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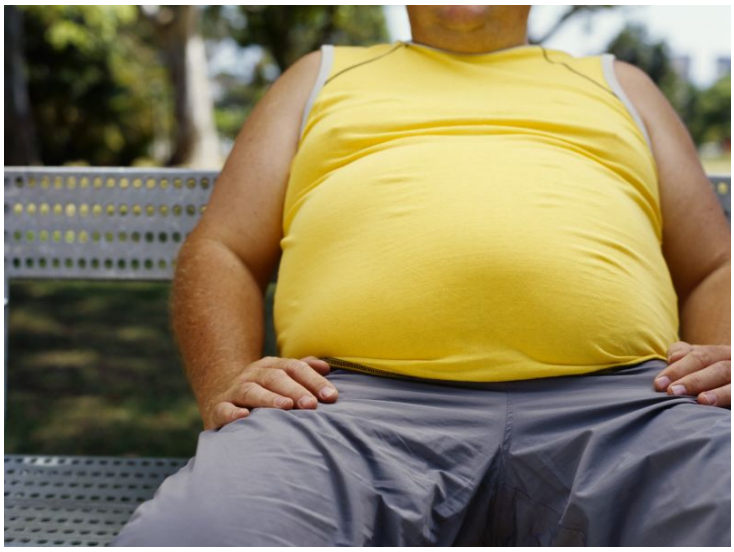

Singapore: Palatin Technologies collaboration with AstraZeneca is to be discontinued for the further development of AZD2820, one of the many compounds that were jointly being developed for the treatment of obesity.

AZD2820, a subcutaneously-administered peptide melanocortin-4 receptor partial agonist, was a clinical candidate under development by AstraZeneca from a collaborative research program with Palatin Technologies. As previously announced, a phase I trial of AZD2820 was halted following a serious adverse event.

The decision to discontinue the evelopment of the compound was made based on investigations and review conducted by AstraZeneca that followed this incident. While not confirmed, it could not be excluded that the serious adverse event was linked to AZD2820. The investigation further concluded that it is unlikely that the serious adverse event was related to melanocortin receptor activation as an approach for the treatment of obesity.

"We are pleased that the subject has fully recovered from this adverse event," said Dr Carl Spana, president and CEO, Palatin. "The AZD2820 compound is part of a broader R&D collaboration with AstraZeneca. We have multiple classes of collaboration compounds in various stages of preclinical testing and AstraZeneca has informed us that they remain committed to the advancement of collaboration compounds for treatment of obesity."

Pursuant to the terms of the research collaboration and license agreement with AstraZeneca, Palatin is eligible for milestone payments upon achieving development and regulatory milestones and further payments on achievement of sales targets, in addition to royalties on sales of approved products. AstraZeneca has responsibility for product commercialization, product discovery and development costs.