PALATIN TECHNOLOGIES INC
Form S-3
May 16, 2011

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As filed with the Securities and Exchange Commission on May 16, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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.)

4C Cedar Brook Drive

Cranbury, New Jersey 08512

(609) 495-2200

(Address, including zip code, and telephone number,
including area code, of Registrant's principal executive offices)

_____

Stephen T. Wills, Chief Financial Officer

4C Cedar Brook Drive

Cranbury, New Jersey 08512

(609) 495-2200

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

_____

Please send copies of all communications to:

Faith L. Charles, Esq.
Thompson Hine LLP
335 Madison Avenue, 12th Floor
New York, NY 10017
(212) 344-5680

Stephen A. Slusher, Esq.
Chief Legal Officer
4C Cedar Brook Drive
Cranbury, NJ 08512
(609) 495-2200

Approximate date of commencement of proposed sale to the public: from time to time, on or after March 2, 2012 and following the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. þ

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

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 o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price per Unit (1) (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock issuable upon exercise of Series B Warrants	21,000,000	$ 1.00	$ 21,000,000	$ 2,438.10
Common Stock issuable upon exercise of Underwriters’ Warrants	575,000	$ 1.00	$ 575,000	$ 66.76
Total	21,575,000		$ 21,575,000	$ 2,504.86

NOTES TO FEE TABLE:

(1) Calculated pursuant to Rule 457(g) under the Securities Act of 1933, as amended (the “Securities Act of 1933”). The offering price per unit and proposed maximum aggregate offering price is calculated upon the basis of the price at which the warrants may be exercised.

(2) Pursuant to Rule 416, this registration statement shall be deemed to cover additional securities that may be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS SUBJECT TO COMPLETION May 16, 2011

PALATIN TECHNOLOGIES, INC.

Up to 21,575,000 Shares of Common Stock Upon the Exercise of Outstanding Warrants

We are offering 21,575,000 shares of our common stock issuable upon the exercise of outstanding warrants. There are Series B Warrants outstanding to purchase 21,000,000 shares of our common stock, which Series B Warrants are exercisable at an exercise price of $1.00 per share of our common stock, commencing on March 2, 2012 and expiring on March 2, 2017, and Underwriters' Warrants outstanding to purchase 575,000 shares of our common stock, which Underwriters' Warrants are exercisable at an exercise price of $1.00 per share of our common stock, commencing on March 2, 2012 and expiring on February 23, 2016.

Our common stock is listed on the NYSE Amex under the symbol "PTN." On May 13, 2011, the closing price of the common stock was $0.87.

Investing in our securities involves a high degree of risk. You should purchase these units only if you can afford a complete loss of your investment. See "Risk Factors" beginning on page 6 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Carl Spana, Ph.D., our President, Chief Executive Officer, and a Director, and Stephen T. Wills, our Executive Vice President – Operations and Chief Financial Officer, each hold Series B Warrants to purchase 45,652 shares of our common stock, which common stock is included in this prospectus.

The date of this prospectus is May __, 2011

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PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus or the documents incorporated by reference. This summary is not complete and does not contain all of the information you should consider prior to investing. After you read this summary, you should read and consider carefully the more detailed information and financial statements and related notes that we include in this prospectus, especially the section entitled "Risk Factors," and the documents incorporated by reference into this prospectus. If you invest in our securities, you are assuming a high degree of risk.

Unless we have indicated otherwise or the context otherwise requires, references in this prospectus to "Palatin," the "Company," "we," "us" and "our" or similar terms are to Palatin Technologies, Inc. and its subsidiary.

Our Company

We are a biopharmaceutical company dedicated to the development of peptide, peptide mimetic and small molecule agonist compounds with a focus on melanocortin and natriuretic peptide receptor systems. We have a pipeline of development programs targeting melanocortin and natriuretic receptors, including development of proposed products for treatment of sexual dysfunction, acute asthma, heart failure, hypertension, obesity, diabetes and metabolic syndrome.

Our Product Candidates

We currently have the following drug development programs:

- Bremelanotide, a peptide melanocortin receptor agonist, for treatment of sexual dysfunction, targeting female sexual dysfunction (FSD) and erectile dysfunction (ED) in patients non-responsive to current therapies.
    - Peptide melanocortin receptor agonists for treatment of FSD and ED.
- PL-3994, a peptide mimetic natriuretic peptide receptor A (NPR-A) agonist, for treatment of acute exacerbations of asthma, heart failure and refractory or difficult-to-control hypertension.

We have licensed several families of melanocortin receptor-based compounds for treatment of obesity, diabetes and related metabolic syndrome to AstraZeneca AB (AstraZeneca) pursuant to our research collaboration and license agreement with AstraZeneca.

Recent Events

Increase in Authorized Capital. On May 12, 2011 we filed an amendment to our restated certificate of incorporation increasing the number of authorized shares of common stock from 40,000,000 to 100,000,000, which was authorized by our stockholders at our annual meeting held on May 11, 2011.

Underwritten Unit Public Offering. On February 24, 2011 we announced entering into an underwriting agreement for an offering of 23,000,000 units at a public offering price of $1.00 per unit, with each unit consisting of one share of our common stock, one Series A Warrant to purchase 2/23 of one share of our common stock, and

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one Series B Warrant to purchase 21/23 of one share of our common stock. The offering closed on March 1, 2011, with net proceeds to us of approximately $21.1 million. The 21,575,000 shares of our common stock issuable on the exercise of Series B Warrants and underwriters' warrants issued in conjunction with the offering (the "Underwriters' Warrants") are being registered in this prospectus.

Reverse Stock Split. On September 24, 2010, we announced that we were implementing a one-for-ten reverse stock split of our common stock, which had been authorized by our stockholders at our annual meeting held on May 13, 2010. The reverse stock split, which became effective on September 27, 2010, reduced the number of shares of our common stock issued and outstanding from approximately 118.2 million to approximately 11.8 million. All share and per share amounts in this prospectus, including shares of common stock issuable upon exercise, vesting or conversion of all outstanding options, warrants and convertible preferred stock, are presented on a post-reverse-split basis.

Realignment of Resources. On September 24, 2010, we announced our strategic decision to focus resources and efforts on clinical trials for bremelanotide and PL-3994 and preclinical development of an inhaled formulation of PL-3994 and a new peptide drug candidate for sexual dysfunction. As part of this decision, we suspended further research and development efforts on new product candidates and implemented a reduction in staffing levels. We now have 17 full-time employees.

Strategy

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 alliances and partnerships with pharmaceutical companies to facilitate the development, manufacture, marketing, sale and distribution of product candidates we are developing; and, partially funding our product development programs with the cash flow from our AstraZeneca research collaboration and license agreement and any future agreements with other companies.

Summary Financial Information

The following tables summarize our financial data. We have derived this summary for the fiscal years ended June 30, 2010 and 2009, and the three and nine month periods ended March 31, 2011 and 2010, from our audited annual and unaudited interim consolidated financial statements incorporated by reference in this prospectus. This summary of our financial data should be read together with our audited annual and unaudited interim consolidated financial statements, related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation" incorporated by reference into this prospectus and the section entitled "Risk Factors" in this prospectus.

	Three Months Ended March 31,		Nine Months Ended March 31,		Year Ended June 30,	
	2011	2010	2011	2010	2010	2009
Statement of Operations Data:						
Revenues	$ 61,294	$ 2,559,852	$ 1,319,617	$ 13,505,770	$ 14,180,727	$ 11,351,774
Operating expenses	2,677,979	4,595,143	10,386,432	12,266,272	17,195,113	18,653,610
Other income (expense) and tax benefit	(1,189,193)	14,354	(439,885)	1,204,375	1,221,878	2,499,604

Net income (loss)	$ (3,805,878)	$ (2,020,937)	$(9,506,700)	$ 2,443,873	$ (1,792,508))	$ (4,802,232)

	March 31, 2011	June 30, 2010	2009
Balance Sheet Data:			
Cash and available-for-sale investments	$ 22,032,649	$ 8,867,619	$ 7,818,312
Current assets	22,572,010	9,263,811	8,819,664
Total assets	24,687,305	12,388,877	13,199,811
Current liabilities	1,897,311	2,394,931	8,670,332
Total liabilities	8,526,027	3,070,604	9,886,312

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Company Information

We incorporated in Delaware in 1986 and commenced operations in the biopharmaceutical area in 1996. Our corporate offices and research and development facility are located at 4C Cedar Brook Drive, Cranbury, New Jersey 08512 and our telephone number is (609) 495-2200.

The Offering

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission to register 21,575,000 shares of our common stock issuable upon the exercise of outstanding warrants. There are 23,000,000 Series B Warrants outstanding to purchase an aggregate total of 21,000,000 shares of our common stock, with each Series B Warrant exercisable for 21/23 of a share of our common stock. The Series B Warrants are exercisable at an exercise price of $1.00 per share, and are exercisable commencing on March 2, 2012 and expire on March 2, 2017. There are 575,000 Underwriters' Warrants outstanding to purchase an aggregate total of 575,000 shares of our common stock, with each Underwriters' Warrant exercisable for one share of our common stock. The Underwriters' Warrants are exercisable at an exercise price of $1.00 per share, and are exercisable commencing on March 2, 2012 and expire on February 23, 2016.

The Series B Warrants were part of a unit offering sold in an underwritten public offering and registered on Form S-1 under Registration No. 333-170227, with each unit consisting of one share of common stock, a Series A Warrant exercisable for 2/23 of a share of our common stock and a Series B Warrant exercisable for 21/23 of a share of common stock. The Underwriters' Warrants were issued as partial compensation to the underwriters in the underwritten public offering and were also registered on Form S-1 under Registration No. 333-170227.

Common stock offered by us	21,575,000 shares issuable upon exercise of outstanding Series B Warrants and Underwriters' Warrants
Common stock outstanding before this offering	34,900,591 shares
Common stock to be outstanding after this offering, assuming all warrants are exercised	56,475,591 shares
Use of proceeds	We intend to use the net proceeds from this offering to support further clinical studies with bremelanotide and PL-3994 and for general corporate purposes, including general working capital. See "Use of Proceeds" on page 16.
Risk factors	See "Risk Factors" beginning on page 6 and the other information set forth in this prospectus for a discussion of factors you should consider before deciding to invest in our securities.
NYSE Amex symbol	PTN

The number of shares of our common stock to be outstanding assumes the exercise of all outstanding Series B Warrants and Underwriters' Warrants, is based on 34,900,591 shares of our common stock outstanding as of May 13, 2011, and excludes:

- 709,438 shares of common stock issuable upon exercise of options outstanding and having a weighted average exercise price of $11.03 per share;

- 2,904,617 shares of common stock issuable upon exercise of warrants other than our outstanding Series B Warrants and Underwriters' Warrants, and having a weighted average exercise price of $1.65;

- 4,488,696 shares of common stock reserved for future issuance under our 2011 Stock Incentive Plan; and

- 26,865 shares of common stock issuable upon conversion of immediately convertible Series A Convertible Preferred Stock outstanding.

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RISK FACTORS

You should carefully consider the risks described below and other information included or incorporated by reference into this prospectus, including the financial statements and related notes, before deciding to invest in our securities. These risks should be considered in conjunction with any other information included or incorporated by reference herein, including in conjunction with forward-looking statements. If any of the following risks actually occur, they could materially adversely affect our business, financial condition, operating results or prospects. Additional risks and uncertainties that we do not presently know or that we currently deem immaterial may also impair our business, financial condition, operating results and prospects.

Risks Relating to Our Company

We will continue to incur substantial losses over the next few years and we may never become profitable.

We have never been profitable and we may never become profitable. As of March 31, 2011, we had an accumulated deficit of $218.7 million. We expect to incur additional losses as we continue our development of bremelanotide, PL-3994 and other product candidates. Unless and until we receive approval from the U. S. Food and Drug Administration (FDA) or other equivalent regulatory authorities outside the United States, we cannot sell our products and will not have product revenues from them. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from reimbursements and other contract revenue under collaborative development agreements, existing cash balances and outside sources of financing, which may not be available on acceptable terms, if at all.

We will need to continue to raise funds in the future, and funds may not be available on acceptable terms, or at all.

As of March 31, 2011, we had cash and cash equivalents of $22.0 million, with current liabilities of $1.9 million. We believe we have sufficient currently available working capital to fund our currently planned operations through at least calendar year 2012, but our currently available working capital will likely not be sufficient to complete required clinical trials for any of our product candidates. We will need additional funding to complete required clinical trials and, assuming those clinical trials are successful, as to which there can be no assurance, complete submission of required regulatory applications to the FDA for any of our product candidates. We may raise additional funds through public or private equity financings, debt financings, collaborative arrangements on our product candidates or other sources. However, additional funding 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 further decrease staffing levels. We may seek to license, sell or otherwise dispose of our product candidates, technologies and contractual rights, including rights under our research collaboration and license agreement with AstraZeneca, 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.

We are under review for compliance with continued listing standards of NYSE Amex, and our common stock may be delisted, making it difficult to trade shares of our common stock.

Our common stock trades on NYSE Amex. On November 26, 2010, we received a letter from NYSE Amex advising us that, based on our Quarterly Report on Form 10-Q for the period ended September 30, 2010, we were not in compliance with certain continued listing standards under Section 1003 of the NYSE Amex Company Guide. Specifically, NYSE Amex stated that we were not in compliance with Section 1003(a)(iii) of the Company Guide because our stockholders' equity was less than the required $6,000,000 and we had losses from continuing operations and net losses in our five most recent fiscal years, and Section 1003(a)(iv) of the Company Guide because we had sustained losses which were so substantial in relation to our overall operations or existing financial resources, or our financial condition had become so impaired that it appeared questionable, in the opinion of the NYSE Amex, as to whether we would be able to continue operations and/or meet our obligations as they mature.

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In order to maintain our listing on NYSE Amex, we submitted a plan on regaining compliance with Section 1003(a)(iv) by February 28, 2011 and Section 1003(a)(iii) by May 26, 2011. On January 31, 2011, NYSE Amex notified us that it had accepted our plan for regaining compliance, and that our listing was being continued pursuant to an extension. On March 8, 2011 the NYSE Amex notified us that we had resolved the continued listing deficiency with respect to Section 1003(a)(iv) of the Company Guide. The NYSE Amex also notified us that it would review our compliance with continued listing standards as of May 26, 2011, and specifically compliance with respect to Section 1003(a)(iii) of the Company Guide. If we do not comply with all continued listing standards as of May 26, 2011, NYSE Amex may initiate delisting procedures, which could result in our common stock being delisted from NYSE Amex.

If we are delisted from NYSE Amex, then our common stock will trade, if at all, only on the over-the-counter market, and then only if one or more registered broker-dealer market makers comply with quotation requirements. Delisting of our common stock could also further depress our stock price, substantially limit liquidity of our common stock and materially adversely affect our ability to raise capital on terms acceptable to us, or at all. Delisting from NYSE Amex could also have other negative results, including the potential loss of confidence by suppliers and employees, the loss of institutional investor interest and fewer business development opportunities.

We have a limited operating history upon which to base an investment decision.

Our operations are primarily focused on acquiring, developing and securing our proprietary technology, conducting preclinical and clinical studies and formulating and manufacturing on a small-scale basis our principal product candidates. These operations provide a limited basis for stockholders to assess our ability to commercialize our product candidates.

We have not yet demonstrated our ability to perform the functions necessary for the successful commercialization of any of our current product candidates. The successful commercialization of our product candidates will require us to perform a variety of functions, including:

- continuing to conduct preclinical development and clinical trials;
- participating in regulatory approval processes;
- formulating and manufacturing products, or having third parties formulate and manufacture products;
- post-approval monitoring and surveillance of our products;
- conducting sales and marketing activities, either alone or with a partner; and