

PALATIN TECHNOLOGIES, INC.

**MINIMUM SHARE OWNERSHIP GUIDELINES FOR
DIRECTORS AND CERTAIN OFFICERS
(effective April 1, 2019)**

The Board of Directors (the “Board”) of Palatin Technologies, Inc. (the “Corporation”) hereby establishes these Minimum Share Ownership Guidelines for Directors and Certain Officers (the “Guidelines”) effective as of April 1, 2019.

Director Ownership Guidelines

Each member of the Board who is not an employee of the Corporation (a “Director”) must maintain beneficial ownership of a number of shares of common stock of the Corporation (“Shares”) with a value equal to at least two times the annual retainer paid for service as a Director, as determined in the manner specified below.

“Annual retainer” means the annual cash retainer paid to each Director for serving on the Board, as fixed from time to time by the Board, but shall not include any meeting fees or any additional fees payable to a Director for serving on a committee (or as chair of a committee) of the Board.

Management Ownership Guidelines

Each officer of the Corporation who is subject to Section 16 of the Securities Exchange Act of 1934, as amended, and each other key employee who is designated by the Board from time to time as being subject to these Guidelines (such employees individually “Officer” or together, “Officers”), will be required to own a number of Shares with a value equal to at least five times the Officer’s annual base salary.

Compliance Deadline

Each Director and Officer (a “Covered Individual”) shall have until April 1, 2024 (or, if later, five years from the date of his or her initial appointment) to attain the applicable Share ownership level.

Share Retention Requirement

Until a Covered Individual satisfies the applicable Share ownership requirement, as determined in the manner specified below, the Covered Individual will be required to retain at least 50% of any Shares received upon the vesting of restricted stock, the payment of restricted stock units, or the exercise of stock options, in each case net of Shares tendered or withheld to cover applicable tax withholding obligations or the applicable exercise price (the “Retention Requirement”).

Eligible Shares

The following Shares count toward achievement of the applicable Share ownership levels:

- Shares beneficially owned by the Covered Individual for purposes of SEC disclosure rules; and

- Unvested time-based restricted stock or restricted stock units.

Unvested performance-based restricted stock units shall not count toward satisfaction of the Share ownership levels.

Administration

The Board will be responsible for the administration and oversight of these Guidelines. The Chief Executive Officer shall provide a report to the Board during its regular meeting held in the first quarter of each fiscal year regarding compliance by Covered Individuals with these Guidelines. The report will be based on ownership levels as of June 30 of each year (the “Determination Date”).

Ownership levels will be calculated as of the Determination Date by dividing (i) the total value of Shares required to be owned by (ii) the 30-day average closing stock price of a Share for the period ending on the Determination Date (with the result rounded to the nearest whole Share). The Corporation will notify each Covered Individual regarding the target number of Shares needed to satisfy the Guidelines as of each Determination Date, along with his or her Share ownership level for purposes of the Guidelines as of that date.

If a Covered Individual achieves the target level of Share ownership as of a Determination Date (including, for this purpose, assuming the first Determination Date is April 1, 2019), he or she will be considered to have met the Guidelines and will no longer be subject to the Retention Requirement, except as provided below.

If a Covered Individual has met the Guidelines as determined on a prior Determination Date, a decrease in the Share price or a subsequent increase in annual retainer or annual base salary will not result in recalculation of the number of Shares needed to satisfy the Guidelines unless either or both of the following have occurred:

- The Covered Individual’s actual ownership level drops below the number of Shares required as of the Determination Date that he or she first satisfied the Guidelines; or
- The Covered Individual is promoted to another position subject to a different ownership level.

Exceptions

The Board recognizes that exceptions to these Guidelines may be necessary or appropriate in individual cases, and may approve such exceptions, in its sole discretion, from time to time as it deems appropriate in the interest of the Corporation’s stockholders.

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