



PALATIN
TECHNOLOGIES

Corporate Presentation

March 2010

Forward-Looking Statement



The statements in this presentation that relate to future plans, events or performance are forward-looking statements, which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve significant risks and uncertainties, and actual results, events and performance may differ materially from those expressed or implied in this presentation. Factors that could cause such differences include, but are not limited to, risks pertaining to product development, clinical trial outcomes, regulatory requirements and actions, availability of required financing and other sources of funds, corporate partnering agreements, development of the markets for the Company's products and other risks disclosed in the Company's most recent Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission. The forward-looking statements in this presentation do not constitute guarantees of future performance. The Company undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances that occur after the date of this presentation.

Company Profile



Palatin is a biopharmaceutical company dedicated to the development of peptide, peptide mimetic and small molecule agonists with a focus on melanocortin and natriuretic peptide receptor systems.

Palatin's internally developed drug pipeline utilizes proprietary approaches to discover potent rigid conformers from flexible peptide starting points.

Palatin Product Development Overview



- Bremelanotide (BMT), a peptide melanocortin receptor (MCR) agonist, for treatment of sexual dysfunction, targeting erectile dysfunction (ED) in patients non-responsive to current therapies and female sexual dysfunction (FSD)
- PL-6983, a back-up melanocortin receptor agonist, for treatment of sexual dysfunction
- PL-3994, a natriuretic peptide receptor A (NPR-A) agonist, for treatment of heart failure (HF), acute severe asthma and refractory hypertension
- Melanocortin receptor agonists for treatment of obesity, diabetes and related metabolic syndrome -- partnered with AstraZeneca AB

Palatin Pipeline Status



Program	Preclinical	Phase 1	Phase 2
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Melanocortin Receptor Programs

BMT: ED



BMT: FSD



PL-6983: ED & FSD



MCR Compound: Obesity/Diabetes
(Partnered with AstraZeneca)



Natriuretic Receptor Programs

PL-3994: Heart Failure



PL-3994: Acute Severe Asthma



PL-3994: Refractory Hypertension



Melanocortin Sexual Dysfunction Program

Sexual Dysfunction Program Overview



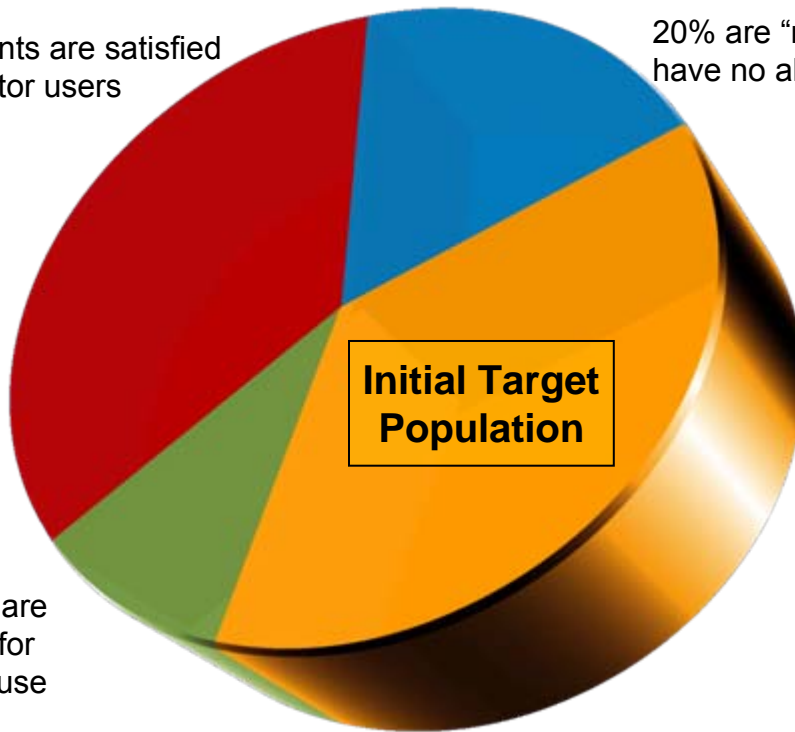
- Palatin has extensive clinical experience with bremelanotide (BMT), an MCR-4 peptide agonist for the treatment of both Erectile Dysfunction (ED) and Female Sexual Dysfunction (FSD)
 - Evaluated in over 2000 patients
 - Demonstrated efficacy as a treatment for both ED and FSD
- BMT is in development as a subcutaneous (SC) drug for the following indications
 - Treatment of ED as a monotherapy or in combination with a PDE-5 inhibitor in men non-responsive to PDE-5 inhibitor treatment
 - Treatment of women with FSD
- Melanocortin Sexual Dysfunction Research Program
 - PL-6983 back-up MCR-4 selective agonist clinical candidate
 - Oral small molecules in lead optimization stage

Bremelanotide ED Market Opportunity



35% of patients are satisfied
PDE-5 inhibitor users

20% are “marginally satisfied” but
have no alternative treatment options



35% discontinue PDE-5
inhibitor therapy following
initial prescription

BMT estimated global peak
sales: \$550 million

10% of patients are
contraindicated for
PDE-5 inhibitor use

Current PDE-5 inhibitor market ~\$4.2 billion year worldwide

PDE-5 Inhibitor Non-Responsive Patients



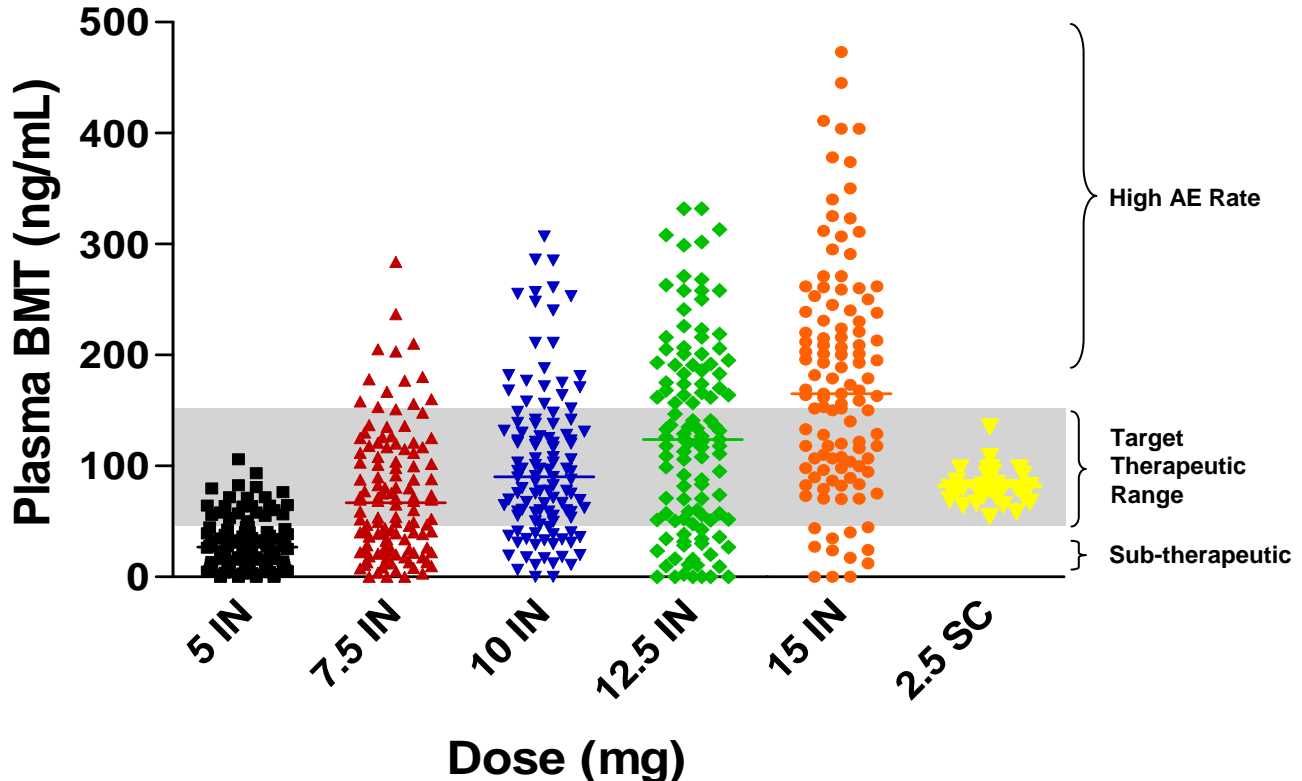
- Multiple BMT ED studies have demonstrated efficacy in a broad range of patients, including those non-responsive to PDE-5 inhibitor treatment
- Phase 2 clinical studies evaluating BMT co-administration with PDE-5 inhibitor demonstrate additive effect
- Significant opportunity exists in the PDE-5 inhibitor non-responsive patient population
 - Limited current treatment options
 - Caverject Impulse®: requires direct penile injection
 - Muse®: requires intraurethral administration
 - Implant: requires surgery
 - No treatment
- PDE-5 inhibitor non-responsive patients represent a significant commercial opportunity

Bremelanotide ED Program

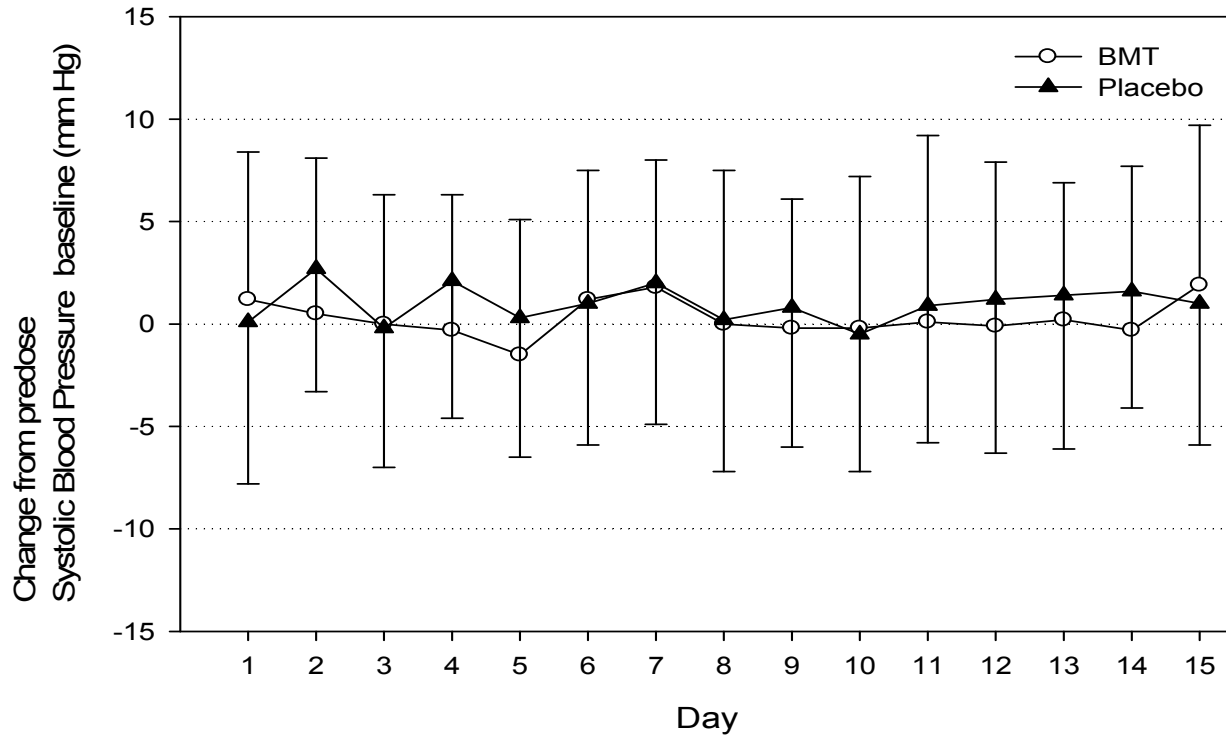


- Intranasal (IN) BMT has significant efficacy:
 - Small number of patients experienced an increase in blood pressure (BP)
 - Gastrointestinal (GI) AE's are problematic
- FDA End of Phase 2 Position: intranasal BMT
 - BMT safety and efficacy profile is appropriate for PDE-5 inhibitor non-responsive ED patients
 - Effects of BMT repeat dosing on BP needs to be better understood
- Plasma levels of intranasal BMT are highly variable leading to suboptimal efficacy and GI and BP effects
- Good control of BMT plasma levels by using subcutaneous administration

Importance of BMT Plasma Levels



No Effects of BMT on Δ SBP



Bremelanotide ED Development Program



- SC repeat dose study in target demographic, men 45-65
 - Additional pharmacokinetic and safety data in target population
 - Reduce risk of Phase 2 program
- Phase 2B in PDE-5 inhibitor non-responsive patients
 - Evaluate co-administration with a PDE-5 inhibitor
 - Finalize SC doses for registration trials
 - Determine treatment effect to guide registration trials
- Preclinical, PK, Toxicology packages completed and reviewed by FDA
- Study design and endpoints are clear
 - Requirements for regulatory approval have strong precedent
 - Validated FDA accepted endpoint
 - Timeline and costs to NDA submission are modest

Female Sexual Dysfunction



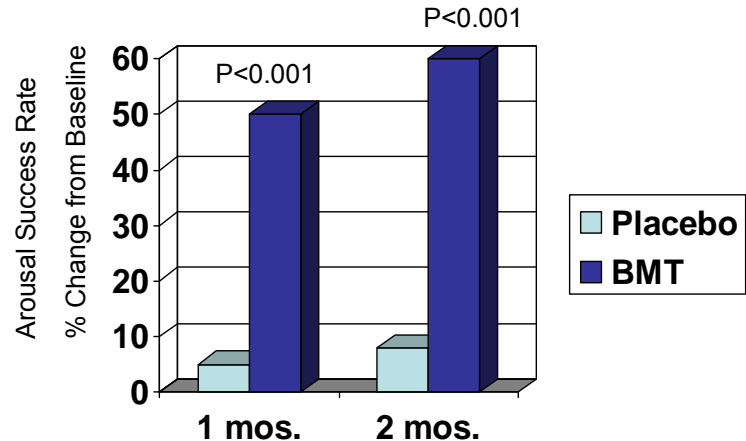
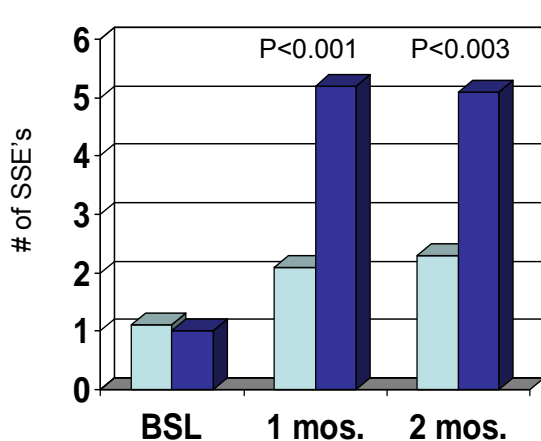
- Female Sexual Dysfunction (FSD) represents a large untapped market
 - ~18 million post-menopausal women in the US suffer from some form of FSD
 - There are no FDA approved treatments available
- Significant portion of the market represents an opportunity for multiple products
- BMT currently being developed for FSD as an “on demand” subcutaneously administered product
 - Other products in development require chronic administration to achieve efficacy

BMT in the Treatment of FSD



- Significant efficacy in Phase 2 intranasal FSD clinical studies
- Bremelanotide has effects on arousal and desire
 - FDA accepted endpoints for approval
- Women with FSD taking BMT reported an improvement in the quality of their sexual experience
 - Quality of orgasm improved
 - Increased desire and focus on sex
 - Better able to rekindle sexual relationship with their partner

BMT Phase 2B Post-Menopausal Data



SSE: "Satisfying Sexual Events," the FDA required registration endpoint and roughly equal to the number of orgasms experienced in a month

Arousal success rate, the % of attempts at intercourse where arousal was described as being satisfactory

Natriuretic Peptide Receptor Programs

Natriuretic Program Overview



- Development program for compounds selective for NPR-A, NPR-B and NPR-A/B
- Significant potential for NPR agonists to address unmet medical needs:
 - Heart Failure (HF) to reduce re-hospitalization rates and cardiac remodeling and improve survival
 - Acute severe asthma in patients unresponsive to β agonist bronchodilators
 - Refractory hypertension in patients not adequately responsive to combinations of current therapies
- PL-3994 Lead Product candidate
 - Selective for NPR-A
 - Increased metabolic stability
 - Once daily SC patient administration
 - Phase 2 drug development candidate

PL-3994 Clinical Results



- Phase 1 & 2A placebo-controlled dose escalation studies
 - Well tolerated - no adverse or severe adverse events
 - Clear dose response for key pharmacological effects
 - Prolonged duration of effect
 - Met key pharmacology endpoints
 - SBP, ↑diuresis, ↑natriuresis, ↑cGMP plasma levels
- Duration of effects and pharmacology support chronic use

Sub-chronic HF Indication



- HF with history of frequent hospitalization for worsening symptoms
 - Hospitalization leads to decreased survival
 - Identified by NIH Institute of Medicine as a high priority medical issue
 - Significant driver of hospital costs
- PL-3994 treatment for 3-6 months post-hospitalization
 - Adjunct to current treatments
 - Disease progression is not the main focus
 - Hemodynamic mechanisms likely to be key
- Treatment goal to reduce re-hospitalization and improve survival
 - 30% re-hospitalization at 6 months

Acute Severe Asthma



- Published data support bronchodilator activity of IV and aerosol NPR-A agonist
- NPR-A agonism relaxes smooth muscle in airways
 - effect is increased under conditions of β 2 overload
- NPR-A cGMP pathway is independent of β 2-ADR/cAMP pathway
- β 2 refractory, acute severe asthma represents an area of high unmet medical need

PL-3994 for Asthma/COPD*



Subcutaneous

Market Potential >\$500M

Nebulized

Market Potential >\$1B

Dry Powder

Market Potential >\$3B

*Crossover use of asthma therapeutics in COPD approx. 30% of asthma market

Refractory Hypertension



- PL-3994 lowers BP through a mechanism different than currently approved agents – NPR-A agonism
- PL-3994 acts synergistically with ACE inhibitors to lower BP
- PL-3994 administered as an adjunct to standard therapy
- Greater than 1.5 million patients have refractory hypertension with increased risk of major CV events

AstraZeneca Obesity Collaboration



- AstraZeneca is a global pharmaceutical company with a strong emphasis in metabolic disease
- Exclusive global licensing and research collaboration
 - \$10M up front and \$12M milestones received
 - Royalties on commercialization
 - \$85M in development and \$60M in sales milestones remaining
- Clinical proof-of-concept study has been completed
 - Primary objectives met
- Program moved into development stage with commercial lead candidates identified

Financial Snapshot



Ticker Symbol	NYSE AMEX: PTN
52-Week Price Range	\$0.06 - \$0.48
Shares Outstanding as of 3/10	
➤ Common	106M
➤ Fully Diluted	131M
Market Capitalization	\$30M
Cash and Investments Balance as of 12/31/09	\$7.4M