid to the Company by AMAG in connection with the License Agreement, and will pay Greenhill an aggregate total of 2% of all proceeds and consideration paid to us by AMAG in connection with the License Agreement after crediting the $2,500,000 due on account of entering into the License Agreement with AMAG. The Company is also obligated to reimburse Greenhill for certain expenses incurred in connection with its advisory services.

Pursuant to the License Agreement, the Company has assigned to AMAG the Company's manufacturing and supply agreements with Catalent Belgium S.A. (Catalent) to perform fill, finish and packaging of Rekynda.

Outstanding Common Stock – Between December 31, 2016 and February 9, 2017, the Company issued 4,500,000 shares of common stock pursuant to the exercise of warrants at an exercise price of $0.01 per share. As of February 9, 2017, warrants with an exercise price of $0.01 per share to purchase 57,546,764 shares of common stock are outstanding, all of which include cashless exercise provisions.

ORGANIZATION (Policies)

	6 Months Ended Dec. 31, 2016
Organization Policies	
Nature of Business	Palatin Technologies, Inc. (Palatin or the Company) is a biopharmaceutical company developing targeted, receptor-specific peptide therapeutics for the treatment of diseases with significant unmet medical need and commercial potential. Palatin's programs are based on molecules that modulate the activity of the melanocortin and natriuretic peptide receptor systems. The melanocortin system is involved in a large and diverse number of physiologic functions, and therapeutic agents modulating this system may have the potential to treat a variety of conditions and diseases, including sexual dysfunction, obesity and related disorders, cachexia (wasting syndrome) and inflammation-related diseases. The natriuretic peptide receptor system has numerous cardiovascular functions, and therapeutic agents modulating this system may be useful in treatment of acute asthma, heart failure, hypertension and other cardiovascular diseases. The Company's primary product in development is Rekynda™, the Company's trade name for bremelanotide, for the treatment of hypoactive sexual desire disorder (HSDD), which is a type of female sexual dysfunction (FSD). The Company also has drug candidates or development programs for cardiovascular diseases, inflammatory diseases, obesity and dermatologic diseases. As discussed in Note 12, on January 8, 2017 the Company entered into an exclusive license agreement (License Agreement) with AMAG Pharmaceuticals, Inc. (AMAG) for Rekynda for North America. The License Agreement became effective on February 2, 2017 (Effective Date), and the Company received an upfront payment of $60,000,000 pursuant to the License Agreement on the Effective Date. Key elements of the Company's business strategy include using its technology and expertise to develop and commercialize therapeutic products; entering into alliances and partnerships with pharmaceutical companies to facilitate the development, manufacture, marketing, sale and distribution of product candidates that the Company is developing; and partially funding its product candidate development programs with the cash flow generated from third parties.
Business Risk and Liquidity	Since inception, the Company has incurred negative cash flows from operations, and has expended, and expects to continue to expend, substantial funds to complete its planned product development efforts. As shown in the accompanying consolidated financial statements, the Company had an accumulated deficit as of December 31, 2016 of $366,494,411 and incurred a net loss for the three and six months ended December 31, 2016 of $10,029,419 and $23,082,189, respectively. The Company anticipates incurring additional losses in the future as a result of spending on its development programs and will require substantial additional financing to continue to fund its planned developmental activities. To achieve 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 profitability is highly uncertain, and the Company may never be able to achieve profitability on a sustained basis, if at all. As discussed in Note 11, on December 6, 2016, the Company closed on an underwritten public offering of units resulting in gross proceeds of $16,500,000, with net proceeds, after deducting underwriting discounts and commissions and offering expenses, of $15,386,075. As of December 31, 2016, the Company's cash, cash equivalents and investments were $13,490,540 before giving effect to receipt of $60,000,000 from AMAG pursuant to the License Agreement discussed in Note 12, and current liabilities were $19,608,498. The Company intends to utilize existing capital resources for general corporate purposes and working capital, including required ancillary studies with Rekynda for HSDD preparatory to filing a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA), and preclinical and clinical development of our other product candidates and programs, including natriuretic peptide receptor and melanocortin receptor programs. Management believes that the Company's existing capital resources will be adequate to fund its planned operations through at least the fiscal year ending June 30, 2018. The Company will also 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 would 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.
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 and cash equivalents and available-for-sale investments. The Company's cash and cash equivalents are primarily invested in one money market account sponsored by a large financial institution. For the three and six months ended December 31, 2016, and 2015, the Company had no revenues reported.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Policies)	6 Months Ended Dec. 31, 2016
Summary Of Significant Accounting Policies 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 amount 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 $11,939,046 and $7,782,243 in a money market account at December 31, 2016 and June 30, 2016, respectively.
Investments	The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on the contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of other comprehensive (loss) income. The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market.
Fair Value of Financial Instruments	The Company's financial instruments consist primarily of cash equivalents, available-for-sale investments, accounts payable and notes payable. Management believes that the carrying values of cash equivalents, available-for-sale investments and accounts payable are representative of their respective fair values based on the short-term nature of these instruments. Management believes that the carrying amount of its notes payable approximates fair value based on the terms of the notes.
Credit Risk	Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Total cash and cash equivalent balances have exceeded insured balances by the Federal Depository Insurance Company (FDIC).
Property and Equipment	Property and equipment consists of office and laboratory equipment, office furniture and leasehold improvements and includes assets acquired under capital 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 capital 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.
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.
Revenue Recognition	Under our license, co-development and commercialization agreement with Gedeon Richter (Note 5), we received consideration in the form of a license fee and development milestone payment. Revenue resulting from license fees is recognized upon delivery of the license for the portion of the license fee payment that is non-contingent and non-refundable, if the license has standalone value. Revenue resulting from the achievement of development milestones is recorded in accordance with the accounting guidance for the milestone method of revenue recognition.
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 our development activities. We review the activities performed under significant contracts each quarter and accrue expenses and the amount of any reimbursement to be received from our 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 we do not identify services performed for us but not billed by the service-provider, or if we underestimate or overestimate 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. The Company determines the value of stock options utilizing the Black-Scholes option pricing model. Compensation costs for share-based awards with pro-rata vesting are determined using the quoted market price of the Company's common stock on the date of grant and allocated to periods on a straight-line basis, while awards containing a market condition are valued using multi-factor Monte Carlo simulations.

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 a valuation allowance against its deferred tax assets based on the history of losses incurred.

Net Loss per Common Share

Basic and diluted earnings 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," which includes guidance pertaining to the warrants, issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering, that are exercisable for nominal consideration and, therefore, are to be considered in the computation of basic and diluted net loss per common share. The Series A 2012 warrants issued on July 3, 2012 to purchase up to 31,988,151 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series B 2012 warrants issued on July 3, 2012 to purchase up to 35,488,380 shares of common stock are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share for all periods presented in the consolidated statements of operations.

The Series C 2014 warrants to purchase up to 24,949,325 shares of common stock were exercisable starting at December 23, 2014 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on December 23, 2014.

The Series E 2015 warrants to purchase up to 21,917,808 shares of common stock were exercisable starting at July 2, 2015 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on July 2, 2015.

The Series I 2016 warrants to purchase up to 2,218,045 shares of common stock were exercisable starting at August 4, 2016 and, therefore are included in the weighted average number of common shares outstanding used in computing basic and diluted net loss per common share starting on August 4, 2016 (Note 11).

As of December 31, 2016 and 2015, common shares issuable upon conversion of Series A Convertible Preferred Stock, the exercise of outstanding options and warrants (excluding the Series A 2012, Series B 2012, Series C 2014, Series E 2015 and Series I 2016 warrants issued in connection with the July 3, 2012, December 23, 2014, and July 2, 2015 private placement offerings and the August 4, 2016 underwritten offering), and the vesting of restricted stock units amounted to an aggregate of 57,174,473, and 34,901,635 shares, respectively. These share amounts have been excluded from the calculation of net loss per share as the impact would be anti-dilutive.

PREPAID EXPENSES AND OTHER CURRENT ASSETS (Tables)

6 Months Ended

Dec. 31, 2016

Prepaid Expenses And Other Current Assets Tables

Schedule of prepaid expenses and other current assets

	December 31, 2016	June 30, 2016
Clinical study costs	$ 643,429	$1,146,975
Insurance premiums	29,619	23,010
Other	165,212	143,856
	$ 838,260	$1,313,841

INVESTMENTS (Tables)

6 Months Ended
Dec. 31, 2016

Investments Tables

Carrying value of our available-for-sale investments

	December 31, 2016	June 30, 2016
Cost	$1,387,022	$1,387,022
Amortization of premium	(9,057)	(4,522)
Gross unrealized loss	(2,006)	(1,944)
Fair value	$1,375,959	$1,380,556

FAIR VALUE MEASUREMENTS (Tables)

6 Months Ended Dec. 31, 2016

Fair value of restricted stock units granted, amortized over 24 month vesting period

Schedule of assets at fair value

	Carrying Value	Quoted prices in active markets (Level 1)	Other quoted/ observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2016:				
Money market account	11,939,046	11,939,046	-	-
TOTAL	$11,939,046	$11,939,046	$ -	$ -
June 30, 2016:				
Money market account	7,782,243	7,782,243	-	-
TOTAL	$ 7,782,243	$ 7,782,243	$ -	$ -

ACCRUED EXPENSES (Tables)

6 Months Ended Dec. 31, 2016

Accrued Expenses

Accrued Expenses

	December 31, 2016	June 30, 2016
Rekynda program costs	$7,072,200	$6,983,581
Other research related expenses	182,575	69,609
Professional services	120,371	231,482
Other	71,679	483,061
	$7,446,825	$7,767,733

NOTES PAYABLE (Tables)

6 Months Ended
Dec. 31, 2016

Debt Disclosure [Abstract]

Notes Payable

	December 31, 2016	June 30, 2016
Notes payable under venture loan	$18,000,000	$20,000,000
Unamortized related debt discount	$ (228,121)	$ (324,800)
Unamortized debt issuance costs	(134,159)	(193,655)
Notes payable	$17,637,720	$19,481,545
Less: current portion	7,427,445	5,374,951
Long-term portion	$10,210,275	$14,106,594

ORGANIZATION (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended		
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Jun. 30, 2016
Accumulated deficit	$ 366,494,441		$ 366,494,441		$ 343,412,252
Net loss	10,029,419	$ 13,249,684	23,082,189	$ 25,659,603	
Cash, cash equivalents and investments	$ 13,490,540		$ 13,490,540		

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details Narrative) - USD ($)	6 Months Ended		
	Dec. 31, 2016	Dec. 31, 2015	Jun. 30, 2016
Range 6			
Cash equivalents	$ 11,939,046		$ 7,782,243
Antidilutive Securities Excluded from Computation of Earnings Per Share	57,174,473	34,901,635	

PREPAID EXPENSES AND OTHER CURRENT ASSETS (Details) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Prepaid Expenses And Other Current Assets Details		
Clinical study costs	$ 643,429	$ 1,146,975
Deferred financing costs	29,619	23,010
Other	165,212	143,856
Total prepaid expenses and other current assets	$ 838,260	$ 1,313,841

INVESTMENTS (Details) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Investments Details		
Cost	$ 1,387,022	$ 1,387,022
Amortization of premium	(9,057)	(4,522)
Gross unrealized loss	(2,006)	(1,944)
Fair value	$ 1,375,959	$ 1,380,556

FAIR VALUE MEASUREMENTS (Details) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Money Market Account	$ 11,939,046	$ 7,782,243
Total	11,939,046	7,782,243
Level 1		
Money Market Account	11,939,046	7,782,243
Total	11,939,046	7,782,243
Level 2		
Money Market Account	0	0
Total	0	0
Level 3		
Money Market Account	0	0
Total	$ 0	$ 0

ACCRUED EXPENSES (Details) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Accrued Expenses		
Rekynda Program costs	$ 7,072,200	$ 6,983,581
Other research related expenses	182,575	69,609
Professional services	120,371	231,482
Other	71,679	483,061
Accrued expenses	$ 7,446,825	$ 7,767,733

NOTES PAYABLE (Details) - USD ($)	Dec. 31, 2016	Jun. 30, 2016
Notes Payable Details		
Notes payable under venture loan	$ 18,000,000	$ 20,000,000
Unamortized related debt discountUnamortized related debt discount	(228,121)	(324,800)
Unamortized debt issuance costs	(134,159)	(193,655)
Notes payable	17,637,720	19,481,545
Less: current portion	7,427,445	5,374,951
Long-term portion	$ 10,210,275	$ 14,106,594

STOCKHOLDERS' (DEFICIENCY) EQUITY (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Stock-based compensation	$ 67,926	$ 97,625	$ 126,629	$ 190,114
2011 Stock Incentive Plan | Restricted Stock Units | Grant One				
Stock-based compensation	80,228		100,732	
2011 Stock Incentive Plan | Restricted Stock Units | Grant Two				
Stock-based compensation	32,813		65,625	
2011 Stock Incentive Plan | Restricted Stock Units | Grant Three				
Stock-based compensation	55,410	22,202	142,289	22,202
2011 Stock Incentive Plan | Restricted Stock Units | Grant Four				
Stock-based compensation	85,996	167,756	187,252	167,756
2011 Stock Incentive Plan | Restricted Stock Units | Grant Five				
Stock-based compensation	40,430	150,328	80,859	300,656
2011 Stock Incentive Plan | Stock Options | Grant One				
Stock-based compensation	16,568		21,784	
2011 Stock Incentive Plan | Stock Options | Grant Two				
Stock-based compensation	15,111		19,868	
2011 Stock Incentive Plan | Stock Options | Grant Three				
Stock-based compensation	20,359		40,718	
2011 Stock Incentive Plan | Stock Options | Grant Four				
Stock-based compensation	$ 35,192	$ 62,443	$ 67,485	$ 120,020